

Asset Protection – An Important Part of Any Estate Plan

We are often asked the questions, “What is asset protection?” “Why is asset protection important?” And, “Who should consider an asset protection plan?” These are very important questions. Here are our answers:

What is asset protection?

To understand what asset protection really is, we must first understand the “New York Statutory Rule” of asset ownership. In New York State (and indeed all other states), unless we undertake some affirmative planning to change the rule, all of our assets are completely exposed all the time to potential creditors (contractual or otherwise). What this means is that due to unforeseen circumstances (i.e., a car accident, a long-term care condition, etc.) our assets can be impaired or even devastated. As part of good estate planning, each of us has the option to structure a portion of our family assets into a “safe,” the combination for which is limited (i.e. to specific family members). This is asset protection – placing a portion of our assets into a “safe,” so they are not subject to the NY Statutory Rule.

Why is asset protection important?

The purpose of an asset protection plan is to provide security and comfort to the family. As part of a total estate plan many people prefer to preposition a portion of their assets, so that if “things go wrong” those assets are protected and available (albeit with some restrictions) for themselves and their family.

This brings us to the next question, “Who should use an asset protection plan?” Our answer is that everyone who is concerned about protecting a portion of their assets in the event that “things go wrong” should consider – implementing an asset protection plan as part of a total family estate plan.

We are all stewards of the assets with which we have been blessed, and it is up to us (individually and as a family) to preserve, protect and use these assets consistent with our beliefs. This requires that we take action – it is up to us to adopt and implement an appropriate estate plan.

We work with many people of modest to substantial means in their desire to preserve and protect a portion of their assets for their family. And, we often do this by helping our clients create and implement family asset protection plans.

If you would like more information on asset protection planning, please give us a call.