

## Divorce, property settlements, and bankruptcy (#2)

If a spouse of a married couple files bankruptcy, a later property settlement might have unintended results. Let's see why.

If a married couple is considering divorce, or is already in the process, should that divorce be done before or after one (or both) of the spouses files bankruptcy?



We're not going to answer that here because there is no easy answer; discuss the possibilities with your bankruptcy attorney and family law attorney. Instead, we'll look at one aspect of this.

What we'll look at here is the fact that **if a spouse of a married couple files bankruptcy, anything that spouse receives from a property settlement (or divorce decree) within 180 days after filing the bankruptcy is included in the person's bankruptcy just as if it had been there in the beginning.**

If it's a large amount of property or money, more than can be "exempted" in the bankruptcy, **the bankruptcy trustee might be able to sell it and give the proceeds to creditors (those owed money).** That is probably not at all what was intended when the property settlement was created.

What's the moral of the story? As above, discuss these possibilities with your bankruptcy attorney and family law attorney.

**Divorce, property settlements, and bankruptcy. Oh my!**

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