

ARIZONA EXEMPTIONS

FOR USE ON BANKRUPTCY SCHEDULE C (Official form 106C)

(Updated February 2022)

Note: Nothing in this document should be considered legal advice or advice specific to any one person's particular situation. It is intended to be general information on Arizona exemptions. If you have questions about these exemptions, you can consult with an attorney or call the Bankruptcy Court Self Help Center at 602-682-4007 for a free appointment with a volunteer attorney.

Exemptions allow you to keep certain property after bankruptcy. You list exemptions on bankruptcy schedule C.

If you are filing for bankruptcy protection and resided in Arizona for the entire 2 years prior to the bankruptcy filing date, you must use Arizona exemptions. (Use of federal bankruptcy exemptions in 11 U.S.C. § 522(d) not permitted in Arizona. See A.R.S. §33-1133, but you can use some other federal exemptions.) If you resided in more than one state for the two years prior to filing, then laws apply of the state in which you resided 180 days before the 2-year period prior to filing.

Each adult has a separate exemption except a married couple has a single homestead exemption. (A.R.S. §33-1121.01). Each adult has an exemption for \$6,000 in household furnishings. The dollar amounts listed below are the resale, not retail, value of the items (e.g.: what your couch would sell for at a yard sale). But, if you are filing for bankruptcy and have personal property (not land/house) that has a lien or security interest, then you must use the "replacement value" – the price a retail merchant would charge for property of similar kind and condition. §506(a)(2). If an item is not on this list, it is likely not protected from your creditors. A.R.S. stands for Arizona Revised Statutes. U.S.C. stands for United States Code.

TYPE OF PROPERTY	AMOUNT OF EXEMPTION	LAW/ STATUTES
Homestead, consisting of debtor's equity in real estate, used as residence, apartment of horizontal property regime, or mobile home and land upon which located. After 1/1/22, a judgment will attach homestead and other real estate, including property later acquired. (Homestead must be your primary residence)	\$250,000 for each owner living in residence, but total of \$250,000 for both spouses. Applies to identifiable cash proceeds of homestead sale for 18 months after sale. Warning - for bankruptcy—see 11 §522(p) limit	A.R.S. §§ 33-1101, 33-1103, 33-1104, 33-964, and 12-1551. Recording requirements, if any, AR.S. §33-1102
Prepaid rent and security deposits for Debtor's residence	\$2,000	A.R.S. § 33-1126(C)
Household furniture, furnishings, household goods, including consumer electronic devices, and household appliances personally used by the debtor or a dependent of the debtor and not otherwise specifically prescribed in this chapter.	\$6,000 aggregate value	A.R.S. § 33-1123
Motor Vehicle - Equity in vehicle (Equity means what the vehicle's current value minus amount owed to creditor)	\$6,000 or \$12,000 if Debtor or Debtor's dependent physically disabled	A.R.S. § 33-1125(8)
Food, fuel and provisions for 6 months used by Debtor & family	100%	A.R.S. § 33-1124
Wearing apparel (ex. clothes and shoes)	\$500	A.R.S. § 33-1125(1)
Library, including published materials & personal documents	\$250	A.R.S. § 33-1125(5)

Computer, typewriter, bicycle, sewing machine, bible, burial lot	\$2,000	A.R.S. § 33-1125(7)
All firearms	\$2,000	A.R.S. § 33-1125(10)
Pre-arranged funeral memorial - deposited in a funeral trust account with the funeral home (e.g., coffin open/close fees)	\$5,000	ARS § 32-1391.05(C)(4)
Musical instruments of Debtor and family	\$400	A.R.S. § 33-1125(2)
Domestic animals & household pets	100%	A.R.S. § 33-1125(11)
Horses, milk cows and poultry	\$1,000	A.R.S. § 33-1125(3)
Engagement and Wedding rings	\$2,000	A.R.S. § 33-1125(4)
Watch	\$250	A.R.S. § 33-1125(6)
Wheel Chair, mobility device and prescribed health aids	100%	A.R.S. § 33-1125(9)
Tools of the Trade: tools, equipment, instruments, marketing tools, web sites, trade names, intangible work product used in profession	\$5,000 (does not include personal motor vehicle)	A.R.S. § 33-1130(1)
Arms, uniforms/acoutrements required by law	100%	A.R.S. § 33-1130(3)
School Equipment used to teach	100%	A.R.S. § 33-1127
Firefighting equipment	100%	A.R.S. § 33-1128
Wages/commission: net disposable earnings (less deductions required by law) includes pension and retirements payment.	75% or 30 X the federal minimum hourly wage, per week, whichever is greater. Except child support.	A.R.S. § 33-1131
Wages: \$50 per week plus \$15 a week for each dependent	100%	A.R.S. § 23-755(D)
One single bank account	\$300	A.R.S. § 33-1126(A)(9)
Earnings of minor child (but don't co-mingle with debtor)	100% (keep in separate bank account)	A.R.S. § 33-1126(A)(2)
Child support or maintenance	100% (keep in separate bank account)	A.R.S. § 33-1126(A)(3)
Welfare assistance	100% (keep in separate bank account)	A.R.S. § 46-208
Unemployment compensation benefits	100% (keep in separate bank account)	A.R.S. § 23-783
Workmen's compensation benefits	100% (keep in separate bank account)	A.R.S. § 23-1068(B)
Long Term Disability Program Benefits	100% (keep in separate bank account)	A.R.S. § 38-797.11
Student Loan Proceeds (limited)	100% (keep in separate bank account)	20 USC 1095(a)(d)
*Interest in retirement plan qualified under Internal Revenue Code §§ 401(a), 403(a)(b), 408, 408(a), 409, 457 (deferred comp) (under federal law (522) §§ 401, 403, 408, 408(a), 414, 457, 501(a))	100% (Az only - except contributions within 120 days pre-petition. Includes most inherited retirement plans)	A.R.S. § 33-1126(B) 11 USC § 522(b)(3)(C)
ERISA benefits	100%	29 USC § 1056
Inherited retirement: 401(a), 403(a)(b), 408 (IRA), 408(a), 409, 457	100%	A.R.S. § 33-1126(B)
529 account (college savings plans) under Internal Revenue Code	100% (except contributions within 2 years before filing petition.	A.R.S. § 33-1126(A)(10)

