The Federal Bankruptcy Exemptions:

Some states allow you to use the federal bankruptcy exemptions rather than your state's exemptions. Find out if you can use the federal exemptions and what property is protected.

You don’t lose all of your property when you file for bankruptcy. In fact, many people can protect most, if not all of what they own. You’ll know what you can keep by reviewing bankruptcy exemption law. In this article, you’ll learn:

when you can use the federal bankruptcy exemptions, and

how federal exemptions differ from state exemptions.

The federal bankruptcy exemption amounts adjust every three years.

Bankruptcy Exemptions Protect Property

Each state has a set of bankruptcy exemptions that a bankruptcy filer can use to protect assets in bankruptcy. Federal law also has a set of federal bankruptcy exemptions. Exemptions protect property in both Chapter 7 and Chapter 13.

Who Can Use Federal Bankruptcy Exemptions

Your state determines whether you must use your state’s exemptions or if you can choose the federal list instead. If you get to choose, you must pick one or the other—you can’t mix and match items from both lists.

Currently, if you live in one of the following states, you can choose the state or the federal bankruptcy exemptions:

Alaska, Arkansas, Connecticut, District of Columbia, Hawaii, Kentucky, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Washington, and Wisconsin.

If you don't reside in one of these states, you're limited to your own state’s exemptions. Some states allow two state choices—for example, see California’s exemption scheme.

Property Protected With Federal Bankruptcy Exemptions

You’ll find current, commonly-used federal exemptions listed below. If you are a married couple filing jointly, you can double the exemption amounts. The amounts are shown for cases filed after April 1, 2016, and cases filed after April 1, 2019.

The Homestead Exemption Protects Your Residence

As of April 1, 2019, you can protect $25,150 of equity in your principal place of residence under the federal exemptions ($23,675 in cases filed before April 1, 2019). (11 U.S.C. § 522(d)(1).) You must live in the home to use the homestead exemption.

The residential property can be:

a house or another dwelling, such as a condominium, or

personal property used as a residence (such as a residential trailer).

The homestead exemption isn’t available to protect equity in investment or rental properties.

Personal Property Exemptions Protect Your Belongings

Personal property includes all property you have other than real estate. Here are some commonly-used federal personal property exemptions and the amount you can claim as of April 1, 2019:

$4,000 for your motor vehicle. (11 U.S.C. § 522(d)(2).)

$1,700 for jewelry. (§ 522(d)(4).)

$625 per individual item with a $13,400 aggregate value,on household goods, furnishings, appliances, clothes, books, animals, crops, musical instruments. (11 U.S.C. § 522(d)(3).)

$2,525 for tools of the trade including implements and books

health aids. (11 U.S.C. § 522(d)(6).)

$13,400 in loan value, accrued dividends, or interest in a life insurance policy. (11 U.S.C. § 522(d)(8).)

The figures used for cases filed between April 1, 2016, and March 31, 2019, are as follows:

$3,775 for your motor vehicle. (11 U.S.C. § 522(d)(2).)

$1,600 for jewelry. (§ 522(d)(4).)

$12,625 aggregate value ($600 per individual item) on household goods (furnishings, appliances, clothes, books, animals, crops, musical instruments). (11 U.S.C. § 522(d)(3).)

$2,375 for tools of the trade including implements and books

health aids. (11 U.S.C. § 522(d)(6).)

$12,625 in loan value, accrued dividends, or interest in a life insurance policy. (11 U.S.C. § 522(d)(8).)

Support or Benefit Exemptions

spousal support or child support that you reasonably need for your support

life insurance payments that you need for your support, and

all Social Security benefits, unemployment benefits, veteran’s benefits, public assistance, and disability or illness benefits.

Exemptions Protecting Personal Injury Recovery

$25,150 for personal injury except for pain and suffering or pecuniary loss ($23,675 prior to April 1, 2019). (11 U.S.C. § 522(d)(11)(D).)

any award for the loss of future earnings you need for support

any recovery for the wrongful death of the person you relied on for support, and

all compensation received as a result of being a crime victim.

Retirement Account Protections

Retirement accounts that are exempt from taxation are fully exempt. However, IRAs and Roth IRAS are capped at $1,362,800 ($1,283,025 before April 1, 2019) on IRAs and Roth IRAs. (Learn more in Your Retirement Plan in Bankruptcy.)

Wildcard Exemption

You can apply the federal wildcard exemption to any property you own. Currently, $1,325 plus $12,575 of any unused portion of your homestead exemption is available to exempt any property of your choosing. The figures for cases filed before April 1, 2019, are $1,250 plus $11,850 respectively. (11 U.S.C. § 522(d)(5).) To learn more, see the Wildcard Exemption.

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