U.S. Department of Labor
Employment Standards Administration
Wage and Hour Division

U.S. Wage and Hour Division
(Revised July 2008)

Fact Sheet #30: The Federal Wage Garnishment Law, Consumer Credit Protection Act's Title 3 (CCPA)

This fact sheet provides general information concerning the amount that may be withheld from a person's earnings under the CCPA and the law's protection from termination because of garnishment for any single debt.

What is a wage garnishment?

A wage garnishment is any legal or equitable procedure through which some portion of a person's earnings is required to be withheld by an employer for the payment of a debt. Most garnishments are made by court order. Other types of legal or equitable procedures for garnishment include IRS or state tax collection agency levies for unpaid taxes and federal agency administrative garnishments for non-tax debts owed the federal government.

Wage garnishments do not include voluntary wage assignments—that is, situations in which employees voluntarily agree that their employers may turn over some specified amount of their earnings to a creditor or creditors.

Which federal law regulates wage garnishment?

Title III of the Consumer Credit Protection Act limits the amount of an employee's earnings that may be garnished and protects an employee from being fired if pay is garnished for only one debt. Title III is administered by the Wage and Hour Division of the U.S. Department of Labor's Employment Standards Administration. The Wage and Hour Division has no other authority with regard to garnishments.

Questions over issues other than the amount being garnished or termination should be referred to the court or agency initiating the withholding action. For example, questions regarding the priority given to certain garnishments over others are not matters covered by Title III and may be referred to the court or agency initiating the garnishment action.

To whom does the law apply?

The law protects everyone receiving personal earnings, i.e., wages, salaries, commissions, bonuses, or other income—including earnings from a pension or retirement program. Tips are generally not considered earnings for the purposes of the wage garnishment law.

The law applies in all 50 states, the District of Columbia, and all U.S. territories and possessions.

What is the protection against discharge when wages are garnished?

The CCPA prohibits an employer from firing an employee whose earnings are subject to garnishment for any one debt, regardless of the number of levies made or proceedings brought to collect that debt, because of the single garnishment. The Act does not prohibit discharge because an employee's earnings are separately garnished for two or more debts.

What are the restrictions on wage garnishment?

The amount of pay subject to garnishment is based on an employee's "disposable earnings," which is the amount left after legally required deductions are made. Examples of such deductions include federal, state, and local taxes, the employee's share of State Unemployment Insurance and Social Security. It also includes withholdings for employee retirement systems required by law.

Deductions not required by law—such as those for voluntary wage assignments, union dues, health and life insurance, contributions to charitable causes, purchases of savings bonds, retirement plan contributions (except those required by law) and payments to employers for payroll advances or purchases of merchandise—usually may not be subtracted from gross earnings when calculating disposable earnings under the CCPA.

The law sets the maximum amount that may be garnished in any workweek or pay period, regardless of the number of garnishment orders received by the employer. For ordinary garnishments (i.e., those not for support, bankruptcy, or any state or federal tax), the weekly amount may not exceed the lesser of two figures: 25 percent of the employee's disposable earnings, or the amount by which an employee's disposable earnings are greater than 30 times the federal minimum wage (currently $6.55 an hour).

For illustration, if the pay period is weekly and disposable earnings are $196.50 ($6.55 × 30) or less, there can be no garnishment. If disposable earnings are more than $196.50 but less than $262.00 ($6.55 × 40), the amount above $196.50 can be garnished. A maximum of 25 percent can be garnished, if disposable income earnings are $262.00 or more. When pay periods cover more than one week, multiples of the weekly restrictions must be used to calculate the maximum amounts that may be garnished. The table and examples at the end of this fact sheet illustrate these amounts.

What about child support and alimony?

Specific restrictions apply to court orders for child support or alimony. The garnishment law allows up to 50 percent of a worker's disposable earnings to be garnished for these purposes if the worker is supporting another spouse or child, or up to 60 percent if the worker is not. An additional 5 percent may be garnished for support payments more than l2 weeks in arrears.

Are there any exceptions to the law?

The wage garnishment law specifies that the garnishment restrictions do not apply to certain bankruptcy court orders, or to debts due for federal or state taxes.

If a state wage garnishment law differs from the CCPA, the law resulting in the smaller garnishment must be observed.

What about non-tax debts owed federal agencies?

