

ARIZONA EXEMPTIONS

(Effective as of Sept 26, 2025)

- The exemptions below are the most common ones used in Arizona, but there may be others. They also include applicable non-bankruptcy federal exemptions. ALWAYS DOUBLE-CHECK CURRENT STATUTES AND/OR CASE LAW.
- Under A.R.S. § 33-1133, if you are filing for bankruptcy protection and you continually resided in Arizona without interruption for more than 2 years prior to your expected bankruptcy filing date, **you must** use the exemptions listed below (however, a debtor may use a few federal exemptions as indicated below that are not part of the Bankruptcy Code).
- The following property is exempt (protected) from unsecured creditors or a trustee in bankruptcy. The protection provided by exemptions do not apply to secured creditor's collateral, most tax claims, nor to delinquent child support or spousal maintenance.
- The IRS can record a lien and encumber most exempt property listed below.
- When valuing personal property (not land/house), if there is a secured debt, the Code requires you use the "replacement value", which is the price a retail merchant would charge for personal property of similar kind and condition. If there is no secured debt, then a trustee will most likely look at the "liquidation value" that it would sell at "Park and Swap" or Goodwill, or perhaps an auction. See 11 U.S.C. § 506(a)(2) and 11 U.S.C. § 527(a)(2)(b).
- Any item with a lien (such as a mortgage or vehicle loan) can still be repossessed by the secured creditor if payments are not made, even if the debt is discharged in bankruptcy. This can be true for household goods charged on a department store card (for instance: charging a refrigerator on a Best Buy card).
- The exemptions listed below generally deal with equity, particularly for the homestead and vehicle exemptions. Equity is defined as the market value of the property (i.e., value of a house: www.zillow.com, Redfin.com, Realtor.com; or the vehicle trade-in or private party value listed on www.kbb.com) minus the total current balance of all consensual liens on the property, and some non-consensual liens (e.g. IRS tax lien). For example, if the house is worth \$500,000 (according to Zillow, Redfin & Realtor), and the total owed is \$300,000 (mortgages, liens), the equity in the house is \$500,000 minus \$300,000 = **\$200,000**.
- For any exempt tangible personal property listed below (i.e., vehicle, furnishings, watch, wedding rings, etc.), the item(s) must be used by the debtor or the debtor's dependents primarily for personal, family, or household purposes.

PER PERSON (x2 if married)

Except for the real property, each spouse may claim exemptions separately or combined in the same property.

TYPE OF PROPERTY	AMOUNT OF EXEMPTION	EXEMPTION STATUTE (LAW)
Homestead, used as a primary residence. Includes a condo, mobile home, park model trailer, motor home, travel trailer, fifth wheel trailer, houseboat, manufactured home or other form of shelter in which the person resides, plus the land on which that shelter is located. Property must be titled: (a) in debtor's personal name or (b) in a revocable trust, provided the debtor was the settlor of the trust and the current trustee, and the trust gives the debtor the power to amend or revoke the trust. A.R.S. § 33-1104(E). Homestead held by an entity (such as an LLC, corporation, or partnership) is <u>not</u> exempt. <u>Bankruptcy specific:</u> 1) If a homestead property is acquired less than 3 years and 4 months before filing bankruptcy (1,215 days), the exemption, based on equity, may be limited. See 11 U.S.C. § 522(p) for amount. 2) The homestead exemption is determined as of Petition date. 3) Increase in value during bankruptcy is 100% exempt, even if equity exceeds homestead amount. § 33-1101(F). Both 2) & 3) apply to cases filed after 9/25/ 2025.	\$425,200, ¹ (was \$414,800 on 1/1/24) of <u>equity</u> (if married, spouses do not get to double the homestead, as both spouses only get the total exemption). Applies to <u>identifiable</u> cash proceeds of a homestead sale only for 18 months after sale but does not apply to cash proceeds from refinancing. Judgments attach to homesteads and other real estate, including property later acquired. Beware of refinancing A.R.S. § 33-964 and § 33-1101(C) & (E) - funds go to the judgment creditors before paying the borrower homeowner.	A.R.S. §§ 33-1101, 33-1103, 33-1104, 33-964, and 12-1551, and 11 U.S.C. § 522(p). Recording requirements, if any, A.R.S. §33-1102 Annual adjustment for cost of living 11-1101(D). e.g. annual CPI increase of 2.53% for 2025
Homesteads purchased by Indians out of trust funds (see restrictions)	Total of 160 acres, or cost of \$5,000??	25 U.S.C. § 412
Money from lease/sale of land held in trust for Indians	100%	25 U.S.C. § 410
RENTS		
Prepaid rent and security deposits for debtor's residence (only if no homestead is asserted)	\$2,000	A.R.S. § 33-1126(C)
PERSONAL PROPERTY		
Household furniture, furnishings, household goods, including consumer electronic devices, and household appliances personally used by the debtor or a dependent of the debtor	\$16,000 ¹ (was \$15,600) (annual CPI increase)	A.R.S. § 33-1123
Motor vehicle - equity in <u>one</u> vehicle	\$16,000 in <u>one</u> vehicle; \$26,700 if debtor or their dependent is physically disabled (was \$15,600/\$26,000) ¹ (annual CPI increase) If married, each spouse may exempt one separate vehicle (for a total of two), provided each vehicle does not have more than \$16,000 of equity. Alternatively, a married couple may exempt only <u>one</u> vehicle if it has no more than \$32,000 of equity.	A.R.S. § 33-1125(8)

