

STRATEGY PROFILE

CLIENT SUITABILITY

- Doctors, dentists, and other professionals and persons of high-net-worth with a concern for potential liability
- A desire to maximize one's assets so that they are protected from potential creditors' claims
- A desire to be aware and to implement a proper structure for their professional practices

HYPOTHETICAL RESULT

- Asset protection and risk management planning becomes coordinated with the client's basic estate planning strategies
- Assets become protected from both potential inside and outside creditors
- Planning occurs for the orderly disposition of assets at death in the most favorable tax-saving manner

Domestic Asset Protection Trust (“DAPT”)

OBJECTIVE: To arrange one's assets and affairs in the most effective way so as to protect and safeguard them from risks and any creditors' claims to which they would otherwise be subject.

Dr. Thomas and Virginia Smith have concerns over the exposure that their personal assets have as potential claims against their business. The Smiths observed a proliferation of litigation in their industry that has given them a desire to increase emphasis on asset protection planning. The Smiths also observed how growing numbers of plaintiff lawyers gave them greater exposure to lawsuits.

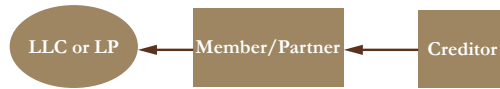
Dr. and Mrs. Smith decided to create a professional corporation with a segregation of assets, a Sub S election, Shareholder agreement modifications, and other practice structure changes. In addition to protecting their medical practice, the Smiths want to shelter real estate investments and personal investments as well.

The Smiths' attorney took into account their marriage and family situation. They wanted to put in place provisions to keep trust assets in the family for multiple generations, thereby creating de facto “prenuptials” for their kids and grandkids.



Benefits of DAPT

The Importance of Protecting Oneself From Outside Creditors



Definition of Outside Creditors:

Outside Creditors are those creditors whose claims arise outside the purview of the business entity and are generally asserted against the business or real estate owner personally.

What are the techniques of protecting one's assets from creditors?

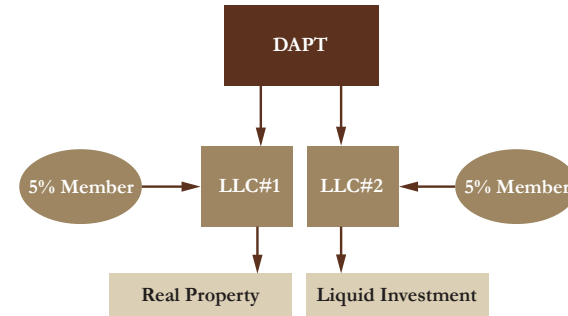
- Domestic Asset Protection Trusts
- Offshore Based Asset Protection Trusts

Additional Asset Protection Techniques

- Gifting to an Irrevocable Spendthrift Trust
- Charitable Trust
- QPRT, Bypass, and Marital Trusts
- Qualified Retirement Plans and IRAs
- Bankruptcy Exemptions
- Marital Property Planning
- Multiple Legal Entities
- Family Limited Partnerships and Limited Liability Companies
- The Charging Order
- Modular Structure Using Domestic or Offshore Asset Protection Trusts and LLCs

Things to Consider:

- Be aware of existing business and professional practice
- Prepare study analysis and plan
- Implement and put plan into practice



What are the limitations and issues that must be addressed?

- Fraudulent Conveyance Statutes
- Bankruptcy Limitations
- Federal and State Criminal Violations

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