I. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“BAPCPA”)

A. Key Points of BAPCPA for Retirement Plan Assets.

1. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("BAPCPA") made significant changes in bankruptcy rules and adds specific protections for tax-qualified retirement plans and IRAs.
2. **BAPCPA exempts retirement plan assets from a debtor's bankruptcy estate if such assets are held by:**

   a. an Internal Revenue Code §401(a) tax-qualified retirement plan,
   
   b. a section 403(b) plan,
   
   c. a section 457 plan, or
   
   d. an **IRA** (including traditional IRAs, Roth IRAs, SEPs and SIMPLEs) under §§408 or 408A.

11 USC §522(d)(12).

3. The exemption for IRAs is limited to $1,000,000. The $1,000,000 has been increased by COLAs to $1,283,025. However, the $1,000,000 limit does not apply to employer-sponsored IRAs (e.g., SEPs or SIMPLEs). Additionally, rollovers into IRAs from qualified plans are not subject to the $1,000,000 limit. In other words, SEPs, SIMPLEs, and IRA rollovers from qualified plans have an unlimited exemption. It appears that a rollover from a SEP or SIMPLE-IRA receives only $1,283,025 of protection.
Practice Hint:

In order to make sure that an individual receives the full $1,283,025 exemption on contributory IRAs and the unlimited exemption on IRA rollovers, it is a good idea to establish separate IRA rollover and contributory IRA accounts. This will make it easier to track the separate pools of assets.

4. BAPCPA exempts assets in retirement plans that satisfy the applicable requirements of the Internal Revenue Code. A retirement plan is deemed to be qualified under BAPCPA if it has received a favorable determination letter from the IRS.

BAPCPA thereby increases the importance of obtaining an IRS determination letter for a qualified plan.
5. **Retirement Plan Loans:** BAPCPA exempts payroll deductions to repay plan loans from the automatic stay provisions. Therefore, payroll deduction repayments may continue during the pendency of the bankruptcy proceeding.

Additionally, retirement plan loan obligations are not discharged in bankruptcy.

6. In summary, under BAPCPA, qualified plan, SEP and SIMPLE assets, and IRA rollovers are protected with no dollar limitation. IRAs and Roth IRAs are protected to $1,283,025. BAPCPA only applies to assets in bankruptcy. One must look to state law for protection of IRA assets in state law (e.g., garnishment) actions.
B. Further Analysis Under BAPCPA.

1. Determination of the Tax Qualified Status of Plan.

For bankruptcy law purposes, there is a presumption of exemption from tax if the fund or account has received a favorable ruling from the IRS (e.g., an IRS favorable determination letter issued to an employer-sponsored tax-qualified retirement plan).

If the plan has not received a favorable determination letter, the debtor must demonstrate that:

a. neither the IRS nor a court has made a determination that the plan is not qualified, and

b. i. the plan is in substantial compliance with the Internal Revenue Code, or
   ii. the plan is not in substantial compliance but the debtor is not materially responsible for the failure.

11 USC §522(b).
The IRS has made it increasingly difficult to obtain an individual determination letter.


Courts are split on whether an IRS Prototype or Volume Submitter Opinion Letter (Pre-Approved Plan Opinion Letter) is the equivalent of an IRS determination letter for bankruptcy exemption purposes.
Cases ruling (or implying) that an opinion letter is NOT the equivalent of a determination letter for bankruptcy purposes:


As a consequence of such rulings, debtors were required to present evidence to prove the additional points noted above in order to demonstrate the tax qualified status of the retirement plans in question.
Cases ruling that an opinion letter IS the equivalent of a determination letter for bankruptcy purposes:


Both the *Gilbraith* and *Pomeroy* courts cited IRS Rev. Proc. 2005-16 for the proposition that an employer adopting a pre-approved plan may rely on the Plan's IRS determination letter if:

- The sponsor of the Plan has a currently valid favorable opinion letter; and
- The employer has followed the terms of the Plan.
The *Pomeroy* (California) court distinguished *Rogers* and *Daniels* by stating that in such cases there was no expert evidence linking the IRS Opinion Letter approving the form plan to the debtor's retirement plan.

Thus, it appears that expert testimony may be essential to link the debtor's plan to the prototype or volume submitter plan IRS opinion letter.

