

Debunking the bankruptcy myth: You will not lose everything!

Written by Australian Business

September 14, 2013 /**24-7PressRelease**/ -- In many instances, people fear filing for bankruptcy because they are under the impression that they will lose everything - their furniture, their clothes, their cars, their homes and all of their possessions. This is a misnomer. Those filing for Chapter 7 bankruptcy are allowed to keep most of their assets. In fact, it is rare that debtors lose any assets in bankruptcy.

Under the U.S. bankruptcy laws, there is certain property that is [exempt](#) from liquidation and cannot be touched by the bankruptcy trustees or judges.

Typical exempt property in bankruptcy

This exempt property can be actual possessions and typically includes but is not limited to: - Clothing.- Household goods.- Home furnishings.- Household appliances.

Exempt property can also be actual amounts or it can be certain possessions. This essentially means that a debtor can keep a certain amount of property in a bankruptcy. This can include but may not be limited to: - Motor vehicles, jewelry and home equity.- Pensions, public benefits like welfare, social security, unemployment compensation.- Personal injury awards.

Indiana bankruptcy exemption allowances

Each state, however, offers different exemption amounts or allowances for debtors. The state exemption laws apply in the state where the debtor resided 2 years prior to filing bankruptcy.

In the state of [Indiana](#) , for instance, the following exemption amounts as of 2013 are allowed in a bankruptcy: - Primary residence equity up to \$17,600 per person.- Personal property values (such as vehicles, jewelry) and real estate (not the primary residence) up to \$9,350 per person.- Retirement accounts (such as IRAs or 401(k)s) of any value.- Intangibles (such as cash, bank accounts, stock) of \$350 per person.

Consulting with a bankruptcy lawyer

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It's important to understand that each situation is different and each debtor accumulates different types of assets or property--some of which may or may not be exempted. The type of bankruptcy filed also will determine whether property can be kept.

If you are considering filing for bankruptcy and have questions about your property and whether it would be protected in a bankruptcy proceeding, consulting with an experienced bankruptcy lawyer is advised. An attorney who knows the intricate areas of the law can offer guidance as it best pertains to your situation.

Article provided by Redman Ludwig, P.C. Visit us at www.redmanludwig.com