

ASSET PROTECTION PLANNING

Above Ground & Below Ground

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There are **7 Tiers** of Asset Protection while you are Above Ground

While you are living, one or more of the following 7 strategies can be utilized to protect your assets:

- 1. Zip Your Lips.** Perhaps the most important thing you can do to protect your wealth is to zip your lips. Remember the phrase: "*Loose lips sink ships.*" It's true ... don't shout your wealth. Shred your mail. Beware of what you post on Facebook. Remove your name and address from your magazines. Identity theft is rampant. Total anonymity should be your goal. They can't steal or take what they don't know about.
- 2. Existing Laws.** Take advantage of existing state and federal laws that protect certain assets, such as life insurance policies, annuities, retirement accounts and Tenancy by the Entirety property. Many of these laws, including homestead exemptions, are state specific.
- 3. Liability Insurance.** Obtain or increase your professional liability insurance and/or umbrella coverage. How much liability insurance should you have? That question is impossible to answer because it depends on how badly you hurt someone. For example if you have an automobile accident, it's your fault, your have \$1,000,000 of liability insurance and a teenage passenger in the car you hit breaks her leg, you have enough insurance. Alternatively, if you put that teenager in a wheelchair for the rest of her life, you probably cannot have enough insurance to cover the damages you caused. You could lose everything you own that is not already protected under existing state or federal laws. In cases like this, you need to take the next step ... see strategies 4, 5, 6 & 7 below.
- 4. LLCs.** The Wyoming Close LLC is used to protect the assets in the LLC. The only weakness to any LLC is that the LLC doesn't protect actual distributions (or income stream) made to the owner-members. A creditor could seize the distributions made to an owner-member, and even obtain a charging order against his or her ownership interest in the LLC. A charging order requires the managers to pay the debtor-member's judgment creditor directly, if (and only if) the managers vote to make a distribution to members.
- 5. The Cowboy Cocktail (LLC + DAPT).** When a Wyoming LLC is owned by a Wyoming Domestic Asset Protection Trust to protect the distributions (income stream) from the LLC, Cecil and Carol call this strategy the Cowboy Cocktail.
- 6. The Ultimate Cowboy Cocktail (LLC + DAPT + PTC).** When a Wyoming LLC is owned by a Wyoming Asset Protection Trust, that is administered by a Wyoming Private Trust Company, Cecil and Carol call this strategy the Ultimate Cowboy Cocktail.
- 7. Off-Shore Asset Protection Plans.** Do planning as indicated above, then move them off-shore, where US Courts will not have jurisdiction over your trustees and managers. Or, start out off-shore by forming your LLCs and Asset Protection Trusts in an off-shore jurisdiction.

(Above Ground)

(Below Ground)

EXCITING NEW WYOMING LAW HAS THREE ADDED PROTECTIONS FOR WYOMING LLCs

Here's What's New

1. Single-Member LLCs now get same asset protection as Multi-Member LLCs
2. S-CORP STOCK can now be protected from law suits and creditors
3. Total ANONYMITY is now available for Members and Managers of Wyoming LLCs



1. Single-Member LLCs. On July 1, 2010, Wyoming became the only state to provide Single-Member LLCs statutory protection from future lawsuits and creditors. Prior to this date only Multi-Member LLCs enjoyed this statutory protection.

2. S-Corp Stock. Wyoming's new law is a wonderful opportunity for owners of S-Corp stock because in the past their S-Corp stock could not be put into an LLC to protect it from lawsuits and creditors. If the S-Corp stock were put into a Multi-Member LLC (which offered protection), the stock would lose its S-Election. And, if the stock were put into a Single-Member LLC, it would not be protected from outside lawsuits against the owner of the stock. Now, however, S-Corp stock can be owned by a Wyoming Single-Member LLC and not lose its S-Election; thus, shareholders of S-Corporations can for the first time protect their stock from outside lawsuits against the owner of the stock ... lawsuits resulting from automobile accidents, contract disputes and creditors in general.

3. Anonymity. In most other states (including Nevada, South Dakota and Alaska) the names and addresses of members and managers of LLCs must be disclosed on documents that are posted by the Secretary of State on the Secretary of State's Website. Thus, solicitors, banks, credit card companies, insurance companies, bookkeeping services, creditors, potential plaintiffs and predators can easily obtain information about the members and managers of most LLCs. However, under Wyoming's new law, the Organizer of a Wyoming LLC doesn't have to be the client. It can be anyone, including the attorney who formed the LLC. The names, addresses and other contact information doesn't have to be disclosed in the Articles of Organization. Instead, such information only has to be maintained by the LLC's registered agent, who doesn't have to disclose such information to anyone who is not an authorized representative of the LLC. The Annual Report is not available to anyone who is not an authorized representative of the LLC. The only information in the Annual Report that is available on the Website is whether or not the LLC is in good standing or not.

In other words, owners and managers of Wyoming LLCs can now enjoy TOTAL ANONYMITY and PRIVACY. This unique feature in Wyoming LLC law helps protect owners from identify theft, solicitors, junk mail, and creditors/predators on a "fishing expedition" from obtaining their personal information from the LLC documentation available for public view.

