

## SOUTHEAST TENNESSEE LEGAL SERVICES

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### AN OPEN LETTER TO CREDITORS OF CERTAIN PERSONS AGE 60 AND ABOVE

If you are receiving this letter you are a creditor of a person who is age 60 or above and who has sought advice from this office by telephone or in person, or who has visited our web site. We receive a grant to serve such persons. Its purpose is to advise you that that ...

- the person is unlikely to be able to pay you the amount to which you are entitled.
- you are unlikely to be able to collect a judgment against him or her.

This letter also serves as a confirmation of the advice to our clients that we are often called upon to give. It seems to us that there is an epidemic of credit problems affecting the persons we serve, thus necessitating a form letter such as this. **We encourage our clients to copy this letter and mail it to each creditor that they are unable to pay.** While we do not expect creditors to drop all collection efforts just because they receive this letter, we do believe they would be foolish not to acknowledge its importance. We think they would be wise to take immediate steps to satisfy themselves that the person sending them this letter indeed fits the description given above. We encourage our clients to cooperate in giving complete and accurate information to creditors about their inability to pay.

**Protection of Government Benefits and of Pensions by Law.** Almost always, our clients have some form of government benefit that is protected from creditors by federal or state law. Some also receive pensions that enjoy similar protection. As almost all creditors know, efforts to levy against these sources of income are prohibited. **However, a significant portion of our clients are unaware of these federal and state laws.** Thus, they are often greatly relieved to learn of the protection to which they are entitled. We generally advise them to tell the financial institutions where their incomes are deposited to designate the accounts as protected in the institution's records so that mistaken levies will not occur. These accounts typically receive deposits only from protected sources.

**Protection from Judgments.** Tennessee law protects certain property from creditors, even if they have obtained judgments against a person in a court of law. The protected property includes \$4,000 of assets of any type. Typically, the persons who come to us have total assets less than or not much above that sum. When they own real property, it is often as joint tenants so that they enjoy practical protection from lawsuits and judgments against one (but not all) of the owners. For these reasons, these persons are often "judgment proof." To facilitate their enjoyment of the exemptions available to them, we provide them copies of the document they must file in order to claim exemptions. It is the [Claim for Exemptions](#) found on our web site under the heading [Helping Yourself](#).

**Bankruptcy.** Because of the matters discussed in this letter, our clients almost never seek bankruptcy. They and their creditors seem to realize that there is nothing to be gained from it.