PROTECT WEALTH

ASSET PROTECTION
3
DAY SUMMIT
WEALTH CREATION

2021 LIVESTREAM

OCTOBER 11-13 **DAY 3**

Welcome to the

3-Day Asset Protection & Wealth Creation Summit

LIVE-STREAM

October 11-13, 2021

Eastern Time: 11:00 am – 6:00 pm Daily
Central Time: 10:00 am – 5:00 pm Daily
Mountain Time: 9:00 am – 4:00 pm Daily
Pacific Time: 8:00 am – 3:00 pm Daily
Alaska Time: 7:00 am – 2:00 pm Daily
Hawaii Time: 6:00 am – 1:00 pm Daily

Instructors: (in order of appearance):

- Don Pendleton – Author, President of Protect Wealth Academy, Instructor
- Clint Coons, JD – Asset Protection, Tax, & Estate Planning Attorney, Author
- Roberta Hudy – Self-Directed Retirement Planning Expert, National Speaker
- Frank & Sherri L. Candelario, Ph.D. – Cofounders of Kate's House Foundation
- Kwame Granderson, JD – Real Estate Attorney, Multi-millionaire Investor
- Stacy Acevedo – Stock Market Trainer, Educator, Author
- Mike Coval – Stock Market Investor, Broker, Educator, Trainer
- Scott Estill, JD – Former IRS Sr. Trial Attorney, Tax Attorney, Author
- Patrick James – Income Tax Reduction Specialist and Trainer, Author
- Dr. William D. Danko – N.Y. Times Best Selling Author, Emeritus Professor
- Josh Zettler – Multi-millionaire Entrepreneur, Insurance B: ker, Author

Support Staff:

- Kendal Blunck
- Maren Rondon
- Les Sliger
- Troy Wright

Special Thanks to:

- Anderson Business Advisors
- Invest-EDU
- iPlanGroup
- Kate's House Foundation
- RAL Academy
- Recovery Housing Authority
- Tax Strategies & Solutions
- US Tax Relief
- WealthTools Systems
- Our Incredible Students!

Technical Support During the Event:

- Zoom Support: 888-799-9666
- Protect Wealth Academy Hotline: 800-276-1430

All Summit Offers & Handouts:

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All the Legal Stuff

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DAY 3 – WEDNESDAY, OCTOBER 13

9:00 AM – 4:00 PM (MST)

REDUCING YOUR PERSONAL TAXES IN 2021

Scott M. Estill, JD – Tax Attorney, Former Sr. Trial Attorney with the IRS, Author

- **A. What's Included in December 2020 Stimulus Bill**
- **B. Time to Plan for Tax Increases in 2022**
- **C. New Rules for Charitable Donations**
- **D. New Tax Strategies You Can Implement Immediately**
- **E. Retirement Tax Planning under CARES Act**
- **F. Qualified Business Income and Personal Taxes**

ESSENTIALS OF ASSET PROTECTION

Don Pendleton – Host and Emcee, Author, President of Protect Wealth Academy

- **A. Protecting Your Personal Residence**
- **B. Ethical Issues of Asset Protection**
  1. Is it okay to protect your family's assets?
  2. When is asset protection too late?
  3. How to avoid fraudulent transfers?
- **C. Critical Ties & Relationship Documents Between Entities**
  1. Equipment and real estate leases
  2. Management agreements
  3. Intellectual property and leases
  4. Royalty agreements
  5. Personal loans and promissory notes
  6. Funding your business interests into the trust

INCOME TAX REDUCTION STRATEGIES

Patrick James – Tax Reduction Specialist, Author

- **A. Become 100% AUDIT Proof – Never Fear the IRS!**
- **B. Receive 1,000s of DOLLARS You Donated to the IRS Over the Past 3 Years**
- **C. How to Track Your Expenses and Stay Organized**
- **D. Your Tax Preparer is Only as Good as the Information You Give Them**
- **E. Learn How to Categorize Your Expenses the RIGHT way!**
- **F. Pay What you Legally Owe – Not One Penny More!**

RICHER THAN A MILLIONAIRE – A Pathway to True Prosperity

Dr. William D. Danko – NY Times Best-Selling Author, THE MILLIONAIRE NEXT DOOR

Dr. Danko will discuss his Best-Selling books and the fundamental principles and strategies that lead to true prosperity. Backed by 40 years of academic and consulting research on what it means to be truly rich, he'll share insights and specific details on what it takes to be Wealthy and Happy. He will also share his personal experience of applying the principles and teachings he learned from Protect Wealth Academy.

