



# Family Legacy Protection Planner

## YES, YOUR FAMILY NEEDS ASSET PROTECTION PLANNING

If you're like most people, when you hear "estate planning" or "asset protection planning," you think of someone like JR Ewing of the 1978 show *Dallas*, Bill Gates, or the Kennedys.

### **WARNING: Common Misconception**

A very common misconception is only wealthy families and people in high-risk professions need asset protection planning.

***But in reality, anyone can be sued and lose all of his or her assets.***

A car accident, foreclosure, job loss, medical crisis, business failure, or an injured tenant can result in a huge monetary judgment, decimating your finances.

The goal of this newsletter is to provide you with a quick overview of asset protection strategies. *If you want to protect your assets, be sure to call our office now so we can show you how asset protection strategies would work for you.*

### **What Exactly is Asset Protection Planning?**

Asset protection planning is the process of taking property currently vulnerable to seizure by creditors, predators, and lawsuits and positioning it in a way to discourage lawsuits, provide a valuable bargaining chip if a lawsuit arises, and minimize loss.

### **Basic, Every Day Asset Protection Planning**

It may surprise you to know that you are likely taking advantage of basic asset protection strategies without knowing it.

For example, the first line of defense against liability is insurance, including homeowner's, renter's,

automobile, business, professional, malpractice, long-term care, and umbrella policies.

**Planning Tip:** We suggest you check your insurance policies to determine if your policy limits are in line with current assets and net worth; make adjustments as appropriate. Then, be sure to review your policies on an annual basis to confirm that the coverage is still adequate and benefits have not been stripped to keep premiums the same.

*For example, Randi owned a rental property near the state university. A balcony collapsed when too many college students gathered for a party. Randi was sued and ultimately settled the case for \$950,000, just under her umbrella liability policy of \$1 million. Randi's personal and business assets were protected.*

**Planning Tip:** In some states, married couples are afforded asset protection in the form of "tenants by the entirety" (TBE). With this type of ownership, the creditor of one spouse cannot attach a judgment to the couple's TBE property.

*For example, Bob and Sue are married and own their vacation home as TBE. Bob goes through a red light and crashes into a school bus. Many children are injured. He is sued and the jury determines Bob is liable and must pay out \$1 million dollars. Though other assets might be taken, the vacation home cannot be seized because it's owned as tenants by the entirety.*

**Planning Tip:** Another type of basic planning 401(k) or IRA investment. Under federal law, 401(k)s and IRAs (excluding inherited IRAs\*) are protected from creditors in bankruptcy (with certain limitations).

Maximizing contributions to your 401(k) if you still are working will not only increase your retirement savings, but will also keep the investments away from creditors, predators and lawsuits.

*For example, Andrea lost her job and went bankrupt. She was sued and lost many assets; however, the law protected her retirement plan.*

\*If you want to assure retirement plans are protected when they pass to your loved ones, we can show you how to do that.

### **Sophisticated Asset Protection Planning**

If you are a landlord, real estate investor, business owner, work in a high-risk profession, or have accumulated or inherited a significant amount of unprotected property, we recommend you consider sophisticated asset protection planning.

Please note that sophisticated planning will usually require giving up some or all control and, perhaps, ownership of the property.

We would like to help you determine whether sophisticated asset protection planning is required in your individual situation. The use of advanced asset protection strategies requires the expertise of a legal advisor who understands all of the applicable laws and specializes in the implementation, and, just as important, the maintenance, of sophisticated asset protection plans.

### **WARNING: You Must Plan Ahead**

To protect your assets, you must plan ahead. Asset protection planning cannot be done as a quick fix for your existing legal problems.

Your plan must be in place **before** a lawsuit arises. And, in some situations, a significant period of time must pass before the asset protection plan is effective (up to 10 years in some cases).

Absolutely everyone needs some form of asset protection in place. *Please call our office for an asset protection planning review. We look forward to hearing from you.*

## ENSURE YOUR FAMILY IS PROTECTED

If you want to ensure that your family is protected, please schedule your complimentary Estate Planning Strategy Call with San Francisco's premier estate planning attorney, Matthew J. Tuller.

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**With an emphasis on developing and maintaining relationships with our clients and allied professionals, our firm collaboratively provides comprehensive estate planning and administration solutions to every client. Our firm provides the full spectrum of estate planning solutions. This includes creating and implementing a comprehensive estate plan, maintaining that plan through life, and administering the plan in the most effective and efficient manner.**



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