

Michigan bankruptcy exemptions let you clear away debt, keep property

Written by Australian Business

November 08, 2013 /**24-7PressRelease**/ -- Michigan bankruptcy exemptions let you clear away debt, keep property

Article provided by The Smith Law Offices, P.C. Visit us at <http://www.smithlawmichigan.com>

It is a common misconception that by declaring bankruptcy, an individual forfeits all of his or her possessions. In fact, this is far from the truth. Some forms of bankruptcy do not involve liquidation -- the sale of nonexempt property -- at all, and even in the types of bankruptcy that can involve liquidation, many filers do not have to give up anything.

When an individual files for Chapter 7 bankruptcy, the most common form of consumer bankruptcy, a wide range of his or her property is protected from liquidation under federal and state law. Knowing a little more about the bankruptcy exemptions in Michigan can help ease the trepidation you might be feeling about pursuing bankruptcy as a solution to your debts.

Generous exemptions for homes, cars, retirement accounts and other assets

Chapter 7 bankruptcy filers may elect whether to take advantage of the federal bankruptcy exemptions or the Michigan-specific exemptions. Which set of exemptions is best for you depends on the type of assets you have and their value; your bankruptcy lawyer can advise you on the right set of exemptions for your individual circumstances. While the full list of exemptions is quite lengthy, an overview of the most important Michigan exemptions can give you a basic understanding of the types of assets that are shielded from liquidation.

The homestead exemption is among the most critical protections for many bankruptcy filers; it is especially important as home values continue to rise. According to a recent Home Pricing Index report from CoreLogic, a residential property information company, home price appreciation in Michigan was up by 13.9 percent from September of 2012 to September of 2013, the fifth highest increase in the nation. Under current law, filers can exempt up to \$35,300 of equity in real property. This amount increases to \$52,925 if the filer or one of his or her dependents is 65 or older or disabled.

Other important exemptions include those for cars (up to \$3,250), household goods such as furniture and appliances (up to \$3,525), and tools or other materials necessary to carry on the

Michigan bankruptcy exemptions let you clear away debt, keep property

Written by Australian Business

filer's occupation (up to \$2,350). For certain exemptions, there is no value limit. Chapter 7 filers may keep all family pictures, all clothing (excluding furs), and generally all retirement accounts with the exception of any amounts contributed to the retirement accounts in the 120 days preceding the date the account holder filed for bankruptcy.

The exemption amounts are indexed for inflation, and under Michigan law, are increased every three years. The next increase is scheduled for 2014.

Protect your property and solve your debt problems with help from an attorney

Bankruptcy can be the only way to escape from oppressive debt, and the process may not be as painful as you fear. Talk to a Michigan bankruptcy attorney to get the personal attention you need and explore how you can eliminate debt while protecting the property that is important to you.