

Should I take a loan from my 401(k) to pay my credit cards

"NO", and let me count the reasons!

1. **It risks tax consequences and penalties.** See your tax professional about that.
2. Money you borrow from your retirement fund **misses both market gains and compound interest.**
3. **If you file bankruptcy, that credit card debt will be discharged (eliminated) AND let you keep the funds in your 401(k).**



For example, if you owe \$50,000 on credit cards that you can't pay, filing bankruptcy will get rid of that debt and you'll still have that \$50,000 in your 401(k) that you would have lost had you taken that money from your 401(k) to pay that credit card debt.

That's because our Congress has made money in your 401(k) NOT AVAILABLE to your creditors in a bankruptcy. You throw that benefit (your money!) out the window if you pay your credit cards from a 401(k) loan instead of filing bankruptcy.

If you want to learn more about this, do yourself a favor and get a consultation (many are free) with an experienced bankruptcy attorney in your area.

Will I lose my retirement accounts if I file bankruptcy?

Retirement Plans Are Your Saving Grace in Bankruptcy

Are you paying off credit cards with your retirement funds or home equity?

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