What Is Wage Garnishment?

Garnishment is a legal remedy authorized by a court when all other attempts to recover the debt have failed. In the majority of states, the garnishment process can only be initiated by a court order and only if a judgment on monies owed has been entered. Once a creditor gets a court order, it can then have your employer withhold earnings from your paycheck for the payment of a debt. In most states, a creditor can request a wage garnishment of 10 to 25 percent.

In short, wage garnishment is best described as a last-ditch effort at debt collection.

Wage garnishment can be an embarrassment on a number of levels because it involves your paycheck - which means your employer is made aware of your financial troubles. It is against the law for an employer to fire an employee whose wages are garnished. Typically, only one garnishment is allowed at a time, and there is a limit on how much of a worker's wages can be garnished in any one week.

If you are concerned about repaying a debt, it is always best to be proactive. Talk to your creditors, and, if at all possible, reach a payment arrangement. If you receive a notice for a court appearance regarding a debt (even if you don't believe you owe the debt), you must answer the notice and turn up in court.

Nancy received a summons for a court appearance for a debt she did not owe. Years ago, she had worked for a company and in that capacity, had signed her name to a company debt. When she received the summons, she ignored it, believing it was a mistake. Because she did not appear to present her side of the story, the judge initiated a wage garnishment of 25 percent. She is now trying to unravel this costly error.

The Department of Labor offers several online resources that explain wage garnishment, which falls under Title III of the Consumer Credit Protection Act.