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2. **Power of Court to Examine Plan's Qualified Status.**

   a. **Loss of Plan's Tax-Qualified Status.**

      Another issue of concern is the extent to which a court can examine a plan to determine if its tax qualified status should be revoked. The United States Fifth Circuit Court of Appeals held in *In the Matter of Don Royal Plunk*, 481 F.3d 302 (5th Cir. 2007) that a bankruptcy court can determine whether a retirement plan has lost its tax-qualified status, and therefore its protection in bankruptcy, because the debtor misused the plan assets.
b. **Retirement Plan May be Able to Regain Tax-Qualified Status.**

In *In re: Richey*, Bankr. App. Panel, 9th Cir. 2011, a Bankruptcy Appellate Panel for the U.S. 9th Circuit Court of Appeals affirmed a judgment by a bankruptcy court permitting a debtor to file a retirement plan with the IRS under the Voluntary Compliance Program (VCP). The Court accepted the IRS VCP compliance ruling thereby permitting the retirement plan to repair plan defects which would have jeopardized the plan's tax-qualified status.

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3. **Retirement Plan Distributions.**

BAPCPA provides limited post-bankruptcy protection for distributions of retirement plan assets to plan participants. "Eligible rollover distributions" retain their exempt status after they are distributed. Minimum required distributions and hardship distributions are not protected since they are not eligible rollover distributions.
4. **Owner Only Plans are Protected in Bankruptcy.**

There is case law and Department of Labor ("DOL") Regulations holding that a qualified retirement plan that benefited only the business owner (and/or the owner's spouse) was not an Employee Retirement Income Security Act ("ERISA") Plan and, therefore, could not invoke ERISA anti-alienation protections either inside or outside of bankruptcy. Within a federal bankruptcy proceeding, this concern has been eliminated to the extent that the debtor has a favorable ruling from the IRS or is otherwise deemed to have a tax-exempt plan as noted above.

5. **"Opt-Out" States and the Anti-Stacking Rule.**

The Bankruptcy Code allows debtors to claim certain property as exempt, using either exemptions allowed under state law, or exemptions provided in the Bankruptcy Code. While this choice is available in a few states, the majority of states mandate that debtors use only the exemptions provided under state law. 11 U.S.C. §522(b)(1).

Thus, states can "opt-out" of the exemptions provided by the Bankruptcy Code.
32 states have elected to "opt-out" of the federal bankruptcy exemptions.

As a general rule, either the federal or the state exemptions apply.

An "anti-stacking" rule provides that a debtor using the state law exemptions is not also entitled to the federal exemptions.


BAPCPA added Bankruptcy Code §522(b)(3)(C) which creates an exception to the "anti-stacking" clause of Bankruptcy Code §522(b)(1). The anti-stacking clause generally requires that a debtor can use only the federal or state law exemptions. Under §522(b)(3)(C), even if the state law exemptions apply, the debtor can still exempt from his bankruptcy estate any of his "retirement funds" under federal law exemptions.
In enacting BAPCPA, Congress created a new class of exemptions for certain retirement funds regardless of whether the state of domicile of the debtor has opted out of the federal scheme for other property. For retirement funds, 11 U.S.C. §522(b)(3)(C) is applicable to opt-out states and 11 U.S.C. §522(d)(12) applies in the federal exemption scheme. The two provisions are identical and provide for an exemption for: retirement funds to the extent that those funds are in a fund or account that is exempt from taxation under §§401, 403, 408, 408A, 414, 457 or 501(a) of the Internal Revenue Code.

The U.S. 9th Circuit Court of Appeals held that:

"... debtors in opt-out states [like Arizona] are not limited to the IRA exemption provided by state law but may, independent of state law, claim the [Federal law] exemption under §522(b)(3)(C) …"


This case is important since some states in the 9th Circuit (e.g., California) provide very weak protection for IRA assets.
The exception to the anti-stacking rule for retirement plan assets goes both ways — it provided both the federal and the state law exemptions for plan and IRA assets.

As shown in *In re: Reinhart*, 109 AFTR 2010 (10 Cir. 2012) if the state law exemptions provide greater protection for retirement plan assets than the federal exemptions, the state law exemptions will apply.

In *Reinhart*, the U.S. 10th Circuit Court of Appeals followed the decision of the Utah Supreme Court that as long as a retirement plan "substantially complies" with the IRC §401(a) requirements, the plan was covered by the Utah bankruptcy exemption statute. Further, a plan was in substantial compliance if its defects fell within the scope of defects that "could" be corrected under the IRS EPCRS program.
C. Inherited IRAs — Clark v. Rameker.