One single bank account If married, each spouse may exempt one account (for a total of two), provided each account does not have more than \$5,400. Alternatively, a couple may exempt <u>one</u> account if it has no more than \$10,800	\$5,400 (was \$5,200) ¹ (annual CPI increase)	A.R.S. § 33-1126(A)(9)
Food, fuel, and provisions for 6 months used by Debtor & family	100%	A.R.S. § 33-1124
Wearing apparel	\$500	A.R.S. § 33-1125(1)
Library, including published materials & personal documents	\$250	A.R.S. § 33-1125(5)
1 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	A.R.S. § 32-1391.05(C)(4)
Musical instruments of Debtor and family	\$400	A.R.S. § 33-1125(2)
All domestic 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)
Professionally prescribed prostheses for the debtor or a dependent of the debtor, including a wheelchair or motorized mobility device	100% (applies to debtor and dependents)	A.R.S. § 33-1125(9)
Tools of the trade: tools, equipment, instruments, marketing tools, websites, phone numbers, trade names, and intangible work products used in the profession.	\$5,000 (does not include personal motor vehicle or inventory in most cases)	A.R.S. § 33-1130(1)
Arms, uniforms/accouterments required by law to keep	100%	A.R.S. § 33-1130(3)
School equipment used to teach in university, school, college, seminary	100%	A.R.S. § 33-1127
Firefighting equipment	100%	A.R.S. § 33-1128
Farm Machinery, utensils, feed, grain, seed, and animals of farmer.	\$2,500 (primary income from farming)	A.R.S. § 33-1130(2)
INCOME – INCLUDING SOME BENEFITS AND TAX CREDITS		
Wages, earnings, and commissions due on date bankruptcy filed. “Disposable earnings” is defined as gross wages minus deductions required by law, such as taxes and mandatory retirement deductions.	90% of disposable earnings. But 100% is exempt if that week’s disposable earnings are less than 60 times the highest applicable minimum hourly wage. 50% for child support or spousal maintenance creditors.	A.R.S. § 33-1131
Earned income and/or child tax credits 100% exempt. Exemption is the lesser of combined fed & state refunds, or total tax child tax credits claimed on return.	100% (both federal and state) (put in a separate bank account)	A.R.S. § 33-1126(A)(11)
Earnings of minor child (but don’t co-mingle with debtor)	100% (put in a separate bank account)	A.R.S. § 33-1126(A)(2)
Child support or maintenance-funds received or payable per court order	100% (per court order) (put in a separate bank account)	A.R.S. § 33-1126(A)(3)
Welfare assistance	100% (put in a separate bank account)	A.R.S. § 46-208
Unemployment compensation benefits	100% (put in a separate bank account)	A.R.S. § 23-783
Workmen’s compensation benefits	100% (with some exceptions) (put in a separate bank account)	A.R.S. § 23-1068(B)
Long-Term Disability Program Benefits	100% (put in a separate bank account)	A.R.S. § 38-797.11
Student Loan Proceeds (limited)	100% (put in a separate bank account)	20 U.S.C. 1095(a)(d)
Social Security (including retirement, death & disability) NOTE: If not in of bankruptcy, some social security may be garnished for certain debts, such as child support/alimony (42 U.S.C. § 65), victim restitution (18 U.S.C. § 3613), unpaid federal taxes (26 U.S.C. §§ 6334(c)(4), 3402(P)(5))	100% (put in a separate bank account)	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)
VA group life insurance benefits (group life 38 U.S.C. § 1970)	100% (put in a separate bank account)	38 U.S.C. § 3101
VA Benefits (includes pensions, life insurance & disability)	100%* (put in a separate bank account)	38 U.S.C. § 5301(a)(1)
Military Survivor Benefit Plan annuities/military ret. Annuities	100% (put in a separate bank account)	10 U.S.C. § 1450(i)/1440
Firemen’s relief and pension benefits	100% (put in a separate bank account)	A.R.S. § 9-968
Arizona Ranger Benefits	100% (put in a separate bank account)	A.R.S. § 41-955
Seaman’s wages (at sea)	100% (put in a separate bank account)	46 U.S.C. § 11109(a)
Federal civil service disability and death benefits	100% (put in a separate bank account)	5 U.S.C. § 8130
Police pension benefits	100% (put in a separate bank account)	A.R.S. § 9-931
War Compensation – hazard, death, injury	100% (put in a separate bank account)	42 U.S.C. § 1717
FEMA benefits	100% (put in a separate bank account)	44 CFR § 206.110

