

Nine ways to protect everything you own – from everyone, every time

By Hillel L. Presser

Lawsuits have become big business, especially since the economic downturn. They're a cheap way for people to make lots of money, often with an investment of just a few hours. Consider: the plaintiff may never even have to prove a thing; the prospect of spending hundreds of thousands of dollars in legal bills can scare a defendant into opting for a settlement without ever putting up a fight, even if he did nothing wrong.

More than 100 million lawsuits are filed each year; one in three people will be sued in the next 12 months. No one's immune, but people with a lot of assets showing are especially vulnerable. If someone thinks you've got a lot to lose — and thus, they've got a lot to gain — you become a choice target. People who are less affluent are vulnerable in a different way: If a person with \$100,000 in assets gets sued for \$1 million, they'll be wiped out, whereas the person with \$5 million can survive a million-dollar lawsuit.

The time to protect your assets is before you get sued. It's much more enforceable, costs less and you'll have more options available.

Here are some tips to help guide you:

1. Inventory your wealth. Most people have a lot more than they think. Take stock of valuable domain names, telephone numbers, intellectual property, potential inheritances, and other non-liquid assets.

2. Convert non-exempt assets into exempt assets. State laws protect some personal assets from lawsuits and creditors. Those assets typically include your primary residence; personal items such as furniture and clothing; pensions and retirement funds; and life insurance. Find out the exemptions for your state and convert non-exempt assets (i.e. cash) into exempt assets (i.e. life insurance).

3. Protect every asset from every creditor. There's no point in protecting your money if your business is exposed. There's no point in protecting your busi-

ness if your house is exposed. There's no point in protecting your house if your boat is exposed. Protect everything! Your asset protection plan should hold up whether your neighbor is suing you or the most powerful attorney downtown.

4. Don't rely solely on liability insurance. Buy as much insurance as you can; it's cheap and it helps you sleep at night. But realize that 70 percent of claims are not covered. Your coverage may be inadequate for a particular suit; your insurance company may go bankrupt. Having insurance and an asset protection plan is the belt and suspenders approach to hanging onto your pants.

5. Avoid fraudulent transfers. A fraudulent transfer occurs if your creditor doesn't get paid because you sold an asset to a person or entity for less than its fair market value when faced with a lawsuit. Such a transfer, done with the intent to hinder, delay, or defraud a creditor, can invalidate your entire asset protection plan.

6. Don't title your assets solely to your spouse or to "straw men." They may have more financial problems than you.

7. Protect with liens. What is a \$100,000 car worth if you owe \$95,000? What is a \$1 million house worth if you owe \$950,000? Take out lines of credit. Record mortgages against your property. Make all of your assets valueless. Become an unattractive candidate for a lawsuit.

8. Transfer your assets to a protective entity. The key to asset protection is to own nothing while controlling everything. Transfer any non exempt assets out of your name to protective entities such as trusts, LLC's (limited liability companies), limited partnerships, etc.

9. Keep your plan up to date. Laws change every year. Have your plan reviewed yearly.

Hillel L. Presser is a lawyer specializing in establishing comprehensive asset protection plans. Visit www.assetprotectionattorneys.com.