U.S. Supreme Court held that inherited IRAs are not "retirement funds" under Bankruptcy Code Section 522(b)(3)(C) and not exempt in bankruptcy. The case involved a debtor who inherited an IRA from her mother.

The Supreme Court ruled that assets in an inherited IRA are not "retirement funds" for three reasons:
a. The holder of an inherited IRA cannot contribute additional funds to the account.

b. Holders of inherited IRAs are required to receive distributions from the accounts regardless of their age.

c. The holder of an inherited IRA can withdraw the entire balance of the account at any time regardless of age and use the funds for any purpose without a 10% premature distribution penalty.

2. **Spouse as Beneficiary.**

   The Court in *Clark* implied in dicta that if a surviving spouse rolls over an inherited IRA into his or her own IRA it will not be treated as an inherited IRA and will be exempt.

   If the spouse chooses to treat the IRA as an inherited IRA, however, it may not be an exempt asset. The Supreme Court stated that "the spouse has a choice."
3. **State Law Exemption.**

If a state is an opt-out state, an exemption to the anti-stacking rules provides the debtor with both the state law and bankruptcy code exemptions with respect to retirement plan assets. Ohio Rev. Code §2329.66(A)(10)(e) specifically exempts inherited IRAs from creditor claims for a debtor domiciled in Ohio.

Alaska, Arizona, Florida, Indiana, Missouri, North Carolina, South Carolina, and Texas provide similar exemptions for inherited IRAs.

U.S. Bankruptcy Courts in New Jersey have determined that an inherited IRA is excluded from the bankruptcy estate.

Courts in Illinois and Kansas have ruled that inherited IRAs are NOT exempt under the exemption statutes in such states.


4. **Tax Qualified Retirement Plans.**


Therefore, an inherited account in an ERISA Title I Plan should be excluded in bankruptcy and not subject to the analysis in **Clark**.
"Owner-Only" Plans covering only an owner and/or the owner's spouse are not Title I plans and would presumably be subject to the analysis in Clark since the exemption for such plans is under the same bankruptcy section reviewed in Clark.

5. Inherited IRAs Outside of Bankruptcy.

Creditor cases involving IRAs outside of bankruptcy are governed by state, rather than federal, law. As a result, the exemption statute of the state where the debtor is domiciled will control and the analysis will be based on the specific language of the exemption statute.
For example, an inherited IRA in California is generally not exempt from creditor claims under CA. CCP §701.140(b)(10)(G).

See the chart at the end of this outline for a state-by-state analysis of IRAs as exempt property.

II. ERISA and Internal Revenue Code Anti-Alienation Provisions

A. ERISA.

Title I of ERISA requires that a pension plan shall provide that benefits under the plan may not be assigned or alienated; i.e., the plan must provide a contractual "anti-alienation" clause. [See ERISA §206(d), 29 U.S.C. §1056(d)(1).]
B. Internal Revenue Code.

Buttressing ERISA, the Internal Revenue Code (the "Code") provides that "a trust shall not constitute a qualified trust under this Section unless the plan of which such trust is a part provides that benefits provided under the plan may not be assigned or alienated." [Code §401(a)(13)(A).]

C. Exceptions.

There are a number of exceptions to ERISA's and the Code's anti-alienation provisions (IRC §401(a)(13)(B); ERISA §206(d)(3)):

1. Qualified domestic relations orders ("QDROs"), as defined in Code §414(p), may be exempted.
2. Up to 10% of any benefit in pay status may be voluntarily and revocably assigned or alienated.
3. A participant may direct the plan to pay a benefit to a third party if the direction is revocable and the third party files acknowledgment of lack of enforceability.
4. Federal tax levies and judgments are exempted.
   
a. The IRS has issued a Field Service Advice Memorandum (FSA) and a Chief Counsel Advice Memo (CCA) advising that a retirement plan does not have to honor an IRS levy for taxes to the extent that the taxpayer is not entitled to an immediate distribution of benefits from the plan. FSA 199930039; CCA 199936041.

b. CCA 199936041 provides the following conclusions:
   
   1. The Service may serve a levy upon a plan even if a participant has no immediate right to commence receipt of benefits as long as the taxpayer has a vested right to a future distribution from the plan. However, the Service may not force the plan administrator to immediately distribute any assets pursuant to the Service's levy until the taxpayer obtains an immediate right to commence receipt of the benefits under the Plan.
   