RETIREMENT & BENEFITS

Interest in retirement plan qualified under Internal Revenue Code §§401(a), 403(a)(b), 408, 408(a)(Roth), 409, 457 (deferred comp); federal exemption under 522(b)(3)(C) exempts retirement plans under IRC §§ 401, 403, 408, 408(a), 414, 457, 501(a))	100% (AZ statute does not exempt contributions within 120 days pre-petition, but this is preempted by 11 U.S.C. § 522(b)(3)(C))	11 U.S.C. § 522(b)(3)(C) A.R.S. § 33-1126(B)
State employee's retirement benefits	100%	A.R.S. § 38-792, 33-1126(b), 522(b)(3)(c)
Public Safety Personnel Retirement	100%	A.R.S. § 18-840
Federal civil service retirement benefits	100%	5 U.S.C. § 8346(a)
Correction Officer Retirement Plan	100%	A.R.S. § 38-897
Inherited retirement: 401(a), 403(a)(b), 408 (IRA), 408(a)(Roth), 409, 457	100% (except contributions within 120 days)	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)
Education IRA under 530(b)(1) & 529(B)(1): Must: (a) be held for more than 2 years before filing; and (b) list a beneficiary who is the debtor's child, stepchild, grandchild, or step-grandchild.	Not property of the estate if held for more than 2 years before filing bankruptcy. Contributions made in the 12 to 24 months before filing bankruptcy are not property of the estate if such contributions total \$7,575 or less.	530: U.S.C. § 541(b)(5) 529: U.S.C. § 541(b)(6)
Annuity: Must (a) be owned by the debtor for at least 2 years prior to filing bankruptcy; and (b) the beneficiary must be debtor, debtor's spouse, child, parent, sibling, or "dependent" family member <u>Warning</u> : some annuity companies list themselves as the owner, which may make the exemption inapplicable.	100%	A.R.S. § 33-1126(A)(7)
Annuities to widows & dependent children of Fed. Judges & justices	100%	28 U.S.C. § 376(n)
Fraternal Benefit Society Benefits	100%	A.R.S. § 20-877
ERISA pension plan benefits	100%	29 U.S.C. § 1056