Annuity (<u>owned by DEBTOR</u> for at least 2 years. Beneficiary must be debtor, debtor's spouse, child, parent, sibling or "dependent" family member) Warning: some annuity companies list themselves as owner	100% (see statutes for specific requirements)	A.R.S. § 33-1126(A)(7)
Employer health, accident or disability insurance (present & future) NOTE: does not exempt income from <u>personally owned disability</u>	100% (certain debts excepted)	A.R.S. § 33-1126(A)(4)
Money received, including life insurance proceeds, paid or payable to surviving spouse or child, on life of deceased spouse, parent or guardian.	\$20,000	A.R.S. § 33-1126(A)(1) & A.R.S. § 20-1131
Life Insurance – Cash Value	100%	A.R.S. § 20-1131
Group Life Insurance	100% (certain limitations)	A.R.S. § 20-1132
Wrongful Death Benefits	100%	A.R.S. § 12-592
Cash surrender value of life insurance policies <u>must be owned by the debtor</u> (for at least two unexpired continuous years).	100% (beneficiary must be a spouse, sibling, parent, child, or dependent)	A.R.S. § 20-1131(D) A.R.S. § 33-1126(A)(6)
Insurance proceeds for damage or destruction of <u>exempt property</u>	100% of exemption for property.	A.R.S. § 33-1126(A)(5)
Damages for wrongful levy or execution	100%	A.R.S. § 33-1126(A)(8)
Farm Machinery, utensils, fee, grain, seed and animals of farmer.	\$2,500 (primary income from farming)	A.R.S. § 33-1130(2)
Property that belongs to the public	100%	A.R.S. § 33-1129
Social Security (including retirement, death & disability) (protected in bank account if NOT co-mingled) NOTE: garnishment could be 65% once deposited into bank account: (1) enforce child support or alimony-42 USC 65 (2) court-ordered victim restitution-18 USC 3613(3) unpaid federal taxes-26 USC 6334(c)(4) current year federal income tax-26 USC 3402 (P)(5), see also Debt Collection Act - 1996	100% <u>To ensure exemption, it is best to keep these funds in a separate bank account and do not co-mingle with other funds</u>	42 U.S.C. § 407(a), SEC 207, see 31 C.F.R. Part 212.3 protects 2 months of directly deposited benefits (but, may not override federal exemptions)
VA Benefits (includes pensions, life insurance & disability)	100%	38 USC §5301(a)(1)
VA group life insurance benefits (group life 38 USC § 1970)	100%	38 USC § 3101
VA Medal of Honor benefits	100%	38 USC § 1562(c)
Military Survivor Benefit Plan annuities/military ret. Annuities	100%	10 USC § 1450(i)/1440
Deposits made by US servicemen to savings institutions while on permanent duty outside US	100%	10 USC § 1035
Servicemen's group life insurance benefits	100%	38 USC § 770(g)
Seaman's wages (at sea)	100%	46 USC § 11109(a)
War Compensation – hazard, death, injury	100%	42 USC § 1717
Longshoremen and harbor workers medical, disability & death	100%	33 USC § 916
Firemen's relief and pension benefits	100%	A.R.S. § 9-968
Police pension benefits	100%	A.R.S. § 9-931
Teacher's retirement benefits	100%	A.R.S. § 43-1201
State employee's retirement benefits	100%	A.R.S. § 38-792
Correction Officer Retirement Plan	100%	A.R.S. §38-897
Elected Officials Retirement Benefits	100%	A.R.S. § 38-809(A)/811

Elected Officials – Survivor Pension Married for 2 years or more	100%	A.R.S. § 38-807
Public Safety Personnel Retirement	100%	A.R.S. §18-850(c)
Public Safety death benefits	100%	42 USC § 3796
Arizona Ranger Benefits	100%	A.R.S. §41-955
Fraternal Benefit Society benefits	100%	A.R.S. § 20-881 or 877
Railroad employee’s retirement & disability & death benefits	100%	45 USC § 231
Railroad worker’s unemployment insurance benefits	100%	45 USC § 352
Federal civil service disability and death benefits	100%	5 USC § 8130
Federal civil service retirement benefits	100%	5 USC § 8346(a)
Central Intelligence Agency retirement benefit payments	100%	50 USC § 403
Annuities to widows & dependent children of Fed. Judges & justices	100%	28 USC § 376(n)
Foreign Service Employees benefits, annuities, including survivors	100%	22 USC § 4060
FEMA benefits	100%	44 CFR § 206.110
Money from lease/sale of land held in trust for Indians	100%	25 USC § 410

NOTE: IF FILING FOR BANKRUPTCY – NOT PROPERTY OF THE ESTATE:

Education IRA under 530(b)(1) & 529(B)(1) - held for more than 2 years before filing bankruptcy. Beneficiary must be child, stepchild, grand or step grandchild of debtor for the taxable year.	Limited to \$5,000 if contributed between 12 to 24 months before filing bankruptcy.	530: USC §541(b)(5) 529: USC §541(b)(6)
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