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Hoosiers' Stimulus Checks Protected

INDIANAPOLIS -- In a 4-1 decision today, the Indiana Supreme Court ruled that creditors may not seize Hoosiers' stimulus payments received through the federal CARES Act. This ruling is a major victory for Hoosier families and comes in response to a petition from Indiana Legal Services, Prosperity Indiana, Neighborhood Christian Legal Services, and the Indiana Institute for Working Families to protect these funds from creditors and debt collectors seeking to garnish them.

"We're thankful to Indiana Legal Services for taking the lead and responding quickly to concerns about seizure of stimulus funds. Because of this court decision, the federal intent of these funds will thankfully be honored at home," said Jessica Love, Executive Director of Prosperity Indiana.

In response to the COVID-19 pandemic, Congress passed the CARES Act to provide direct payments to all citizens who meet certain income eligibility guidelines. Congress intended these payments to help families meet their basic needs at a time when the country is seeing unprecedented job loss and state unemployment systems are struggling to keep up with new filings. The U.S. Treasury Department did not, however, ensure that these were protected from seizure by creditors and debt collectors.

Today, the Indiana Supreme Court ordered that lower courts may not issue new holds, attachments, or garnishments that cover funds in bank accounts attributable to CARES Act payments, except for child support. It also ordered that, when hold orders already have been issued, lower courts are supposed to treat requests by account holders as urgent to allow a determination whether any CARES Act payments are in the account, and those funds are protected from attachment or garnishment.

"It is a relief that stimulus payments will be able to be used to meet urgent needs like housing, food, medicine, and utilities," said Jessica Fraser, Director of Indiana Institute for Working Families. "We are grateful that the Indiana Supreme Court took this step. If Congress provides any future stimulus payments, it should ensure that these payments are clearly protected from bank account seizure by other creditors and debt collectors."

Anyone who believes they are in danger of having CARES Act payments garnished from their bank accounts can contact [Indiana Legal Services or another legal aid provider](#) for guidance.

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About the Indiana Institute for Working Families

The Indiana Institute for Working Families – a program of the Indiana Community Action Association (INCAA) – promotes public policies to help Hoosier families achieve

financial well-being. We value, gather, and translate quantitative and qualitative data to communicate the opportunities and challenges that Hoosiers experience. We advance well-being by promoting evidence-based solutions and building coalitions to engage in direct and strategic conversations with policymakers and the public.

About Prosperity Indiana

The Indiana Association for Community Economic Development d/b/a Prosperity Indiana builds a better future for our communities by providing advocacy, leveraging resources, and engaging an empowered network of members to create inclusive opportunities that build assets and improve lives. Since its founding in 1986, Prosperity Indiana has grown to nearly 200 members from the public, private, and nonprofit sectors.