   2. The Service may levy upon and collect the assets in a taxpayer's pension plan when the taxpayer has an immediate right to elect early retirement benefits but has not yet elected to do so (i.e., Service may make an election on behalf of the taxpayer).

   • The IRS "steps into the shoes" of the Plan Participant. The rights of the IRS to Plan assets cannot exceed the rights of the Participant.
c. If the plan is subject to spousal qualified joint and survivor annuity requirements, the only collection avenue available to the IRS is through joint and survivor annuity payments unless the IRS can obtain the spouse’s consent to receive a lump-sum distribution from the plan to satisfy the levy. CCA 199936041.

5. Criminal or civil judgments, consent decrees and settlement agreements may permit the offset of a participant's benefits under a plan and order the participant to pay the plan due to a fiduciary violation or crime committed by the participant against the plan.
6. **Federal Criminal Penalties.**

In Private Letter Ruling (PLR) 200342007 the IRS ruled that "the general anti-alienation rule of Code §401(a)(13) does not preclude a court's garnishing the account balance of a fined participant in a qualified pension plan in order to collect a fine imposed in a federal criminal action."

See also: **PLR 200426027** and **U.S. v. Novak**, 476 F.3d 1041 (9th Cir. 2007).

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D. **ERISA Preemption.**

The anti-alienation provisions of ERISA are given force by the preemption provisions also contained in ERISA. ERISA §514(a) provides that the provisions of ERISA supersede state laws insofar as such laws relate to employee benefit plans. The ERISA anti-alienation and preemption provisions combine to make state attachment and garnishment laws inapplicable to an individual's benefits under an ERISA-covered employee benefit plan.
E. General Creditors of the Sponsoring Employer.

The general creditors of a corporation or other sponsoring employer cannot reach the assets contained in such employer's qualified retirement plan. The statutory rationale is that a qualified retirement plan is established for the exclusive benefit of the employees and their beneficiaries. Furthermore, the terms of the trust must be such as to make it impossible, prior to the satisfaction of all liabilities to the employees and their beneficiaries, for any part of the funds to be diverted to purposes other than the exclusive benefit of the employees and their beneficiaries.

III. Additional Analysis

A. United States Supreme Court.

1. In Patterson v. Shumate, 112 S.Ct. 2242 (1992) the U.S. Supreme Court held that ERISA's prohibition against the assignment or alienation of pension benefits is enforceable in bankruptcy.

Thus, a debtor's interest in an ERISA pension plan is excluded from the bankruptcy estate and not subject to attachment by creditor's claims.
2. Note that *Patterson v. Shumate* was decided prior to the enactment of BAPCPA and excludes "ERISA plans" from bankruptcy.

BAPCPA is not limited to ERISA plans but provides an **exemption** rather than an **exclusion** for bankruptcy.

3. *Patterson v. Shumate* is **still good law** and can be cited to protect retirement plan assets from creditor claims for both bankruptcy and non-bankruptcy debtors.

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B. **Owner-Only Plans Are At Risk Outside of Bankruptcy.**

1. BAPCPA draws no distinction between owner-only plans and other tax-qualified retirement plans with respect to bankruptcy exemption. Outside of bankruptcy, however, it appears that such plans may be subject to attachment by creditors.
2. Department of Labor Regulations provide that a husband and wife who solely own a corporation are not employees for retirement plan purposes. The Regulations further provide that a plan which covers only partners or only a sole proprietor is not covered under Title I of ERISA.

However, a plan under which one or more common-law employees (in addition to the owners) are participants will be covered under Title I and ERISA protections will be applicable to all participants (not just the common-law employees). [29 C.F.R. §2510.3-3(b), (c)(1).]

Thus, **inclusion of one or more non-owner employees transforms a non-ERISA plan into an ERISA-qualified plan and thereby protects the plan assets from the claims of creditors.**
3. In *Yates v. Hendon*, 124 S.Ct 1330 (2004), the U.S. Supreme Court noted that Department of Labor Advisory Opinion 99-04A interprets 29 CFR §2510.3-3 to mean that the statutory term "employee benefit plan" does not include a plan whose only participants are the owner and his or her spouse, but does include a plan that covers as participants one or more common-law employees, in addition to the self-employed individuals. The Supreme Court noted that "[t]his agency view…merits the Judiciary's respectful consideration."

