

Wealth KEEPERSM

4545 Mount Vernon Street, Houston, Texas 77006

713-461-9699 • Toll-free Fax: 1-866-274-8369

www.WealthKeepers.net

What is Asset Protection?

James C. Mulder
jcmulder@wealthkeepers.net

When people think of asset protection, they usually link it to keeping someone's hard earned assets from being liquidated to pay for a successful creditor who has obtained a judgment against them for some contract dispute, negligence or unpaid debt. Unfortunately, at this stage it is usually too late to do any meaningful asset protection, because the horse has left the barn.

Asset protection is much more than protecting assets from a successful creditor in a lawsuit. Asset protection is knowing what assets you personally own that could be at risk, knowing what assets your business owns that could be at risk, knowing what business activities in which you are not directly involved that could cause a risk of loss of business assets or personal assets and planning to minimize the risk of loss. Asset protection is knowing what income tax effect will ensue from a particular business venture, activity or investment and subsequent sale and planning for the least amount of income tax. Asset protection is knowing what estate tax exposure your loved ones may have upon your death and planning to eliminate or reduce that tax.

Asset protection is knowing that there is a tax called the Generation Skipping Tax that can cost certain beneficiaries of your estate 50% of what you thought you were leaving them and then planning to minimize or eliminate that tax risk.

Asset protection can involve planning for an elderly couple's possible need for nursing home care to protect as much for the spouse that can stay home while allowing for the government to assist in paying for the cost of a nursing home for the spouse that can no longer stay in the home.

Asset protection is planning to keep your children's inheritance that you intend to leave them protected from a divorce, mismanagement, or loss to a judgment creditor or bankruptcy.

Asset protection is planning to stretch your IRA out as long as possible to maximize tax deferred growth and minimize income tax on withdrawal.

Asset protection involves planning first. Planning includes discussing all of the issues presented above and determining which, if any, of them cause you to sleep less at night or worry you. Once we have determined what risks you are most concerned with, then we can develop a plan that will, if implemented properly, give you peace of mind and a freedom to do things that you were reluctant to do before because of your risks. Once a plan is developed it needs to be implemented with legal structures such as business organizations, trusts and contracts. Once the legal structures are created they need to be properly funded and then accounted for thereafter. This involves coordination with attorneys and accountants. The last ingredient is to monitor the proper operation and tax reporting of the legal structures implemented.

This article has been a brief overview of some of the most common asset protection issues we see at WealthKeepers® - (an asset protection and wealth transfer planning firm.) We offer a 1-hour initial conference at no charge to discuss your asset protection issues. At the end of that conference we can usually quote you a fixed fee to prepare your asset protection plan and can offer you common fees of attorneys experienced in the preparation of the legal structures needed to implement your plan.

James C. Mulder, a Houston based attorney with over thirty years of experience in Wealth Transfer, Tax and Asset Protection Planning is Board Certified by the Texas Board of Legal Specialization. He is one of only nine attorneys in the Houston area that are Board certified in both Estate Planning and Probate Law and in Tax Law. Mr. Mulder concentrates his practice primarily in the areas of Wealth Transfer, Tax and Asset Protection Planning, which includes the development and preparation of very comprehensive Wills and Trusts, Business Organizations and Family Partnerships. Mr. Mulder has prepared over 1,000 asset protection plans.