

Department of Accounts

Payroll Bulletin

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

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Creditor Garnishments

Increase in Federal Minimum Wage

Effective July 24, 2008 the Federal Minimum Wage increased from \$5.85 per hour to \$6.55 per hour. Not only does this increase impact the amounts paid to wage and salaried employees, but it also impacts the amount that may be withheld for garnishments on all employees.

Change in Amount Protected from Garnishment

Creditor garnishments are governed by a joint federal/state scheme. The federal Consumer Credit Protection Act (Title III) requires that the amount taken for garnishments may not exceed 25% of disposal income or 30 times the amount of the federal minimum hourly wage, whichever is less. State laws restricting the amount taken for garnishment preempt federal law if the maximum amount subject to garnishment is lower than the federal maximum.

Effective July 1, 2006 the Code of Virginia was revised to make the amount protected from garnishment equal to 40 times the federal minimum hourly wage in effect. Since this reduces the amount subject to garnishment, Virginia law must be followed when calculating garnishments.

Deduction #008, Garnishment 6

CIPPS Deduction 008, Garnishment 6 may be used to ensure that the employee's net pay is not less than the protected amount required by the Code of Virginia (see table on next page). **You must put "47" in positions nine and ten of the utility field when using this deduction for an employee.** *If this deduction has already been established for an employee and is still active, you must update the utility field as described.* Failure to include "47" in position nine and ten of the utility field will result in application of the federal protected amount instead of the amount required by the Code of Virginia.

Additional Information

Additional information regarding the proper calculation of garnishments may be found on the Virginia Department of Labor and Industry's website:

http://www.doli.virginia.gov/whatwedo/labor_law/garnsupp_faq.html

Creditor Garnishments, cont.

AMOUNT SUBJECT TO GARNISHMENT, EFFECTIVE JULY 24, 2008

Pay Frequency:	Disposable earnings are:	Subject to Garnishment:
WEEKLY	\$262.00 or less	None
	\$262.01 but less than \$349.34	Amount above \$262.00
	\$349.34 or more:	Maximum 25%
BIWEEKLY	\$524.00 or less	None
	\$524.01 but less than \$698.67	Amount above \$524.00
	\$698.67 or more:	Maximum 25%
SEMIMONTHLY	\$567.67 or less	None
	\$567.68 but less than \$756.90	Amount above \$567.67
	\$756.90 or more:	Maximum 25%
MONTHLY	\$1135.33 or less	None
	\$1135.34 but less than \$1,513.78	Amount above \$1135.34
	\$1,513.78 or more:	Maximum 25%

Example

Example 1: Assuming disposable earnings of \$600.00 and a **semi-monthly pay period**: \$600.00 – 567.67 (protected amount, see above) = \$32.33. The 25% maximum is more, so withhold only \$32.33 (\$600.00 times 25% = \$150.00).

Example 2: Assuming disposable earnings of \$700.00 and a **bi-weekly pay period**: \$700.00 - \$524.00 (protected amount, see above) = \$176.00. Since this exceeds the 25% maximum, (\$700.00 times 25% = \$175.00), only the 25% maximum of \$175.00 may be withheld.