C. **ERISA Protections Do Not Apply to Funds After Distribution From Retirement Plan (But Bankruptcy Protections May Apply).**

Once the benefits have been distributed from the plan, a creditor's rights are enforceable against the beneficiary, but not against the plan itself. *Hoult v. Hoult*, 373 F.3d 47 (1st Cir. 2004).

However, Bankruptcy Code §522(b)(4)(D) provides that "eligible rollover distributions" retain their exempt status in bankruptcy after they are distributed.

* "Tracing" of amounts following distributions from a retirement plan or IRA can be very important.
IV. Individual Retirement Accounts

A. IRAs in Bankruptcy – 2005 Bankruptcy Act (BAPCPA).
   1. Traditional IRAs and Roth IRAs are exempt to $1,000,000 (currently $1,283,025).
   2. SEPs and SIMPLE-IRAs are exempt without a dollar limitation.
   3. Rollovers into IRAs from qualified plans, section 403(b) plans or section 457 plans are not subject to the $1,283,025 exemption limitation. Rollovers from such plans into IRAs are exempt without a dollar limitation.
   4. It appears that a rollover from a SEP or SIMPLE-IRA would receive only $1,283,025 of protection since a Code §408(d)(3) rollover is not one of the rollovers sanctioned under Bankruptcy Code §522(n).

B. IRAs in State Law (Non-Bankruptcy) Creditor Actions.
   1. a. ERISA defines a "pension" plan under its jurisdiction as any "plan, fund or program which is established or maintained by an employer… that provides retirement income to employees" [ERISA §3(2)(A)]. Thus, the typical pension, profit-sharing or Section 401(k) plan constitutes an ERISA pension plan. The DOL held that SEP and SIMPLE IRAs are ERISA pension plans due to the employer involvement in such arrangements. Conversely, traditional and Roth IRAs that are created and funded without employer involvement are not ERISA pension plans.
b. ERISA pension plans are afforded extensive anti-alienation creditor protection both inside and outside of bankruptcy. [ERISA §206(d)]. However, these extensive anti-alienation protections do not extend to an IRA arrangement under Code §408 even if the IRA may constitute an ERISA pension plan due to being established as a SEP or SIMPLE IRA [ERISA §4(b) and 201].

2. Non-SEP and SIMPLE IRAs. An individually-established and funded traditional or Roth IRA is not an ERISA pension plan. That being the case, state law that relates to such IRAs is not preempted under ERISA. Many states provide protection to IRAs based on the IRA owner's state of residency.

   a. The state of residency of the IRA owner/participant determines which state law applies to the IRA for exemption purposes.
b. Assets rolled from a SEP or SIMPLE IRA into a rollover IRA should lose their characterization as parts of an ERISA pension plan, would not thereafter be subject to ERISA preemption, and could then take advantage of state law protections for non-SEP and SIMPLE IRAs. Such rolled-over IRAs should then be afforded unlimited protections under non-bankruptcy proceedings in states like Ohio and be allowed $1,283,025 worth of protection in a bankruptcy proceeding.

C. Treatment of IRAs with Prohibited Transactions.

1. Prohibited Transaction Defined.
   a. Code §4975(c)(1) states that the term "prohibited transaction" means any direct or indirect:
      i. sale or exchange, or leasing, of any property between a plan and a disqualified person;
      ii. lending of money or other extension of credit between a plan and a disqualified person;
iii. furnishing of goods, services, or facilities between a plan and a disqualified person;

iv. transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a plan;

v. act by a disqualified person who is a fiduciary whereby he deals with the income or assets of a plan in his own interests or for his own account; or

vi. receipt of any consideration for his own personal account by any disqualified person who is a fiduciary from any party dealing with the plan in connection with a transaction involving the income or assets of the plan.
b. "Disqualified persons" include the person who established the IRA, members of his or her family, corporations, trusts or other entities owned or controlled by such individuals, and fiduciaries. Code §4975(e)(2).

c. The term "plan" for purposes of applying the prohibited transaction rules includes an IRA. Code §4975(e)(1).

