

# IRAs Without Protection from Lawsuits in California

By: Amiel L. Wade of Wade Law Group

<http://sanjoselitigationandlawsuits.com/>

Most states, including California, fail to provide regular individual retirement accounts and Roth IRAs with the kind of ironclad protection from creditors that are afforded pension benefits and 401(k) plans.

That means, depending on where you live, including California, and how you've saved, you could lose some or all of your retirement money should you be sued or file for bankruptcy.

Actually, California law does shelter money in IRAs and Roth IRAs that is deemed necessary to support the saver and his or her dependents in retirement. Any excess, however, is indeed subject to creditors' claims in a lawsuit or bankruptcy. Exactly how much would be protected is open to a judge's interpretation.

Although California law provides enough protection to prevent most workers from sinking into poverty, it may not be sufficient for high-earners, big savers and those who hope to pass some of their retirement largess to their children when they die.

Californians are better off than residents of some other states, who have even less protection. New Hampshire and New Mexico, for example, have no laws specifically protecting IRA savings from creditors.

Other states, such as Texas, Arizona and Washington, protect virtually everything inside an IRA from creditors. In Arizona, for example, only contributions made within the last 120 days can be subject to creditors' claims in a bankruptcy.

Most insurance experts recommend that you have liability coverage at least equal to your net worth, and many recommend you have two to five times that amount. An experienced insurance agent can help you assess your risk.

Some professionals may need additional liability coverage, such as malpractice or "errors and omissions" insurance. Malpractice insurance is designed for doctors, surgeons and dentists, while errors and omissions policies can be purchased by a wide variety of other professionals, from accountants to real estate agents, to cover liability related to their jobs.

For information on California Business Law, contact a professional [California Business Attorney](#). In the San Jose area or within California, call Amiel Wade at [Wade Law Group](#) at [\(888\) 909-9430](tel:(888)909-9430).