SYNERGISTIC PLANNING – COMBINING ASSET, TAX & ESTATE STRATEGIES (2+2+2=99)

Don Pendleton – Host & Emcee, Author, President of Protect Wealth Academy

- **A. Fundamental Building Blocks of Asset Protection**
- **B. Real-World Estate Examples & Case Studies**
- **C. Creating & Funding Your Revocable Living Trust**
- **D. Which Assets Are Subject to Probate?**
- **E. Asset Protection & Tax Reduction at Every Step**
- **F. Eliminate Estate Taxes & Avoid Probate**
- **G. Closing Comments & Analysis**

FREE Gifts, Prizes, Handouts, and Giveaways will happen randomly throughout each day, so don't miss a Minute. Please Login and Test your system at least 15 minutes prior to the Summit each morning. BREAKS will be 10-minutes each hour and LUNCH will be 30-minutes.

TAX CUTS & JOBS ACT

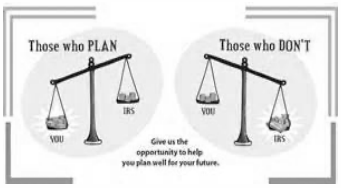
SCOTT M. ESTILL
-ATTORNEY AT LAW-

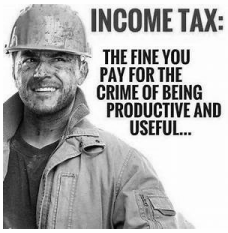
PERSONAL TAX PLANNING 2021: UNCERTAINTY IS THE NEW CERTAINTY

OCTOBER 2021

American Rescue Plan Act of 2021

2021 PERSONAL TAX PLANNING





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2021 TAX PLANNING

April 16 (105 days)
Perspective: UK May 31 (150 days)

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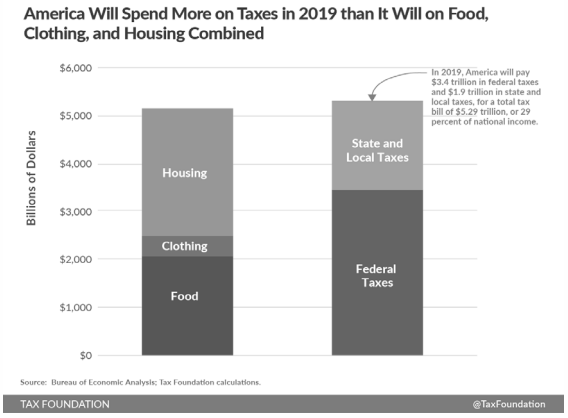

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PERSONAL TAX PLANNING 2021

- PLANNING WITH THE TAX CUTS AND JOBS ACT OF 2017
- TAX LAW CHANGES WITH CARES ACT
- TAX LAW CHANGES WITH DECEMBER 2020 RELIEF
- TAX LAW CHANGES WITH AMERICAN RESCUE PLAN
- INCOME TIMING- TAX IN 2021 OR 2022?
- EXPENSE TIMING- 2021 OR 2022?

