

Do I need bankruptcy to protect my money and other stuff from creditors?

Without bankruptcy, creditors (people you owe) can sue you, get a court judgment against you, and then **take money from your bank account and/or take your other property**. **EXCEPT they can't take what you can EXEMPT** (protect from them). In California, you get to use a list of exemptions ("704" exemptions, for the section number in the California Code of Civil Procedure) to **protect your property from creditors after they win a lawsuit against you**. These exemptions include certain dollar amounts for equity in your home, your car, your household goods, some of your recent wages, etc.

So why might you need bankruptcy to protect your things? Because ...

1. **In California, when you file bankruptcy you get to use another set of exemptions ("703" exemptions) instead of the 704 set described above if you choose to do so.** The main advantage of this 703 set of exemptions is that it includes an almost-\$27,000 (in 2013) "Wild Card" exemption. You can use the wildcard exemption for anything or any combination of things, including money in bank accounts or cash (for which there is no exemption in the 704 set). In return, there is a much lower exemption for equity in your home. This 703 set of exemptions is mainly used by people who either don't own a home or who owe more on it than the home is worth.
2. **If you have more money and things than can be protected by either set of California exemptions, you can file a Chapter 13 bankruptcy and keep all your money and other things.** In return, you have to pay monthly into a payment plan for three to five years. How much would you have to pay monthly? That's too complex for this short article. See the links below.

That's the short version of why filing bankruptcy might let you keep way more of your money and other things than if you just let your creditors sue you, get judgments against you, and take your money and other things. As you can probably see, this subject isn't simple. Do yourself a favor and consult with an experienced bankruptcy attorney in your area.

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