

How much money can I keep in my checking account when filing bankruptcy?

I'll soon be filing a Chapter 7 bankruptcy. How much money can I keep in my checking account without losing it?

Here's the deal. The trustee assigned to your bankruptcy gets to take your property, including money, for the benefit of your creditors EXCEPT for what you can "exempt". As you can see, "exemptions" are a very important subject.

In California, the answer to your question depends on whether you have equity in your home or not.

- **No equity in your home** - This means you either don't own the home you're living in or, if you do own it, it's not worth more than you owe on the home loans. You get a "**Wildcard**" exemption of **\$26,925** that you can use for anything or any combination of things, including bank accounts.
- **Equity in your home** - This means that your home is worth more than you owe on it. Essentially, you reduce that Wildcard exemption mentioned above by the amount of equity in your home, all the way down to zero (and yes, you can protect more equity in your home than that). So if you have considerable equity in your home, you get no exemption for bank accounts, cash, stocks and bonds (not including retirement accounts), etc. You would need to "spend down" your money in a legitimate way before filing your Chapter 7 in order to not lose the money.

There's more to the subject of exemptions than described here in this short article. Do yourself a favor and consult with an experienced bankruptcy attorney in your area.

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