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POTENTIAL TAX CHANGES FOR INDIVIDUALS- 2022

- INCREASE TOP INCOME TAX RATE FROM 37% TO 39.6%
- CAP ON ITEMIZED DEDUCTIONS FOR THOSE WHO EARN OVER $400,000
- TAX CAPITAL GAINS AS ORDINARY INCOME FOR THOSE WHO EARN MORE THAN $1 MILLION

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Potential Tax Changes for Individuals- 2022

- Decrease the estate tax exclusion to $3.5/5 Million
- Cap tax benefits for like-kind exchanges for those who earn over $400,000
- Increase employment taxes for those who earn over $400,000

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Potential Tax Changes for Individuals- 2022

- Employment taxes for $1,000,000 wages

	2021	2022
SS	$8,854	$46,054
Medicare	$14,500	$14,500
Total	$23,354	$60,554
Additional tax		$37,200

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2021 Taxable Income Brackets and Rates			
Rate	Single Filers	Married Joint Filers	Head of Household Filers
10%	$0 to $9,950	$0 to $19,900	$0 to $14,200
12%	$9,951 to $40,525	$19,901 to $81,050	$14,201 to $54,200
22%	$40,526 to $86,375	$81,051 to $172,750	$54,201 to $86,350
24%	$86,376 to $164,925	$172,751 to $329,850	$86,351 to $164,900
32%	$164,926 to $209,425	$329,851 to $418,850	$164,901 to $209,400
35%	$209,426 to $523,600	$418,851 to $628,300	$209,401 to $523,600
37%	$523,600+	$628,300+	$523,600+

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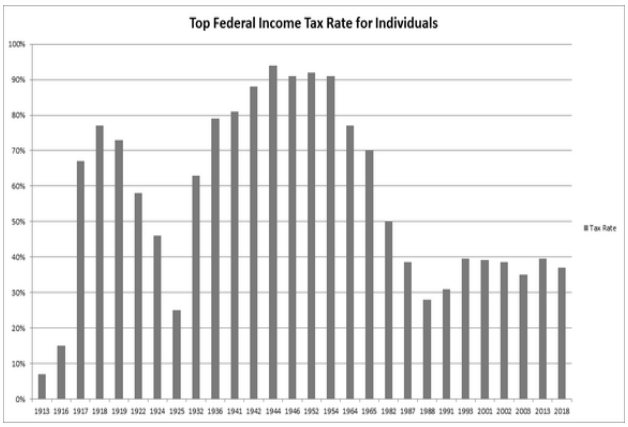

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Personal Tax Planning 2021

A larger standard deduction

- Increases to $12,550 for individuals (up from $12,400) and $25,100 for married couples (up from $24,800).

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New Tax Breaks for Individuals

Charitable donations (2021)

- If you claim the standard deduction ($12,550 for single filers and $25,100 for married couples who file jointly in 2021), you are now eligible to claim an additional $300/$600 deduction for any cash donations made during 2021.
- Thus, a single filer who donated at least $300 in 2021 would be able to claim a total standard deduction in the amount of $12,850.

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NEW TAX BREAKS FOR INDIVIDUALS

CHARITABLE DONATIONS (2020-2021)

- IF YOU DO ITEMIZE YOUR DEDUCTIONS ON SCHEDULE A, THE GENERAL RULE (WAS) THAT YOU WERE LIMITED TO A DEDUCTION NOT TO EXCEED 60% OF YOUR ADJUSTED GROSS INCOME (AGI).
- THUS, IF YOUR AGI IN 2019 WAS $100,000, YOUR CHARITABLE DONATIONS WERE LIMITED TO $60,000 FOR TAX DEDUCTION PURPOSES. ANY EXCESS COULD BE CARRIED FORWARD FOR 5 YEARS.
- FOR 2020 AND 2021, THIS 60% LIMITATION IS REMOVED AND NOW THERE IS NO LIMITATION.

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EXAMPLE #1

You can effectively pay $0 in Federal Income Tax in 2021 by making a charitable donation of the amount of your AGI to a qualified charity.

Adjusted Gross Income:	$200,000
Less Schedule A:	
Mortgage Interest:	$15,000
State Taxes:	$10,000
Charitable Donations:	$175,000
Taxable income:	$0
Tax Owed:	$0

Tax Owed Without New Rule: $7,890

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EXAMPLE #2

You can elect to use the 60% limitation in 2021.