INSURANCE & CLAIMS

Life insurance proceeds ² , paid or payable to surviving spouse or child, if dependent.	\$20,000*	A.R.S. § 33-1126(A)(1)
<u>Group</u> life insurance from a policy (i.e., an employer policy) payable to the debtor or any beneficiary.	100%*	A.R.S. § 20-1132(A)
Cash surrender value of life insurance policies: Must (a) be owned by the debtor for at least 2 years. prior to filing bankruptcy; and (b) the beneficiary must be debtor's spouse, child, parent, sibling, or "dependent" family member.	100%	A.R.S. § 20-1131(D)
Wrongful death - Installments for future damages for loss earnings to a wrongful death judgment to the extent the wages or earnings are exempt under any applicable law.	Unknown (only other "applicable law" for wage exemption is A.R.S. § 33-1131 as explained above).	A.R.S. § 12-592
Wrongful death - periodic installments for all future damages (other than for loss earnings or commissions), unless assigned per 12-591.	100%	A.R.S. § 12-592
Insurance proceeds for damage or destruction of <u>exempt</u> personal property	100%	A.R.S. § 33-1126(A)(5)
<u>Employer</u> health, accident, or disability insurance (present & future) NOTE: does not exempt income from a private disability policy owned by the debtor	100% (certain debts excepted) Also HSA if set up by DR's employer as part of compensation & to offset HDP (high deductible plan for health insurance.)	A.R.S. § 33-1126(A)(4)
Damage claim for wrongful levy or execution	100%	A.R.S. § 33-1126(A)(8)

Certain benefits listed above are 100% exempt before being paid out. For example, most 401(k) or IRA retirement benefits are generally exempt, but not after they are paid out and deposited in a bank account or otherwise received by the debtor. However, those exemption items marked () above may have language in their applicable statutes that allow certain monies to maintain their exempt status once they are deposited into a bank account, **but may not be if they are not commingled (i.e., “mixed-in”) with other monies coming from different sources**. Best to put any exempt monies into their own bank account. Please consult with a lawyer before filing bankruptcy to determine if such monies risk losing their exempt nature due to being commingled with other types of monies.

¹ Prop 209 increased certain exemption amounts December 2022 (talk to an attorney about the status of the law). Those exemptions increase annually on January 1 of each year based on changes in the Consumer Price Index. The amounts listed here are as of January 1, 2025.

² Rights to inheritance or life insurance acquired within 180 days after Chapter 7 is filed must be turned over to the trustee, for the benefit of your creditors. In Chapter 13, this period extends throughout the life of your Chapter 13 Plan.

Note: there are a myriad of other special exemptions that could apply in your case. If you have anything that is not on this list, please see an experienced bankruptcy attorney.

What state law do you use for your Exemptions?

Under A.R.S. § 33-1133, if you are filing for bankruptcy protection and you continually resided in Arizona without interruption for the 2-year period before the filing date, you must use the exemptions listed above and cannot use the bankruptcy exemptions under 11 U.S.C. § 522(d). However, if you have not continually resided in Arizona without interruption for the 2-year period before your expected filing date, then: (a) determine which state you resided the majority of the 180-day period preceding the date that is 2 years prior to your expected filing date; and (b) determine if that state’s laws permit you to use its own state exemptions or the exemptions under 11 U.S.C. § 522(d). Furthermore, if you are ineligible for any exemptions, then you may be able to use the exemptions under 11 U.S.C. § 522(d). For example, assume you intend to file bankruptcy on February 1, 2024. If you have not lived in Arizona continuously from February 1, 2022, through February 1, 2024, then determine where you lived the majority of the time for the 180-day period preceding February 1, 2022 (i.e., the majority of the time between August 5, 2021, and February 1, 2022). If that was New York, for example, then research New York law to determine if a current Arizona resident can use New York exemptions. You will find that New York exemptions can only be used by New York residents. Therefore, since you cannot use either New York (because you currently live in Arizona) nor Arizona exemptions (because you haven’t lived in Arizona continuously and uninterrupted for the last 2 years before your expected filing date), you must use the exemptions under 11 U.S.C. § 522(d).

Understanding how exemptions apply is confusing. please consult with an experienced bankruptcy attorney to make sure you are using the correct exemptions before you file your bankruptcy case.