(Above Ground)

(Below Ground)

After your Death (*Below Ground*) You Can Protect the Assets You Leave to Your Beneficiaries

The thick walls around the testamentary asset protection trusts below the ground illustrate their asset protection qualities, and the red arrows bouncing off the thick walls represent creditors being unable to penetrate the thick walls. Note that the walls of the Revocable Living Trust (RLT) are not thick, and offer no protection. To obtain asset protection while the trustmaker is living, he or she must implement one or more of the asset protection strategies on page one. The main benefit of the RLT is that it avoids probate.

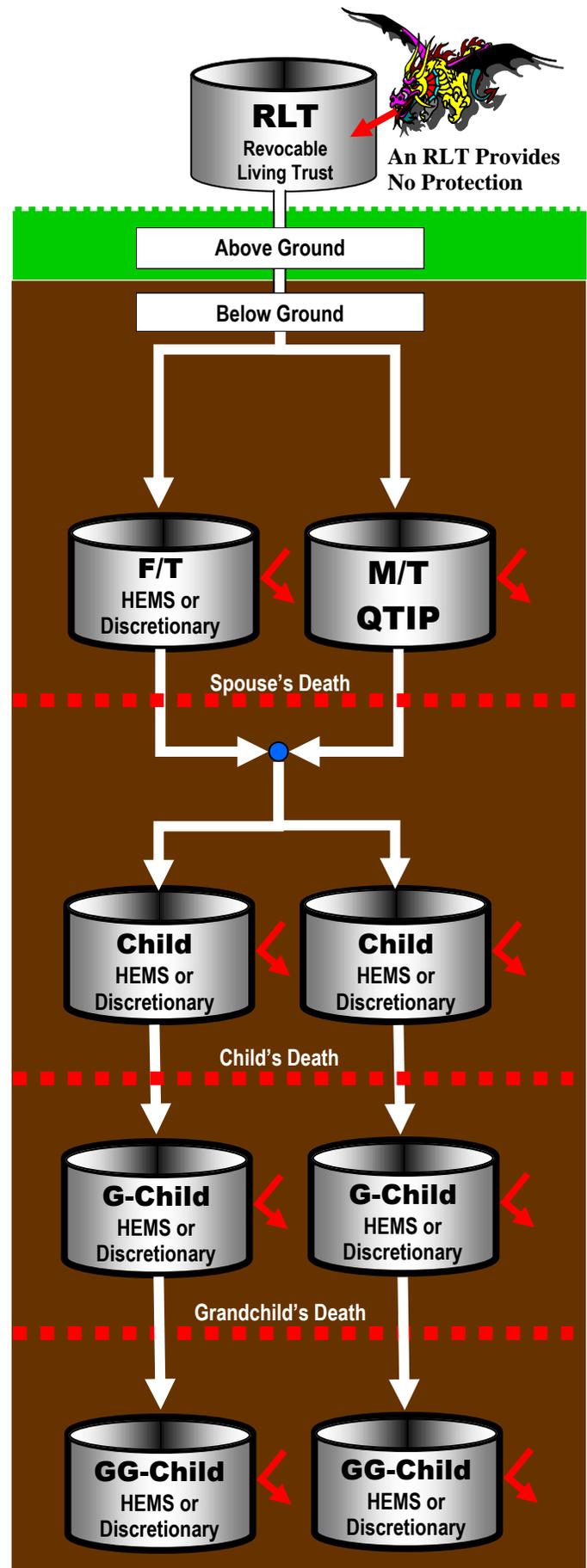
Testamentary Asset Protection Trusts for Your Spouse. After your death, the assets you leave to a Family Trust for the benefit of your spouse (or your spouse, children and other descendants) can be protected from lawsuits, divorce proceeding, creditors, bankruptcy and predators. The instructions to the trustee regarding distribution of income and principal should be discretionary, or based on a so called ascertainable standard (i.e. Health, Education, Maintenance & Support - HEMS).

Assets you leave to a Marital Trust designed as a Qualified Terminal Interest Property (QTIP) trust will protect the principal from lawsuits, divorce proceeding, creditors, bankruptcy and predators, but not the income. However, if income were paid directly to providers of services for the spouse, creditors should not be able to reach those distributions.

Testamentary Asset Protection Trusts for Your Children. After your death, the assets you leave to your spouse, children, grandchildren or others can be protected by the use of testamentary asset protection trusts. Such trusts contain provisions that will protect the assets inside the respective trusts from lawsuits, divorce proceeding, creditors, bankruptcy and predators.

Testamentary Asset Protection Trusts for Your Grandchildren. After your death, the assets you leave to your spouse, children, grandchildren or others can be protected by the use of testamentary asset protection trusts. Such trusts contain provisions that will protect the assets inside the respective trusts from lawsuits, divorce proceeding, creditors, bankruptcy and predators.

Testamentary Asset Protection Trusts for All of Your Descendants. After your death, the assets you leave to your spouse, children, grandchildren or others can be protected by the use of testamentary asset protection trusts. Such trusts contain provisions that will protect the assets inside the respective trusts from lawsuits, divorce proceeding, creditors, bankruptcy and predators.



Dynasty Planning allows the asset protection trusts to continue for the rest of the history of the world. In addition to the asset protection afforded the beneficiaries, the assets can pass from one generation to the next free of estate taxes.