



Illinois Department of Corrections

Administrative Directive

Number: 02.60.140	Title: Bankruptcy Order/Wage Earner Plan – Chapter 13	Effective: 11/1/2021
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Authorized by:	<i>[Original Authorized Copy on File]</i> Rob Jeffreys Director
Supersedes:	02.60.140 effective 11/1/1996

Authority: 730 ILCS 5/3-2-2	Related ACA Standards: 5-ACI-1B-07
Referenced Policies: 02.60.130	Referenced Forms:

I. POLICY

Bankruptcy proceedings on Department employees shall be in compliance with this directive and federal laws governing bankruptcy provisions.

II. PROCEDURE

A. Purpose

The purpose of this directive is to establish a procedure for processing a Bankruptcy Order or a Wage Earner Plan/Chapter 13 for an employee.

B. Applicability

This directive is applicable to all correctional facilities, offices, programs and parole services within the Department.

C. Facility Reviews

A facility review of this directive shall be conducted at least annually.

D. Definitions

Bankruptcy Order – a federal court approved plan requested by an individual to have his or her indebtedness responsibilities eliminated with no plan for future payment.

Wage Earner Plan/Chapter 13 – a court approved plan requested by an individual to have a stipulated amount deducted from his or her earnings each pay period. The deducted amount is then processed through a warrant made payable to a Bankruptcy Court Trustee, who disburses the funds among creditors listed by the individual.

E. General Provisions

The original bankruptcy documentation received will generally be notification of pending court action. Actual notification of a valid Bankruptcy Order or Wage Earner Plan will not be received until a court decision is made.

F. Requirements

1. Upon receipt of original bankruptcy documentation, the employing facility's Payroll Specialist shall note the date and time of receipt, retain a copy of the documentation for the employee's payroll file, and forward the original(s) to the Central Office Payroll Section in Springfield.

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2. Upon receipt of an Automatic Stay of Deduction, which must be signed by the bankruptcy judge to be valid, the facility's Payroll Specialist shall:
 - a. Notify the Central Office Payroll Section, 217/522 2666, extension 4217.
 - b. Prepare a file card record containing the following information:
 - (1) Employee's name.
 - (2) Employee's social security number.
 - (3) Bankruptcy order number.
 - (4) Date of Automatic Stay of Deduction.
 - c. File a copy of the Automatic Stay of Deduction in the employee's payroll file and forward the original to the Central Office Payroll Section.
3. The Central Office Payroll Section shall:
 - a. Remove all wage garnishment and Income Tax Levy deductions from the employee's earnings.
 - b. Determine if the documentation is for a Bankruptcy Order or a Wage Earner Plan, and notify the facility's Payroll Specialist.

NOTE: Court ordered Child Support Orders shall remain in effect until terminated by the court.
4. Upon notification of a Bankruptcy Order from the Central Office Payroll Section, the facility's Payroll Specialist shall:
 - a. Obtain a list of the discharged creditors from the Central Office Payroll Section, and note on the file card record.
 - b. If a Wage Deduction Summons is received for a bankrupt employee, check the file card record for the ending date of the Automatic Stay of Deduction. (This date will not be given, but shall be computed by adding six months to the date of the Automatic Stay of Deduction.)
 - (1) If the Automatic Stay of Deduction is still in force, the Wage Deduction Summons shall be forwarded to the Central Office Payroll Section for handling.
 - (2) If the Automatic Stay of Deduction has expired, it shall be determined if the creditor is listed as a discharged creditor. Any Wage Deduction Summons for a discharged creditor shall be forwarded to the Central Office Payroll Section for handling. If the creditor is not listed as discharged, the wage garnishment shall be processed in accordance with Administrative Directive 02.60.130.
 - c. If an Income Tax Levy or a Wage Deduction Summons is received, forward it to the Central Office Payroll Section.
5. Upon receipt of a Confirmation of Wage Earner Plan/Chapter 13 Proceedings and an Order to the Employer to Pay to the Trustee, the facility's Payroll Specialist shall:
 - a. Forward the documents to the Central Office Payroll Section who will verify the validity of

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the Order and notify the facility's Payroll Specialist.

- b. Add the attorney's and the trustee's name and address to the file card record.
 - c. Add the amount of deduction as ordered by the court to the file card record.
 - d. Enter the amount of deduction, as stipulated in the Order, to the automated payroll system using the appropriate transaction. This shall become a permanent transaction on the payroll voucher and shall remain until the Order is vacated.
6. Upon receipt of a Release of Bankruptcy Notice, or Order to Vacate Bankruptcy, or a Dismissal, the Central Office Payroll Supervisor shall remove the deduction from the employee's wages.

NOTE: The name of the document used to release the employee from current bankruptcy proceedings shall vary depending on which county the Notice was filed.
