

Price & Farrington, PLLC

Attorneys and Counselors at Law

presents

Estate and Asset Protection Primer



Successful Strategies to Prevent Loss

What is Estate Planning?

Here is what I want to accomplish:

I want to be in control of my assets as long as I am able.

If I become unable to manage my assets, I want to designate who will manage them for me, without court intervention, both during my life and following my death.

I want things to be as easy and efficient for my family as possible.

I want my estate to pass, during my life and following my death, to the people and organizations I choose, according to my instructions, with as much privacy and as little conflict as possible.

I want to accomplish this with a minimum of delays, taxes, costs and fees.

Asset Protection Planning

What is Asset Protection Planning?

- The planning of your wealth *in advance* to protect it from risks (predators, creditors, taxes, disability and probate).
- The *pre-planning* for future transfer of that wealth to younger generations in a protected form.
- Risk Management.

What is *Integrated* Estate and Asset Protection Planning?

- ☒ **Beneficiary Designations**
- ☒ **Tenancy in Common and Joint Tenancy With Right of Survivorship**
- ☒ **Community Property**

What is Protected and Who Are You Protecting It For?

You?

Your Spouse?

Your Heirs?

Your Favorite Causes?

Your Creditors?

or the IRS?



Asset Protection Facts

- **Everyone does APP on some level.**
- **Everyone needs it.**
- **It can be straightforward.**
- **If done improperly, it can cause its own disaster.**
- **No such thing as 100% foolproof APP**
- **Professionals who assist are at risk too!**

Asset Protection Myths

- **It is only for paranoid people.**
- **It is only for “high risk” people.**
- **It is unpatriotic.**
- **It is only for people who have something to hide.**
- **It requires complex trusts and exotic, offshore locations.**

Price & Farrington's Maxims of Asset Protection Planning

- A creditor stands in the same relation to your assets as you do.
- There is no one right way to design an asset protection plan.
- The wrong time to do planning is when you actually have a creditor.
- It is unwise to completely protect 100% of your assets.
- Assume that a judge and opposing counsel are at least as smart as you are.

Price & Farrington's Maxims of Asset Protection Planning

- It is better to look ahead and plan than to look back and regret.
- Asset protection planning should be a way of life, not a reaction to a problem.
- Asset protection planning is a vaccine, not a cure.



Asset Protection Tools



- Liability Insurance
- Exempt Assets
- Corporations & LLCs
- Retirement Plans
- Trusts
- Family Limited Partnerships
- Inheritance

Family Limited Partnership

Advantages:

- **General Partners Keep Control**
- **Discount the Estate Value up to 50%**
- **Asset Protection**

Family Limited Partnership

Estate Tax **Avoidance** through Gift
ing
Limited Partnership Interest!

In 1993, Revenue Ruling 93-12:

IRS Ruling allowed for Discounts!

•Lack of Marketability	20%
•Lack of Control:	<u>15%</u>
• Total Discount:	35%

Corporations & LLCs

- Non-tax reasons – Limited Liability
- Tax reasons – Use the corporate tool properly or the IRS and creditor darts will pierce the corporate veil
- LLCs are easier to use than corporations and are more informal and flexible

Case Study: Dave's Office

- Dave is an advisor who operates a successful insurance office. He owns the building and equipment.

Corporation

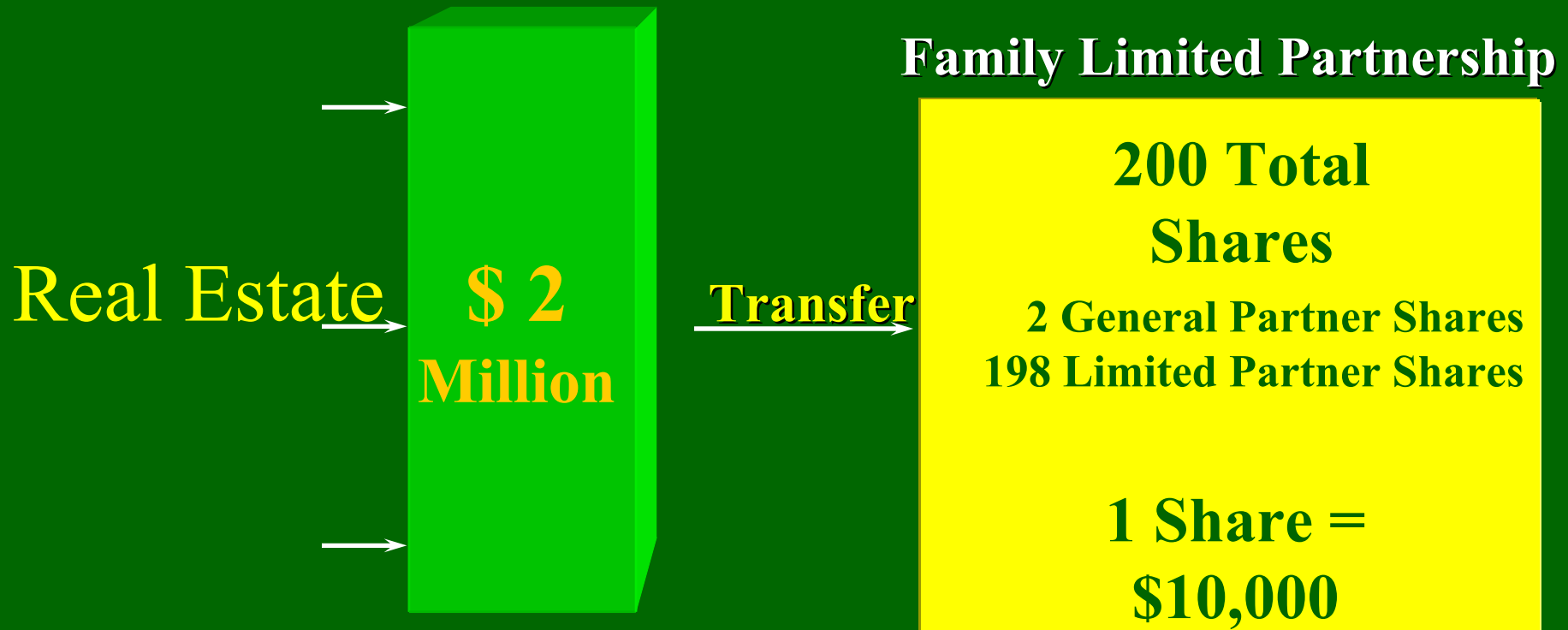
Step One:

Dave's Professional Corporation
Owns the business

Dave as sole owner

Family Limited Partnership

Step Two:



Limited Liability Company

Step Three:

Dave's LLC
Owns office equipment

Dave as sole owner

Choosing the Right Plan For You

- ❖ **Step One: Reduce your lawsuit exposure.**
- ❖ **Step Two: Be sure you are properly insured.**
- ❖ **Step Three: Protect Assets with an LLC.**
- ❖ **Step Four: Use Trusts for Advanced Planning.**
- ❖ **And Finally....**
- ❖ **Get Competent Professional Advice.**

People don't plan to fail.

They fail to plan.

Complimentary Consultation
with an
Estate and Asset Protection
Planning Attorney
at
Price & Farrington, PLLC
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