



# PROTECTION FROM CREDITORS—THE “NEED-TO-KNOW” FOR RETIREMENT PLANNING

Ever have a client ask if retirement assets are protected from creditors? Just like anything with retirement planning, it depends on the circumstances. Here are a few things to consider when helping clients plan for retirement.

Articles about retirement planning typically discuss saving for the future and using different investment vehicles to help grow savings. You also may encounter articles about distribution methods for tax efficiency and longevity in retirement. How about protecting investments? No, not protection from the market, inflation, or other retirement risks, but protection from outside parties such as creditors. Here are a few things to know:

- Employer-sponsored plans covered by the Employee Retirement Income Security Act of 1974 (ERISA) are protected from creditors under federal law (certain exceptions apply).
- **Simple IRAs and SEP-IRAs, though considered ERISA, are not covered under federal law.**
- Non-ERISA employer plans are not protected under federal law; however, they may be protected under state law.
- IRAs and Roth IRAs may be covered under state law.
- Each state has different thresholds of protection and exemptions vary.

These are just general items to know when speaking with a client regarding asset protection. The plan is to get ahead of a situation before it happens with the hope it doesn't happen at all. Clients also should seek legal advice in their specific states so there are no surprises in the long run.

Retirement planning is a process. For clients to be prepared, they must understand the process from start to finish. With all that has happened with the pandemic, clients may be prone to protecting assets. This does not mean protection just from the market, but also from creditors and third parties. Laying out a plan and showing transparency of risks could lead to trust and success in retirement.

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## Additional Resources and Links

[Employer-Sponsored Plans](#)

[Understanding SEP IRAs](#)

[Retirement Strategies Blog](#)

For more information about retirement planning,  
please contact our Retirement Strategies Group at  
[RSG@PacificLife.com](mailto:RSG@PacificLife.com) or (800) 722-2333, ext. 3939.  
[PacificLife.com](http://PacificLife.com)

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