O'NEILCANNON
HOLLMAN DEJONG & LAING S.C.

COURT RULES THAT DEBTOR'S INHERITED IRA QUALIFIED FOR BANKRUPTCY EXEMPTION

In *Chilton v. Moser*, a Texas Federal District Court overturned a Bankruptcy Court and ruled that an inherited IRA owned by a debtor is an exempt asset and protected under the Bankruptcy Code. This is an important decision. As more and more wealth is accumulated in 401(k)'s and rolled over into IRA's, these IRA's are often the most significant assets heirs inherit from decedents. To have these inherited IRA assets protected from the Bankruptcy process, is an enormous benefit for heirs who may be in financial trouble. One cautionary note, although this court decision is persuasive for Bankruptcy Courts in Wisconsin, it is not binding. Nevertheless, the decision should provide some comfort to heirs owning inherited IRA's who may be subject to creditor concerns.