

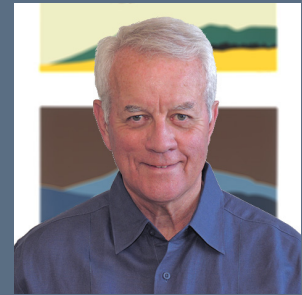
If I inherit money after my bankruptcy, can I keep it?

I need to file a Chapter 7 bankruptcy. My father is elderly and quite ill. If he dies after my bankruptcy and I inherit money from that, can I keep it?

In general, when a person files bankruptcy, his or her "bankruptcy estate", the assets that would go to creditors unless "exempted", is determined at the time the bankruptcy is filed. Assets acquired after that are not included in the bankruptcy estate and therefore have nothing to do with the bankruptcy. The important exception to that is if the person gets money or property because of someone dying within 180 days after the bankruptcy filing, for example from an inheritance or life insurance proceeds. If that occurs, those assets are also included in the person's bankruptcy estate and can be taken for the benefit of creditors unless they can be protected by exemptions.

But, you say, how can that inherited money have been exempted in your bankruptcy filing when you didn't know at the time that you would get that money? The answer is that you get to exempt it later, after you get the money or other asset. Of course you must (1) have enough exemptions remaining to cover that money and (2) properly claim the exemptions and file the amended schedules with the court. So when anything like this happens, immediately tell your bankruptcy attorney for proper handling.

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