

Can I Fund My IRA Before I File For Bankruptcy?

Let's talk about your retirement accounts as they relate to your decision to file for bankruptcy. There are many varieties and vehicles for retirement savings that include pensions, 401k, 403b, IRA and Roth IRA accounts. Perhaps there are others that I am not aware of. As I have said before, [DO NOT CASH OUT YOUR RETIREMENT TO PAY YOUR DEBTS](#). Your retirement accounts are ONLY for retirement and should NEVER be accessed for any other reason.

When you file bankruptcy, all of your assets become a part of your estate. The trustee will have temporary control over that estate and can administer certain assets to pay debts. However, some assets in your estate, including retirement accounts are exempt from being taken by the trustee.

One great reason to hire an attorney to assist you in filing bankruptcy is pre-bankruptcy planning. Your attorney will give you valuable advice before filing your bankruptcy case. Converting non-exempt assets to exempt assets before filing a bankruptcy is not only non-fraudulent; your attorney has a duty to maximize this type of pre-bankruptcy planning. Keep in mind the CA IRA has a "reasonably necessary" for retirement limit, in addition to limitations of contributions to only the tax deductible amount for each tax year.

The good news is yes, you can fund that IRA before filing bankruptcy. Be sure to consult with your personal bankruptcy lawyer to ensure you're taking full advantage of your exemption rights.

