I have more money than I can protect from creditors
when I file bankruptcy. What should I do?

Congratulations! You're not one of the many people who "go through" everything they could have kept when they file a bankruptcy, so they lose a large benefit of the bankruptcy Fresh Start. You have the opposite problem**. How do you keep, not lose to your creditors, the money that you can't protect with "exemptions"?**

How much money can you exempt? That varies with the state and also your situation. See **this article** to answer that question for California residents (living here for two years or more).

**Here are some ways you might properly spend down your money** before you file your bankruptcy:

- Pay mortgage and/or homeowners association arrears.
- Do desired home improvements, including replacing aged appliances.
- Fund IRAs.
- Obtain cash value life insurance up to exemption limit (currently $11,800 in California).
- Repay 401(k) loans.
- Purchase long term care insurance.
- Purchase Health Savings plans.
- Catch up on tax that was under-withheld.
- Get needed medical or dental treatment.
- Refill prescriptions.
- Repair things, including your car.
- Stock pantry & freezer.
- Pay down student loans, delinquent support, priority taxes.
  Paying down a student loan will require that the you wait 90 days to file bankruptcy, putting the transfer beyond the preference period (preferring one creditor over another)..
- If your car has too much equity, is high-mileage and out of warranty, needs work, etc., you can replace it with a new car before you file that has no equity (because of the loan you got to buy it).

As you get closer to filing bankruptcy, don't "spend" money by writing checks that might not clear your bank account before filing. Use cashier's checks as it gets closer to the time for filing. In any event, keep good records of where all the money went.

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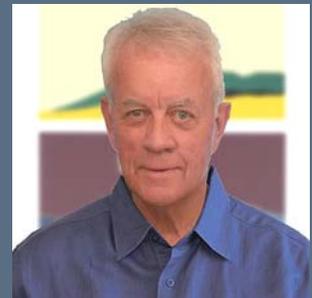
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