

## Michigan Bankruptcy Exemptions Set to Rise Nearly 11% Effective April 1, 2026

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A bankruptcy debtor in Michigan may choose whether to use the exemptions provided under either federal or state law to “exempt” out a certain amount of property from the bankruptcy estate and use it for a fresh start. Every three years on April 1, the dollar amounts in the federal Bankruptcy Code are adjusted to account for inflation. The federal dollar amounts last were increased on April 1, 2025, and are not slated for another increase until April 2028.

Michigan bankruptcy exemptions also increase every three years to adjust for inflation. For cases filed on or after April 1, 2026, they will increase by approximately 10.9%. (For comparison, the increase three years ago was approximately 14%).

Most Michigan debtors who file for bankruptcy protection rely on the federal Bankruptcy Code exemptions because they usually provide the most protection in aggregate. Some, however, will opt for the state-specific exemptions because they provide greater protection for specific assets the debtor wishes to shield. For example, the federal exemption for equity in a debtor’s residence is currently \$31,575. The corresponding Michigan state exemption for most debtors is currently \$46,125 and will rise to \$51,150 for cases filed on or after April 1. The Michigan residence exemption for those who are 65 years of age or older or disabled will rise from the current value of \$69,200 to \$76,725. Thus, unmarried debtors with home equity sometimes find the state exemptions more favorable. The comparison is slightly more complicated for married couples, but similar logic applies. For these and other similar reasons, both debtors and creditors should take notice when the Michigan exemption limits are adjusted.

Miller Canfield advises clients regarding their rights in bankruptcy cases and related matters. Should you have any questions or wish assistance, please feel free to contact your Miller Canfield attorney or one of the authors of this alert.