Ask a group of consumer bankruptcy lawyers what they regard to be one of the biggest mistakes that consumers make in the months leading up to filing for bankruptcy and the overwhelming majority of answers from the attorneys will be: Consumers making the costly mistake of emptying out their retirement account in order to try to avoid filing for bankruptcy. Instead, they end up filing for bankruptcy anyhow, and to make matters far worse, they have now put their retirement in jeopardy.

Most people who file for bankruptcy are honest, hard-working, and want to avoid filing for bankruptcy at all cost. They want to do whatever it takes to pay at least those monthly minimums on their credit cards in order to salvage their credit score. They are determined to do whatever it takes to keep up with those payments. More often than not people will exhaust every penny that they have in their bank accounts and borrow money from friends and family (by the way, if you are planning on filing for bankruptcy, there are dangers in repaying family members) as they desperately try to pay down their credit card balances.

Finally, when those options run out, and they realize that the only other source of funds -other than their salary- is their retirement account, they figure they have no choice but to use that money to continue making their credit card payments. And slowly but surely that retirement account dwindles and dwindles to the point that there is nothing left. But it does not have to be that way!

Before making the decision to tap into your retirement account, consider the following:

• Credit card debt is almost always dischargeable ("wiped out") in chapter 7 cases.

• Retirement accounts are protected and remain yours when filing for bankruptcy. Your retirement account will not be forfeited when filing for bankruptcy. It is either exempt or not even considered a part of the bankruptcy estate.

Covered by the Employee Retirement Income Security Act (ERISA), most employer-sponsored plans such as 401(k)'s are completely protected from creditors and cannot be touched. For those individuals who have contributed to an IRA, federal law protects up to $1 million. Federal law also protects the entire IRA account balance if the money was rolled over from a company plan.

With these facts in mind, each individual needs to be honest with themselves and answer the following questions:

• Did I hit a bump in the road that I can honestly recover from in a reasonable amount of time or am I in such a deep hole that there is no realistic way of getting out?

• Do I need to borrow a small sum of money out of my retirement account to get me by or will I need to continue relying on my retirement account with no end in sight?

• Is my debt so out of control that I know in my heart of heart's that I will need to file for bankruptcy sooner or later?

The good news is that in the midst of feeling financially overwhelmed, an individual still has the power to control his/her financial future. If you are at a point where you think that you may have to file for bankruptcy in order to get a fresh start, then please do not touch your retirement account. The federal government exempts your retirement accounts when filing for bankruptcy for a reason; to protect your long term interests.