



Cecil & Carol's Five Tiers of Asset Protection Planning

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While You are Living

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

1. **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 Entireties property. Many of these laws are state specific.
2. **Liability Insurance.** Obtain or increase your professional liability insurance and/or umbrella coverage.
3. **DAPP Level I.** Domestic Asset Protection Plans, such as a Family Limited Partnership or the Wyoming Close LLC to protect principal.
4. **DAPP Level II.** Domestic Asset Protection Plans, such as the FLP or LLC as mentioned above PLUS a Domestic Asset Protection Trust, such as the Wyoming Asset Protection Trust to protect the income stream from the FLP or LLC.
5. **Off-Shore Asset Protection Plans.** Do Level I and Level II planning as indicated in Numbers 3 and 4 above, then move them off-shore, where US Courts will not have jurisdiction over the trustees and managers. Or start out off-shore.

After your Death

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.

The diagram below illustrates an example of one of these testamentary trusts. The thick walls around the trust represent provisions written in the trust that protect the assets inside the trust from outside attack by a creditor, lawsuit, divorce proceed, etc. The red arrow represents a creditor's arrow bouncing off the thick walls of the trust; thus, protecting the assets inside the trust from lawsuits, divorce proceeding, creditors, bankruptcy and predators.



TESTAMENTARY ASSET PROTECTION TRUSTS