

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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**SENATE BILL 402**

Short Title: Debtor Protection/Simple IRAs.

(Public)

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Sponsors: Senators Webster; Ballance, Ballantine, Blust, Carpenter, Carrington, Clark, Cooper, East, Forrester, Foxx, Garwood, Horton, Ledbetter, McDaniel, Odom, Page, and Shaw of Guilford.

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Referred to: Judiciary.

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March 17, 1997

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO EXEMPT SIMPLE RETIREMENT ACCOUNTS FROM THE CLAIMS  
3 OF CREDITORS.

4 The General Assembly of North Carolina enacts:

5           Section 1. G.S. 1C-1601(a) reads as rewritten:

6           "(a) Exempt property. – Each individual, resident of this State, who is a debtor is  
7 entitled to retain free of the enforcement of the claims of his creditors:

8           (1) The debtor's aggregate interest, not to exceed ten thousand dollars  
9           (\$10,000) in value, in real property or personal property that the debtor  
10           or a dependent of the debtor uses as a residence, in a cooperative that  
11           owns property that the debtor or a dependent of the debtor uses as a  
12           residence, or in a burial plot for the debtor or a dependent of the debtor.

13           (2) The debtor's aggregate interest in any property, not to exceed three  
14           thousand five hundred dollars (\$3,500) in value less any amount of the  
15           exemption used under subdivision (1).

16           (3) The debtor's interest, not to exceed one thousand five hundred dollars  
17           (\$1,500) in value, in one motor vehicle.

- 1           (4)    The debtor's aggregate interest, not to exceed three thousand five  
2           hundred dollars (\$3,500) in value for the debtor plus seven hundred fifty  
3           dollars (\$750.00) for each dependent of the debtor, not to exceed three  
4           thousand dollars (\$3,000) total for dependents, in household  
5           furnishings, household goods, wearing apparel, appliances, books,  
6           animals, crops, or musical instruments, that are held primarily for the  
7           personal, family, or household use of the debtor or a dependent of the  
8           debtor.
- 9           (5)    The debtor's aggregate interest, not to exceed seven hundred fifty  
10          dollars (\$750.00) in value, in any implements, professional books, or  
11          tools of the trade of the debtor or the trade of a dependent of the debtor.
- 12          (6)    Life insurance as provided in Article X, Section 5 of the Constitution of  
13          North Carolina.
- 14          (7)    Professionally prescribed health aids for the debtor or a dependent of the  
15          debtor.
- 16          (8)    Compensation for personal injury or compensation for the death of a  
17          person upon whom the debtor was dependent for support, but such  
18          compensation is not exempt from claims for funeral, legal, medical,  
19          dental, hospital, and health care charges related to the accident or injury  
20          giving rise to the compensation.
- 21          (9)    Individual retirement accounts as described in Section 408(a) of the  
22          Internal Revenue Code, individual retirement annuities as described in  
23          Section 408(b) of the Internal Revenue Code, simple retirement  
24          accounts as described in section 408(p) of the Internal Revenue Code,  
25          and accounts established as part of a trust described in Section 408(c) of  
26          the Internal Revenue Code. For purposes of this subdivision, 'Internal  
27          Revenue Code' means Code as defined in G.S. 105-228.90."

28           Section 2. This act becomes effective October 1, 1997, and applies to  
29           judgments entered on or after that date.