

Asset protection plan keeps nest egg from slipping away

Strategy requires long-term, multidisciplinary process

"You Only Have to Get Rich Once." So reads the title of the late Walter Gutman's book. Market analyst, writer, artist and avant-garde film maker, Gutman acquired a good deal of knowledge. Above all, he realized that, having made money, one should endeavor to protect it.

Chris Jarvis and David Mandell, in their recent tome on the subject, define wealth protection planning as the "multidisciplinary process of shielding your wealth from all internal and external threats." They liken the process to maintaining one's

physical health. It is a lifetime process during which the average patient will draw on the knowledge of many medical specialists, while relying on the oversight of one generalist. This generalist will be smart enough to call on the right specialists and strategies whenever the need arises.

A multidisciplinary process, asset protection planning demands an integration of knowledge from a variety of professionals, including financial advisers, attorneys, accountants and insurance agents. The process, as well as the professionals involved,

should be led by a financial adviser who is familiar with the client, his family, business and goals. This adviser will oversee everything related to the plan, coordinate all professionals involved, and ensure everyone's focus on the goal at hand: helping to protect the client's assets.

Effective asset protection planning helps to proactively steer liabilities away from valuable assets to the greatest extent allowed by the law. In doing so, an individual can reduce exposure to debtors and lawsuits. Further, asset protection planning can also be viewed as pre-litigation and pre-bankruptcy planning that seeks to maximize the use of exemptions allowed by state

and federal legislatures, as well as other forms of asset protection, as recognized by the law.

The threats which we seek to help protect against come in many forms: divorce, creditors, injury, lawsuits, business failures and death, just to name a few. Not to mention the diminution of assets due to taxes and occasional market downturns.

Unfortunately, too many put off the necessity of planning, thinking that they're not old enough, wealthy enough, or will wait until they have achieved all of their financial objectives. Painfully, even for the wealthiest among us, this often occurs too late.

William Wrigley represented the third generation of the Wrigley chewing gum fortune. He was forced to sell the Chicago Cubs, one of the family's prized assets, in order to pay the estate taxes when his parents died in 1977. Like many facets of asset protection planning, the payment of estate taxes must be thoughtfully considered. Advanced planning involving combinations of trusts and leverage can help to mitigate these concerns, but the implementation of these strategies will take time and involve the expertise of estate and tax planning specialists.

Asset protection planning can involve many strategies, any of which can be recommended and explained by a competent financial adviser working with an attorney who specializes in this field. Some of the strategies from which you might benefit by gleaning further information include:

- Proactively shifting assets to other family members (in trust or otherwise) at a time when the debtor has no existing or foreseeable claims,
- Properly titling assets in order to benefit from the various state and federal protections,
- Properly protecting against the various liabilities involved in operating a business entity,
- Properly structuring a business based upon the liabilities to which it may be exposed,
- Creditor protection planning,
- Asset protection trusts,
- Offshore protection trusts,
- Estate planning, and
- Tax and investment management consulting.

While none of these methods will protect those involved in criminal wrongdoing, they will go a long way toward helping to protect your wealth, not to mention your mental well-being. As always, the first step is to engage your financial adviser in a discussion of your needs. A competent financial adviser will provide a framework for moving forward, as well as introduce an attorney with the expertise required by your situation.

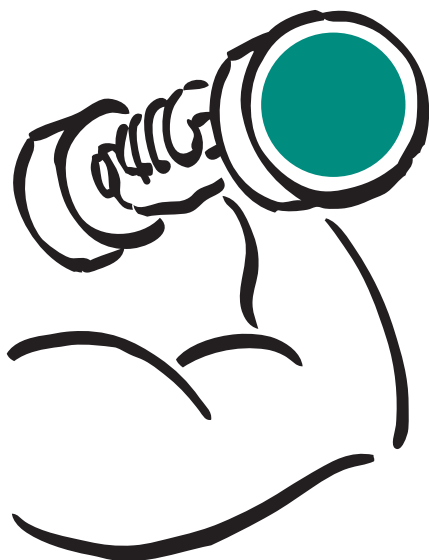
Together, these professionals can work with you to create a multidisciplinary asset protection plan.

And while time-consuming, proper asset protection planning will be very rewarding.



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