2. IRA ceases to be an IRA if owner engages in prohibited transaction.

If the owner (or beneficiary) of an individual retirement account, as described in IRC §408(a), engages in any transaction that is prohibited under IRC §4975, the IRA ceases to be an IRA as of the first day of the taxable year in which the transaction occurs. See IRC §408(e)(2)(A). This means the special tax benefits accorded the IRA are lost.
3. **Deemed distribution of IRA assets.**

If an IRA ceases to be an IRA because of a prohibited transaction described in the prior paragraph, the *entire value of the IRA*, determined as of the *first day of the taxable year for which the account or annuity ceases to be an IRA*, is treated as *distributed to the IRA owner* (or beneficiary, in the case of an IRA for a deceased participant). See IRC §408(e)(2)(B).

**Practice Hint:**

If a client wants to invest IRA assets in a non-traditional investment (e.g., real estate or an LLC), set up a *separate IRA* for that specific investment.
4. **Loss of Status as IRA May Result in Loss of Creditor Protection for Assets of (Former) IRA.**

   a. As noted above, if there is even one minor prohibited transaction (PT), the rule is that the entire IRA is treated as terminated and all of its assets distributed to the owner on the first day of the year in which the PT occurred. Creditors are now analyzing the transactions of the IRAs of debtors to find PTs in order to destroy the account's status as an IRA and thereby make the assets of the former IRA subject to attachment.

   b. In *In re: Ernest W. Willis*, 2011 WL 1522383 (11 Cir. 2011) the U.S. Eleventh Circuit Court of Appeals affirmed the judgment of a U.S. Bankruptcy Court in Florida that as a result of a PT an IRA lost its status as an IRA and thereby lost its exemption in bankruptcy.

   c. Moral: Be very careful not to engage in prohibited transactions — especially with an IRA.
# State-By-State Analysis of Individual Retirement Accounts As Exempt Property

<table>
<thead>
<tr>
<th>STATE</th>
<th>STATE STATUTE</th>
<th>IRA EXEMPT</th>
<th>ROTH IRA EXEMPT</th>
<th>SPECIAL STATUTORY PROVISIONS</th>
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</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Ala. Code §19-3B-508</td>
<td>Yes</td>
<td>Yes</td>
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</tr>
<tr>
<td>Alaska</td>
<td>Alaska Stat. §09.38.017</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to amounts contributed within 120 days before the debtor files for bankruptcy. Alaska provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Arizona</td>
<td>Ariz. Rev. Stat. Ann. §33-1126(B)</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to a claim by an alternate payee under a QDRO. The interest of an alternate payee is exempt from claims by creditors of the alternate payee. The exemption does not apply to amounts contributed within 120 days before a debtor files for bankruptcy. Arizona provides a specific exemption for inherited IRAs.</td>
</tr>
</tbody>
</table>

