

## INHERITED IRA'S—BANKRUPTCY PROTECTION

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Last March, we discussed the bankruptcy case *In re Chilton*. That case held that unlike a traditional individual retirement account (IRA), an inherited IRA is not an exempt asset in bankruptcy. Our prior discussion can be read [here](#).

That case has now been reversed. When *Chilton* was first decided, it was a case of first impression. Since then, there have been at least five other cases that ruled in an opposite manner. In reversing the bankruptcy court, the District Court held that (a) an inherited IRA holds “retirement funds” within the meaning of 11 U.S.C. §522(d)(12), and (b) such an IRA is tax exempt under Code §408(e). Thus, an inherited IRA qualifies as an exempt asset under 11 U.S.C. §522(d)(12).

*Chilton v. Moser*, 107 AFTR 2d 2011-XXXX, 2011 WL 938310 (2011, DC TX)

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