Adjusted Gross Income:	$200,000	
Less Schedule A:		
Mortgage Interest:	$15,000	
State Taxes:	$10,000	
Charitable Donations:	$175,000	
60% AGI cap:	$120,000	
Total Deductions:	$145,000	
Taxable income:	$55,000	
Tax Owed:	$7,890	14.3% tax rate

Charitable donation to 2022: $55,000

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CHANGES TO ITEMIZED DEDUCTIONS

THE FOLLOWING DEDUCTIONS ARE ELIMINATED (LOOPHOLES):

- MOVING EXPENSES * BUSINESS
- INVESTMENT EXPENSES TRADER
- UNION/PROFESSIONAL DUES BUSINESS
- TAX PREP/LEGAL/OTHER PROFESSIONAL FEES BUSINESS
- UNREIMBURSED EMPLOYEE BUSINESS EXPENSES BUSINESS
- TOOLS/UNIFORM/JOB EXPENSES BUSINESS

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CHANGES TO ITEMIZED DEDUCTIONS

THE FOLLOWING DEDUCTIONS ARE ELIMINATED (LOOPHOLES):

- CASUALTY/THEFT LOSSES * BUSINESS
- SAFE DEPOSIT BOX
- JOB SEARCH EXPENSES
- WORK-RELATED EDUCATION BUSINESS

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CHILD TAX CREDIT

- FOR 2020: UP TO $2,000 PER CHILD UNDER 17
- FOR 2021: UP TO $3,600 FOR CHILDREN UP TO AGE 5
- FOR 2021: UP TO $3,000 FOR CHILDREN 6 TO 17
- INCOME PHASE-OUTS: $75,000/$150,000
- INCOME PHASE-OUTS: $200,000/$400,000
- PHASE OUT AMOUNT IS AGI

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Child Tax Credit

- Beginning July 2021: advance payments of the credit to Americans in periodic installments
- Guaranteed (small) income for families with children

Child Tax Credit

- Expands the child and dependent care tax credit for 2021
- Expands the earned-income tax credit for workers without children for 2021

Renewable Energy Tax Credits

- Heating and Air Conditioning
- Windows, doors and skylights
- Roofing
- Water Heaters
- Insulation

Renewable Energy Tax Credits

Tax Credit: 10% of cost up to $500 or a specific amount from $50-$300

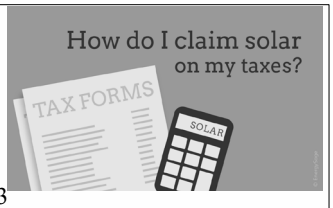
Expires: December 31, 2021

Details: Must be an existing home & your principal residence. New construction and rentals **do not** apply.

Renewable Energy Tax Credits

Covers:

- Solar panels
- Fuel Cells
- Wind turbines
- Geothermal heat pumps



Expires: December 31, 2023

Details: Existing homes and new construction qualify. Both Principal residences and second homes qualify. Rentals do not qualify.

Renewable Energy Tax Credits

Tax Credit:

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2023
- 22% for systems placed in service after 12/31/2022 and before 01/01/2024

- May be State Income Tax Credits

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Example #3: Renewable Energy Tax Credits

Typical 8 KwH Solar Panel System

Cost:	$22,480
26% tax credit:	($5,845)
Net Cost:	$16,635

* Energy consumption savings and economic value added to home

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2021 Long Term Capital Gains Tax Rates			
Filing Status	**0%**	**15%**	**20%**
Single	$0 - $40,400	$40,401 - $445,850	≥ $445,851
Head of Household	$0 - $54,100	$54,101 - $473,750	≥ $474,751
Married Filing Joint	$0 - $80,800	$80,801 - $501,600	≥ $501,601
Married Filing Separately	$0 - $40,400	$40,401 - $250,800	≥ $250,800

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3.8% Net Investment Income Tax

FILING STATUS	THRESHOLD
Married filing jointly	$250,000
Married filing separately	$125,000
Single	$200,000
Head of household (with qualifying person)	$200,000
Qualifying widow(er) with dependent child	$250,000
Estates & trusts	$11,950 (2013)*

Threshold amounts are generally not indexed to inflation.
*Estate and trust threshold amounts are updated through an IRS revenue procedure each fall.

