

## STRATEGY PROFILE

### CLIENT SUITABILITY

- Individuals with more than \$1,000,000 of assets and possible creditor risks
- Investors wanting to access tax planning options not available domestically
- Clients wanting to diversify risks by putting some assets in other jurisdictions

### HYPOTHETICAL RESULT

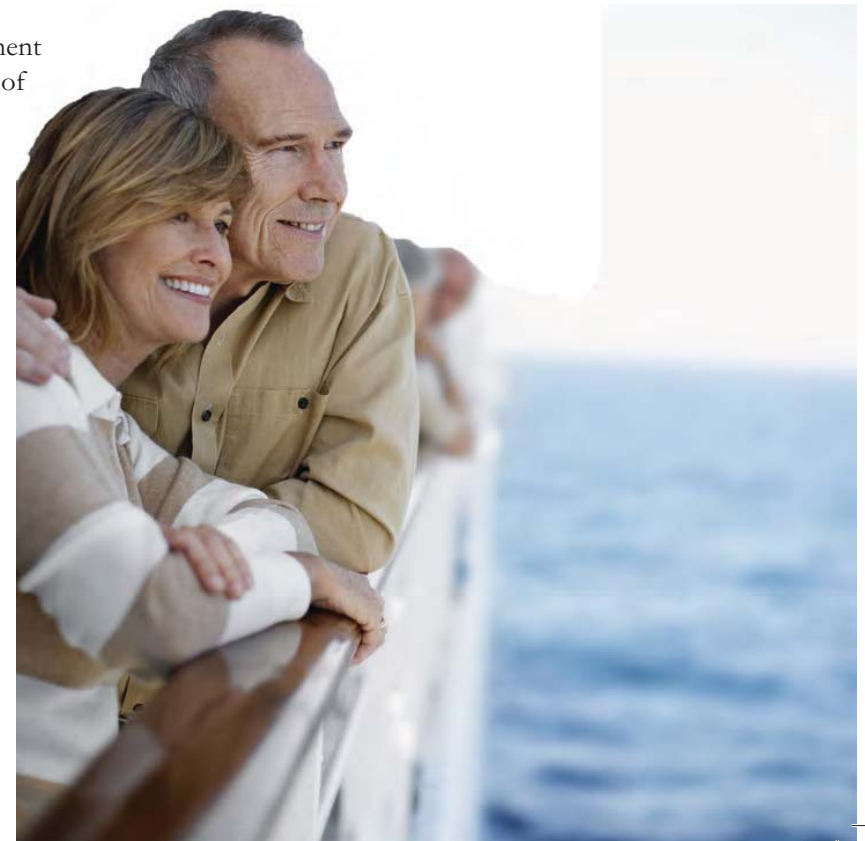
- Provides protection against creditors of the trustor
- Transfers legal attacks against the trust asset to a foreign legal system
- Keeps assets offshore and beyond the jurisdiction of the U.S. courts
- Manages control more effectively by using a foreign trustee
- Retains the right to use domestic investments
- Coordinates with existing estate and tax planning instruments
- Maintains more privacy regarding investment

# Foreign Asset Protection Trust (“FAPT”)

**OBJECTIVE:** To establish secure accounts that grow tax-efficiently while providing access to liquid funds.

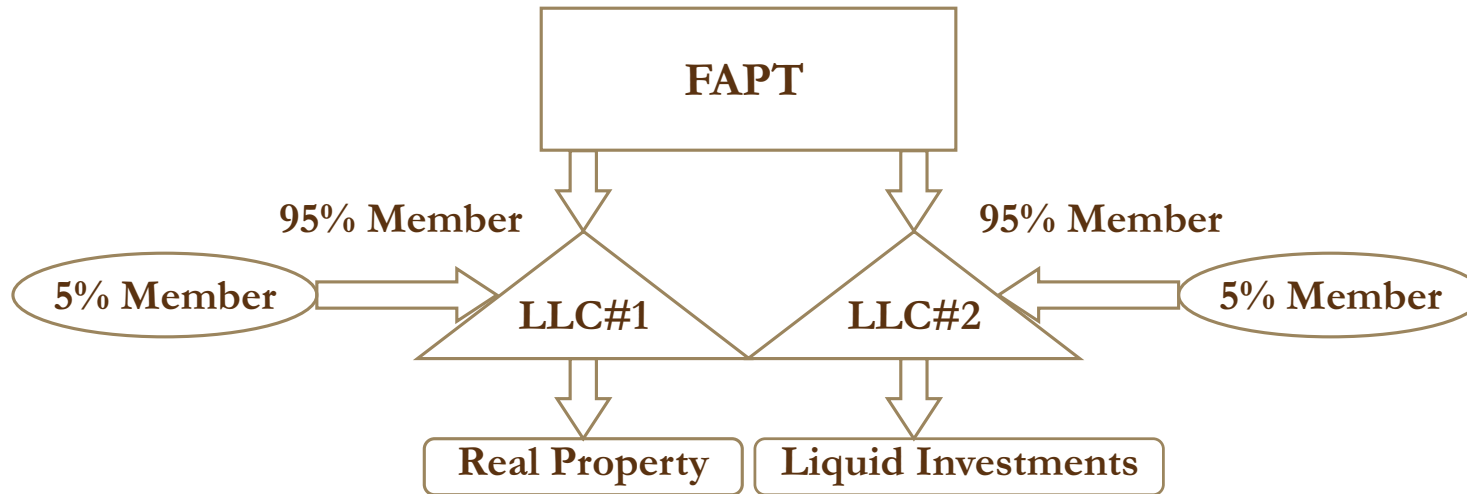
Thomas and Virginia Smith built their wealth by diversifying. While they owned marketable securities and other assets in a variety of global markets, they were concerned about the risks of having all of their assets subject to the sometimes unpredictable actions of American legislators and judges. The Smiths, therefore, asked their attorney to design, draft, and to fund a FAPT.

The trust allowed the Smiths to grow their investment portfolios and business interests outside the reach of American creditors. The Smiths used investment vehicles that gave them prompt access to liquid funds in their accounts. By using offshore custodians, the Smiths were able to lower annual administrative fees and minimize reporting requirements, thereby increasing privacy. The Smiths were also able to put some of their investments in offshore life insurance accounts. These accounts had lower fees and better returns than those offered by domestic insurance carriers.



# FAPT Strategy Diagram and Benefits

The Modular Structure



ASSET GROWTH: TAXED INVESTMENT VS. PRIVATE PLACEMENT LIFE INSURANCE

End of Year	Taxed Investment	Life Insurance Cash Value	Life Insurance Death Benefit
1	\$ 2,650,000	\$ 2,664,490	\$ 43,900,480
5	\$12,288,296	\$ 13,350,680	\$ 43,900,480
10	\$16,444,512	\$ 20,508,070	\$ 43,900,480
20	\$29,449,617	\$ 50,071,606	\$ 61,086,690
30	\$52,739,779	\$125,094,550	\$133,851,180
40	\$94,448,912	\$312,914,460	\$328,560,160

Source: Private Placement Life Insurance Planning (Part 1): Leslie C Giordani and Michael H. Ripp, Jr.

## Matsen Voorhees LLP



*Maximizing Value with Estate, Business, Tax, and Asset Protection Planning*

695 Town Center Drive 7th Floor  
 Costa Mesa, CA 92626  
 800.447.7090 Office  
 877.447.7090 Direct  
 866.447.7090 Fax  
[www.MatsenVoorhees.com](http://www.MatsenVoorhees.com)

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