

In a January 27th *New York Law Journal* "Outside Counsel" feature, Johnson M. Tyler, Director of the Social Security/Consumer Rights Unit at South Brooklyn Legal Services (a program of Legal Services NYC) writes that New York's Exempt Income Protection Act can serve as a model for the rest of the country in eliminating conflicts between debt-collection procedures and federal and state exemption laws, protecting benefits for disabled, elderly and impoverished people.

Exemption laws protect Social Security and other subsistence and retirement payments from creditors. They ensure that a disabled, elderly or impoverished person can eat, buy medicine and remain housed.

But in the last six years, exemption laws have routinely been skirted by debt-collection law firms exploiting unforeseen weaknesses in electronic banking.

Nowhere is this problem bigger than in New York, which has some of the most powerful debt-collection laws in the country. Consequently, New York's civil courts and Legal Services offices have been inundated with complaints by seniors and the disabled that a creditor has frozen Social Security or pension checks. Such freezes make it difficult for the account holder "to survive" and have reached "crisis" proportions, according to Administrative Judge Fern A. Fisher of the Civil Court of the City of New York.

New York's Exempt Income Protection Act (EIPA) eliminates the conflict between New York's debt-collection procedures and federal and state exemption laws. The EIPA, effective Jan. 1, 2009, automatically exempts the first \$1,716 of any bank account from debt collection. And if the account receives any statutorily exempt, electronic payment, such as Social Security, the exemption floor is set higher at \$2,500.

Read the rest of the article at the [New York Law Journal](#) website (subscription required) or view a PDF by clicking [here](#) .