

1-1-2012

# UAP 2670: Garnishments and Other Wage Withholdings

University of New Mexico

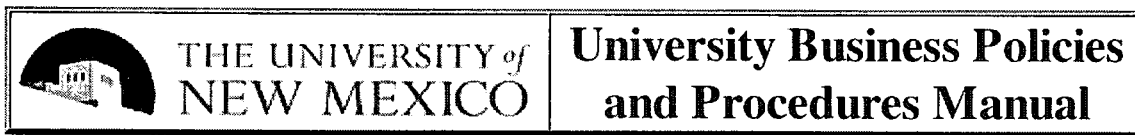
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**2670****GARNISHMENTS AND OTHER WAGE WITHHOLDINGS**

Effective Date: November 1, 1991

Revised: 01/01/12

Subject to Change Without Notice

Authorized by: UNM Regents' Policy 6.3 "Privileges and Benefits"  
Process Owner: University Controller

This version was in effect  
for the period of 1-1-12 to \_\_\_\_\_.

**1. General**

The University is required by law to withhold portions of an employee's earnings to satisfy an outstanding debt when a court or other legally authorized agency requires such action. The University Payroll Office is responsible for administering payroll deductions as required by Notices to Withhold Income for Child Support, Tax Levies, and Writs of Garnishment. Although these documents should be served at the Payroll Office, they are sometimes initially directed to the employee's supervisor. Any departmental administrator who receives such a document should immediately route it to the Payroll Office.

Federal and State law place limitations on the amount of deduction that may be taken and determine the priority of claims to be withheld from an employee's earnings. Nothing in this policy shall impose or limit requirements that may be otherwise imposed by law.

**2. Restriction on Discharge**

The University may not discharge any employee because earnings have been subjected to wage withholdings.

**3. Disposable Earnings**

Federal and State law limits the amount of an employee's disposable earnings that may be garnished. An employee's disposable earnings are equal to the employee's earnings minus deductions required by State and Federal law. These deductions include Federal and State income tax, Social Security tax (FICA), and ERA retirement contributions.

**4. Types of Wage Withholdings****4.1. Child Support**

Mandatory payroll deductions are initiated when the University receives a Notice to Withhold Income for Child Support issued by the New Mexico Child Support Enforcement Bureau. The Notice may indicate that a new deduction is required or that a prior balance is in arrears. The amount withheld from income for child support usually cannot exceed fifty percent (50%) of the employee's disposable income. Disposable income consists of gross wages less Federal, State, and local taxes; including Social Security, retirement, and disability contributions. A child support deduction continues as long as the person is employed by the University or until it is canceled by the Child Support Enforcement Bureau.

The University must discontinue the garnishment deduction if a Notice of Bankruptcy for the employee is received.

#### **4.2. Tax Levies**

Mandatory payroll deductions are initiated when the University receives a Tax Levy from the Internal Revenue Service (IRS). The employee is notified by the Payroll Office that he/she must complete a Statement of Exemptions and Filing Status within three (3) working days. The amount withheld from earnings for a tax levy is determined by the IRS and set forth in an IRS publication which is either served with the levy or available from the IRS. A tax levy deduction continues as long as the person is employed by the University, or until the debt is paid in full, or a Release of Levy is issued by the IRS. The University must discontinue the garnishment deduction if a Notice of Bankruptcy for the employee is received.

#### **4.3. Creditor Garnishments**

Mandatory payroll deductions are initiated when the University receives a Writ of Garnishment issued by the courts to collect a debt from an employee. The Payroll Office prepares an Answer to the Writ within twenty (20) days of receipt. This answer is filed with the court and a copy is sent to the employee. The total amount withheld from income for garnishments cannot exceed the lower of the following:

- twenty-five percent (25%) of the employee's disposable earnings; or
- disposable earnings less the Federal minimum wage times forty (40) hours per week.

A garnishment continues as long as the person is employed by the University, or until the debt plus interest is paid in full, or a Release of Writ is issued by the court. The University must discontinue the garnishment deduction if a Notice of Bankruptcy for the employee is received.

### **5. Priority of Payroll Deductions**

More than one (1) mandated deduction may be required for an employee at any given time. Within the maximum allowable withholding amounts defined in **Sections 3.** and **4.** herein, any number of deductions may be taken simultaneously in the order of priority listed below.

- (1) Taxes (Federal, State, and FICA)
- (2) Retirement Contributions
- (3) Child Support
  - (a) Current Amount
  - (b) Arrears
- (4) Garnishment(s)
- (5) Tax Levy (a tax levy can take priority over other creditor garnishments if the University receives a claim of lien filed by the IRS with the County Clerk)
- (6) Voluntary Deductions (for example, insurance premiums, parking fees, etc.)

Where voluntary deductions (such as insurance premiums) exceed earnings, the employee must pay the premiums to the Payroll Office on or before the applicable pay date.

### **6. Notification**

When an employee is no longer employed at the University, the Payroll Office must notify all agencies or creditors who have filed garnishments or wage withholding orders with the University.

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