

# Frozen Bank Accounts:

## Your Rights under the Exempt Income Protection Act (EIPA)



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PROJECT

The **Exempt Income Protection Act** (EIPA) went into effect Jan 1, 2009! EIPA protects bank accounts containing government benefits, pensions, and some earned income.

Creditors and debt collectors will not be able to freeze your bank account or garnish your wages to pay private debts like credit cards, if the balance in your account is less than:

- \$2,500 (**deposited within past 45 days**) if your account contains directly deposited exempt benefits including:
  - Social Security
  - Supplemental Security Income (SSI)
  - Social Security Disability (SSD)
  - spousal support
  - veterans administration benefits (VA)
  - public assistance (PA)
  - retirement savings accounts
    - ◆ 401(k), 403(b), individual retirement accounts
  - workers' compensation
  - unemployment insurance
  - public/private pensions
  - railroad retirement
  - black lung benefits
  - college tuition trusts
  - life insurance

**OR:**

- \$1,716 (\$1,740 after July 24, 2009) in all other accounts holding wages, family support, or other non-exempt income (this exemption represents 2 months' income at the minimum wage).

Banks cannot charge fees if your account qualifies for protection because of exempt or low income.

If your account was unlawfully frozen after Jan. 1, 2009 **and** your bank is not complying with EIPA, call the **NYC Financial Justice Hotline** at 212-925-4929 for help.

### **Releasing a Frozen Account**

If your account was frozen before Jan. 1, 2009, EIPA will **NOT** automatically unfreeze your account (see UJC CDP factsheet on filing an Order to Show Cause to vacate judgment). If your account has been frozen after Jan. 1, 2009 and you think the money is exempt, take the following steps:

1. If your bank has frozen your account, they must send a copy of the Restraining Notice and the statutory Exemption Notice and Exemption Claim Form.
2. The Exemption Claim Form is a self-help form that you can use to have frozen exempt funds released.
3. Complete the Exemption Claim Form as instructed. Sign the form and mail or deliver copies to the bank and the creditor's attorney within **20 days** of the postmark on the envelope containing the Notices and Form. Include documents supporting your claim of exemption (ex: award letters, benefit forms and statements, etc).
4. The creditor's attorney must instruct the bank to release the account within 7 days of the postmark or delivery date of the Exemption Claim Form if you prove that all funds are exempt (the burden to prove funds are NOT exempt is on the creditor). If the bank does not hear from the creditor's attorney within 8 days, your account will be released.
5. To avoid complications, keep your exempt income in a separate account from any non-exempt income.

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