* Under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), qualified plan, SEP, and SIMPLE assets are protected with no dollar limitation. IRAs and Roth IRAs are protected to $1,000,000 ($1,283,025 with COLAs). However, rollover assets in an IRA are not subject to the $1,283,025 limit. BAPCPA only applies to assets in bankruptcy. One must look to state law for protection of IRA assets in state law (e.g., garnishment) actions or other creditor claims outside of bankruptcy.
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<tr>
<td>Delaware</td>
<td>Del. Code Ann. Tit. 10, §4915</td>
<td>Yes</td>
<td>Yes</td>
<td>An IRA is not exempt from a claim made pursuant to Title 13 of the Delaware Code, which Title pertains to domestic relations order.</td>
</tr>
<tr>
<td>Florida</td>
<td>Fla. Stat. Ann. §222.21</td>
<td>Yes</td>
<td>Yes</td>
<td>IRA is not exempt from claim of an alternate payee under a QDRO or claims of a surviving spouse pursuant to an order determining the amount of elective share and contribution. Florida provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Georgia</td>
<td>Ga. Code Ann. §44-13-100</td>
<td>Limited</td>
<td>Limited</td>
<td>IRA's are exempt only to the extent necessary for the support of the debtor and any dependent.</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Haw. Rev. Stat. §651-124</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to contributions made to a plan or arrangement within three years before the date a civil action is initiated against the debtor.</td>
</tr>
<tr>
<td>Idaho</td>
<td>Idaho Code §55-1011</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption only applies for claims of judgment creditors of the beneficiary or participant arising out of a negligent or otherwise wrongful act or omission of the beneficiary or participant resulting in money damages to the judgment creditor.</td>
</tr>
<tr>
<td>Indiana</td>
<td>Ind. Code §34-55-10-2</td>
<td>Yes</td>
<td>Yes</td>
<td>Indiana provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Iowa</td>
<td>Iowa Code §627.6</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>STATE</td>
<td>STATE STATUTE</td>
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<tr>
<td>Kentucky*</td>
<td>Ky. Rev. Stat. Ann. §427.150(2)(f)</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to any amounts contributed to an individual retirement account if the contribution occurred within 120 days before the debtor filed for bankruptcy. The exemption also does not apply to the right or interest of a person in individual retirement account to the extent that right or interest is subject to a court order for payment of maintenance or child support.</td>
</tr>
<tr>
<td>Louisiana</td>
<td>La. Rev. Stat. Ann. Sects. 20-33(1) and 13-3881(D)</td>
<td>Yes</td>
<td>Yes</td>
<td>No contribution to an IRA is exempt if made less than one calendar year from the date of filing bankruptcy, whether voluntary or involuntary, or the date writs of seizure are filed against the account. The exemption also does not apply to liabilities for alimony and child support.</td>
</tr>
<tr>
<td>Maryland</td>
<td>Md. Code Ann. Cts. &amp; Jud. Proc. §11-504(b)</td>
<td>Yes</td>
<td>Yes</td>
<td>IRA's are exempt from any and all claims of creditors of the beneficiary or participant other than claims by the Department of Health and Mental Hygiene.</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Mass. Gen. L.Ch. 235, §34A</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to an order of court concerning divorce, separate maintenance or child support, or an order of court requiring an individual convicted of a crime to satisfy a monetary penalty or to make restitution, or sums deposited in a plan in excess of 7% of the total income of the individual within 5 years of the individual’s declaration of bankruptcy or entry of judgment.</td>
</tr>
<tr>
<td>Michigan*</td>
<td>Mich. Comp. Laws 600.6023</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to amounts contributed to an individual retirement account or individual retirement annuity if the contribution occurs within 120 days before the debtor files for bankruptcy. The exemption also does not apply to an order of the domestic relations court</td>
</tr>
<tr>
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<tr>
<td>Minnesota</td>
<td>Minn. Stat. §550.37</td>
<td>Limited</td>
<td>Limited</td>
<td>Exempt to a present value of $69,000 and additional amounts reasonably necessary to support the debtor, spouse or dependents.</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Miss. Code Ann. §85-3-1</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Missouri</td>
<td>Mo. Rev. Stat. §513.430</td>
<td>Yes</td>
<td>Yes</td>
<td>If proceedings under Title 11 of United States Code are commenced by or against the debtor, no amount of funds shall be exempt in such proceedings under any plan or trust which is fraudulent as defined in Section 456.630 of the Missouri Code, and for the period such person participated within 3 years prior to the commencement of such proceedings. Missouri provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Montana</td>
<td>Mont. Code Ann. §31-2-106(3)</td>
<td>Yes</td>
<td>No</td>
<td>The exemption excludes that portion of contributions made by the individual within one year before the filing of the petition of bankruptcy which exceeds 15% of the gross income of the individual for that one-year period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STATE</th>