The Debt Collection Improvement Act authorizes federal agencies or collection agencies under contract with them to garnish up to 15% of disposable earnings to repay defaulted debts owed the U.S. government. The Higher Education Act authorizes the Department of Education's guaranty agencies to garnish up to 10% of disposable earnings to repay defaulted federal student loans. Such withholding is also subject to the provisions of the federal wage garnishment law, but not state garnishment laws. Unless the total of all garnishments exceeds 25% of disposable earnings, questions regarding such garnishments should be referred to the agency initiating the withholding action.

EXAMPLES OF AMOUNTS SUBJECT TO GARNISHMENT BASED ON THE $6.55 AN HOUR MINIMUM WAGE

The following examples illustrate the statutory tests for determining the amounts subject to garnishment.

1. An employee's gross earnings in a particular week are $263.00. After deductions required by law, the disposable earnings are $233.00. In this week $36.50 may be garnished, since only the amount over $196.50 may be garnished where the disposable earnings are $262.00 or less. The employee would be paid $196.50.

2. An employee's gross earnings in a particular workweek are $302.00. After deductions required by law, the disposable earnings are $268.00. In this week, 25 percent of the disposable earnings may be garnished. ($268.00 × 25% = $67.00) The employee would be paid $201.00.

3. A garnishment order is received after the second work day of the week. It requires a garnishment based on wages earned up to that day be withheld. The employee is paid $60.00 a day. Since less than $196.50 has been earned, no garnishment is permitted. However, if another garnishment is received when the workweek is complete, or in states where continuing garnishments are issued, the employer will withhold on the basis of the earnings for the entire week.

4. An employee paid every other week has disposable earnings of $470.00 for the first week and $54.00 for the second week of the pay period, for a total of $524.00. In a biweekly pay period, when disposable earnings are at or above $524.00 for the pay period, 25% may be garnished; $131.00 (25% × $524.00) is subject to garnishment. It does not matter that the disposable earnings in the second week are less than $196.50.

5. An employee on a $400.00 weekly draw against commissions has disposable earnings each week of $300.00. Commissions, paid monthly, total $3,000.00 for July after deductions required by law. Each draw and the balance due at the monthly settlement are separately subject to the law's restrictions. Thus, 25% of each draw ($75.00 in this example) may be garnished. At the end of the month, the $1,200.00 previously drawn is subtracted from the $3,000.00 settlement figure, and 25% of the balance may be garnished. In this example, the garnishable amount is $450.00 ($3,000 − $1,200 × 25%).

6. Pursuant to a garnishment order (with priority) for child support, an employer withholds $90.00 a week from the wages of an employee who has disposable earnings of $268.00 a week. A garnishment order for the collection of a defaulted student loan is also served. The limit for normal garnishments of 25% applies to the debt for the outstanding student loan. Under the formula for normal garnishments, a maximum of $67.00 (25% × $268.00) is garnishable. The $90.00 support payments may be withheld, because the normal restrictions do not apply to court orders for support. No withholding for the defaulted student loan may be made, because the amount already withheld is more than the amount that may be withheld for normal garnishments. Additional withholdings could be made to collect support, delinquent federal or state taxes and certain bankruptcy court ordered payments.

MAXIMUM GARNISHMENT OF DISPOSABLE EARNINGS UNDER NORMAL CIRCUMSTANCES* FOR THE $6.55 MINIMUM WAGE			
Weekly	**Biweekly**	**Semimonthly**	**Monthly**
$196.50 or less: NONE	$393.00 or less: NONE	$425.75 or less: NONE	$851.50 or less: NONE
More than $196.50 but less than $262.00: Amount ABOVE $196.50	More than $393.00 but less than $524.00: Amount ABOVE $393.00	More than $425.75 but less than $567.67: Amount ABOVE $425.75	More than $851.50 but less than $1,135.33: Amount ABOVE $851.50
$262.00 or more: MAXIMUM 25%	$524.00 or more: MAXIMUM 25%	$567.67 or more: MAXIMUM 25%	$1,135.33 or more: MAXIMUM 25%

* These restrictions do not apply to garnishments for child and/or spousal support, bankruptcy, or actions to recover state or federal taxes.

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website: http://www.wagehour.dol.gov and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4-USWAGE (1-866-487-9243).

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

U.S. Department of Labor
Frances Perkins Building
200 Constitution Avenue, NW
Washington, DC 20210

1-866-4-USWAGE
TTY: 1-866-487-9243
Contact Us