

# **Family First Credit Union**

## **Tax Levy and Garnishment Policy and Procedures**

### **Purpose**

The purpose of the tax levy and garnishment policy and procedures is to establish guidelines that are in compliance with the legal requirements and the IRS regulations for holding funds, notifying the member and remitting funds.

### **Responsibility and Authority**

The accounting department, under the supervision of the Chief Financial Officer, will be responsible for processing tax levies and garnishments received by Family First Credit Union.

### **Tax Levy**

When a tax levy is received by Family First Credit Union the following procedures will be followed:

- 1) Verify the individual named on the levy is a member of Family First Credit Union. (If the individual is not a member, return the forms indicating that the Credit Union has no funds on deposit for this person.)
- 2) Place a hold on any funds in deposit or certificate accounts belonging to this member, up to the total amount on the levy. IRA accounts are excluded.
- 3) The funds will be held for 21 calendar days from the day the levy is received, including interest earned during the 21 day period. The amount placed on hold will not include any deposits made after the day the levy is received.
- 4) At the end of this 21 day period, the held funds will be remitted to the IRS.
- 5) Part 3 of the notice will be mailed to the member within 2 days after receipt by the Credit Union.
- 6) The "hold" place on funds will not be removed during the 21 day period unless a notice is received from the IRS authorizing the removal.

### **Garnishment**

When a summons for garnishment is received by Family First Credit Union the following procedures will be followed:

- 1) Verify the individual named on the garnishment is a member of Family First Credit Union. (If the individual is not a member, return the forms indicating that the Credit Union has no funds on deposit for this person.)
- 2) Placed a hold on any funds in deposit and certificate accounts belonging to this member, up to the total amount of the garnishment.
- 3) The funds will be held for at least 30 days, but not more than 45 days, after receipt of the summons for garnishment. The amount placed on hold will include deposit balances at the time the summons is received and any deposits made between time of receipt and making an answer to the summons.

- 4) Within 45 days of receipt of the summons, the held funds will be remitted to the court.
- 5) A copy of the summons of garnishment will be mailed to the member within 2 days after receipt by the Credit Union.
- 6) The "hold" placed on funds will not be removed until the funds are disbursed to the court, or, unless a notice is received from the court authorizing the removal.

Policy adopted\_\_\_\_\_

Date\_\_\_\_\_