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</thead>
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<tr>
<td>Nebraska</td>
<td>Neb. Rev. Stat. §26-1563.01</td>
<td>Limited</td>
<td>Limited</td>
<td>The debtor’s right to receive IRAs and Roth IRAs is exempt to the extent reasonably necessary for the support of the Debtor and any dependent of the Debtor.</td>
</tr>
<tr>
<td>Nevada</td>
<td>Nev. Rev. Stat. §21.090(1)(r)</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption is limited to $500,000 in present value held in an individual retirement account, which conforms with Section 408 and 408A.</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>N.H. Tit. 52 §511.2</td>
<td>Yes</td>
<td>Yes</td>
<td>Exemption only applies to extensions of credit and debts arising after January 1, 1999.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>N.M. Stat. Ann. §42-10-1, §42-10-2</td>
<td>Yes</td>
<td>Yes</td>
<td>A retirement fund of a person supporting himself / herself or another person is exempt from receivers or trustees in bankruptcy or other insolvency proceedings, fines, attachment, execution or foreclosure by a judgment creditor.</td>
</tr>
<tr>
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<tr>
<td>New York</td>
<td>N.Y. Civ. Prac. L. and R. §5205(c)</td>
<td>Yes</td>
<td>Yes</td>
<td>Additions to individual retirement accounts are not exempt from judgments if contributions were made after a date that is 90 days before the interposition of the claim on which the judgment was entered.</td>
</tr>
<tr>
<td>North Carolina</td>
<td>N.C. Gen. Stat. §1C-1601(a)(9)</td>
<td>Yes</td>
<td>Yes</td>
<td>North Carolina provides specific exemptions for inherited IRAs.</td>
</tr>
<tr>
<td>North Dakota</td>
<td>N.D. Cent. Code §28-22-03.1(7)</td>
<td>Limited</td>
<td>Limited</td>
<td>The account must have been in effect for a period of at least one year. Each individual account is exempt to a limit of up to $100,000 per account, with an aggregate limitation of $200,000 for all accounts. The dollar limit does not apply to the extent the debtor can prove the property is reasonably necessary for the support of the debtor, spouse, or dependents.</td>
</tr>
<tr>
<td>Ohio*</td>
<td>Ohio Rev. Code Ann. §2329.66(A)(10)</td>
<td>Yes</td>
<td>Yes</td>
<td>SEPs and SIMPLE IRAs are not exempt. Ohio provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Okla. Stat. Tit. 31, §1(A)(20)</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>OR. Rev. Stat. 18.358</td>
<td>Yes</td>
<td>Yes</td>
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</tr>
<tr>
<td>Pennsylvania</td>
<td>42 PA. Cons. Stat. §8124</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to amounts contributed to the retirement fund in excess of $15,000 within one year before the debtor filed for bankruptcy.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>R.I. Gen. Laws §9-26-4</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to an order of court pursuant to a judgment of divorce or separate maintenance, or an order of court concerning child support.</td>
</tr>
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<tr>
<td>South Carolina</td>
<td>S.C. Code Ann. §15-41-30</td>
<td>Yes</td>
<td>Yes</td>
<td>Specifically provides for exemption of inherited IRAs.</td>
</tr>
<tr>
<td>South Dakota</td>
<td>S.D. Cod. Laws 43-45-16; 43-45-17</td>
<td>Limited</td>
<td>Limited</td>
<td>Exempts &quot;certain retirement benefits” up to $1,000,000. Cites §401(a)(13) of Internal Revenue Code (Tax-Qualified Plan Non-Alienation Provision). Subject to the right of the State of South Dakota and its political subdivisions to collect any amount owed to them.</td>
</tr>
<tr>
<td>Tennessee*</td>
<td>Tenn. Code Ann. §26-2-105</td>
<td>Yes</td>
<td>Yes</td>
<td>Not exempt from claims of an alternate payee under a QDRO.</td>
</tr>
<tr>
<td>Texas</td>
<td>Tex. Prop. Code Ann. §42.0021</td>
<td>Yes</td>
<td>Yes</td>
<td>Texas provides a specific exemption for inherited IRAs.</td>
</tr>
<tr>
<td>Utah</td>
<td>Utah Code Ann. §78B-5-505</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to amounts contributed or benefits accrued by or on behalf of a debtor within one year before the debtor files for bankruptcy.</td>
</tr>
<tr>
<td>Virginia</td>
<td>Va. Code Ann. §34-34</td>
<td>Yes</td>
<td>Yes</td>
<td>Exempt from creditor process to the same extent permitted under federal bankruptcy law. An IRA is not exempt from a claim of child or spousal support obligations.</td>
</tr>
<tr>
<td>Washington</td>
<td>Wash. Rev. Code §6.15.020</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>W.Va. Code §38-10-4</td>
<td>Yes</td>
<td>No</td>
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</tr>
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<tr>
<td>Wisconsin</td>
<td>Wis. Stat. §815.18(3)(j)</td>
<td>Yes</td>
<td>Yes</td>
<td>The exemption does not apply to an order of court concerning child support, family support or maintenance, or any judgments of annulment, divorce or legal separation.</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Wyo. Stat. §1-20-110</td>
<td>No</td>
<td>No</td>
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</table>

* Kentucky, Michigan, Ohio, and Tennessee: The U.S. Court of Appeals for the Sixth Circuit ruled in *Lampkins v. Golden*, 28 Fed. Appx. 409 (6th Cir. 2002) that a Michigan statute exempting SEPs and IRAs from creditor claims was preempted by ERISA. The decision appears, however, to be limited to SEPs and SIMPLE-IRAs.