

ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



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Asset Protection

Most people aren't born with significant wealth. However, many acquire significant wealth over their lifetimes either through hard work or good fortune. It's important to protect your acquired wealth because it's very unpleasant to become poor once you have experienced affluence.

Wealthy people can lose their wealth from bad business deals or if they get sued for a variety of reasons. Therefore, I am a big proponent of creating a minimum level of wealth no one can ever take away, even if someday you have creditors trying to seize your assets. There are essentially 3 forms of asset protection.

One way is to give assets to an irrevocable trust. Any assets you transfer to an irrevocable trust will be protected from creditors because they no longer belong to you. An added benefit of this strategy is also a possible reduction of potential estate taxes. The downside of transferring assets is that they no longer belong to you, which comes with a loss of control which can be a big deal to some. This loss of

control can be partially mitigated by naming your spouse as a beneficiary who can receive distributions. Some states like Nevada and Delaware allow you to be a beneficiary of your own trust.

Another way is to move your assets to another country that won't recognize U.S. judgements against you. This can be an expensive strategy to implement.

Finally, certain assets like retirement accounts, primary residences, cash value of life insurance and annuities are all protected from the claims of creditors under state law. There are essentially no cost or legal fees to move assets into vehicles that are protected from claims of future creditors. While there are limits to how much money one can put into a retirement account or one's home, there is essentially no limit to how much money one can put into a wide variety of insurance and annuity contracts. Most people never get sued but if they do, they are grateful if they planned correctly in advance.

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