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## Asset Protection Benefits of Retirement Plans

Retirement accounts offer an individual taxpayer meaningful tax deductions, and deferral of income tax on interest, dividends, and gains. Additionally, these accounts enjoy favorable treatment under U.S. bankruptcy law pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. Retirement savings in accounts exempted from taxation under the Internal Revenue Code sections 401, 403, 408, 408A, 414, 457, or 501 enjoy exemption from a bankruptcy estate, and therefore safety from creditors. To obtain the full benefits of this provision, an individual taxpayer must maximize its retirement contributions which are limited, and such limitation depending upon the type of retirement account in question, e.g., Roth IRA, IRA, SEP-IRA, Individual 401(k), etc. See Pension Plan Limitations for 2009 for more information.