

Social Security Income Protections Guide

John is a 65 year-old senior citizen who got in over his head by using his credit card. Years of living with only social security as his sole income and spoiling his grandchildren with expensive gifts finally caught up to him in the form of credit card debt, he couldn't possibly pay. When John finally filed for bankruptcy, he found that the credit card company was trying to garnish his social security benefits, his sole source of income, which meant that he had even less income to spend on necessities. But if John had done his research, he would have known that the credit card company was not legally allowed to garnish his income. While this story is fiction, unfortunately senior citizens find themselves in situations like John's all too often, across America. Social security income has certain protections. Social security provides an important source of financial support to millions of people nationwide. For seniors, this often comes in the form of retirement, and medical programs. Knowing what creditors can, and cannot do, is important for your financial well-being.

When a person declares bankruptcy, normally, the debtor's income may be garnished by creditors. However, social security income is special, in that only the federal government is allowed to garnish it, and even then, only in certain situations. Various reasons for the federal government to garnish your social security income includes: (1) child support payments or alimony; 2) court-ordered restitution; (3) federal tax collection; (4) federal tax liability; and (5) a non-tax debt owed to the government.¹²³⁴⁵ Additionally, supplemental security income cannot be garnished by any creditor. For example, if Robert was a senior citizen with social security

¹ 45 USC 659

² 18 USC 3613

³ 26 USC 6334(c)

⁴ 26 USC 3402(p)

⁵ Debt Collection Act of 1996

benefits, and he owed child support, the federal government would be allowed to garnish his social security income to pay for the child support debt.

While the federal government is allowed to garnish social security benefits, private creditors, or non-federal creditors may not garnish your social security income according to federal law.⁶ Going back to the example with John, because the credit card company is not the federal government, they are not actually allowed to garnish John's social security income to pay his credit card debts. If John knew his social security benefits were protected, he would have more money to spend on necessities. Just because non-federal government creditors are not allowed to garnish your social security income, doesn't mean they won't try to. Watch out for creditors who try to garnish your social security income.

⁶ 42 USC 407