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Capital Gains and Losses

- Lower capital gains tax rates in 2021 than 2022?
- Pay zero in capital gains if you are in the 10%/12% income tax brackets
- The stocks can then be repurchased, which resets the basis and minimizes the amount of tax to be paid on future gains
- No "Wash Sale" if there is a gain

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Example #4

Homer is in the top income tax bracket. He currently owns stock in XYZ, Inc. that has a net unrealized long-term gain of $50,000. Homer sells the stock and pays the taxes in 2021:

Capital Gains tax (20%)	$10,000
ACA Surtax (3.8%)	$1,900
State Taxes (5.0%)	$2,500
Total taxes paid (28.8%)	$14,400

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Example #5

Homer is in the top tax bracket. He currently owns stock in XYZ, Inc that has a net unrealized long-term gain of $50,000. Homer sells the stock and pays the taxes in 2022 (assumes tax increase):

Capital Gains tax (39.6%)	$19,800
ACA Surtax (3.8%)	$1,900
State Taxes (5.0%)	$2,500
Total taxes paid (48.4%)	$24,200
Additional taxes paid (2022)	$9,800

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Example #6

Homer is in the top tax bracket. He currently owns stock in XYZ, Inc that has a net unrealized long-term gain of $50,000. Homer gifts the stock to his adult daughter (gift tax return) and she sells the stock in 2021:

Capital Gains tax (0%)	$0
ACA Surtax (3.8%)	$0
State Taxes (5.0%)	$2,500
Total taxes paid (5.0%)	$2,500
Total taxes saved:	$11,900

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Strategies to Reduce Your Tax Burden

Tax Avoidance Strategies

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Tax Avoidance Strategies

- Real Estate Tax Planning
- Capital Gains vs. Ordinary Income
- Oil and Gas Investments
- Personal Residence- ($250,000/$500,000)
- Inheritance vs. Gift
- Retirement Planning Strategies

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Tax Avoidance Strategies

- Use of Business Entities
- Shift Income to Lower Tax Brackets
- Installment Sales
- Use of Tax Credits
- Business Tax Deductions
- Stock "Trader" Status

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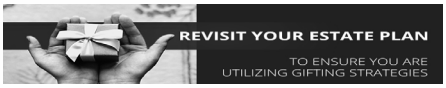
Strategies to Reduce Your Tax Burden

Income-Shifting Strategies

Use Gifting Strategies



- Income-shifting opportunities
- Gift appreciated assets (donee uses donor's basis)
- Gift $15,000 per person per year (in 2021)
- Estate tax exclusion:
  $11,580,000 (2020)
  $11,700,000 (2021)

Use Gifting Strategies

WARNING:

- Kiddie tax applies at $2,200 of investment (unearned) income in 2021

Make Annual Gifts

- Plan for 2021 and future
- Gifts for 2021 can be made effective as of today
- Unlimited amount for qualified tuition or medical expenses
- Benefits: Removes asset from the estate/also removes the appreciation on that asset from the estate as well

Make Annual Gifts

- Can make a gift of appreciated securities and avoid/reduce the capital gains
- Intra-family tax planning
- Proactive approach to a potential reduction in estate tax exemption

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Pay your children

- $12,200 in 2019
- $12,400 in 2020
- $12,600 in 2021
- Any pay (Compensation) must be "reasonable" based upon time, effort, age and abilities

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Example

Pay Your children:

Child #1- age 15 (15 h x $10 x 40= $6,000)
Child #2- age 17 (25 h x $12 x 40= $12,000)
Income taxes owed (2020) = $0
Income taxes saved (2020) =
$4,320 (at 24% tax bracket)
$6,300 (at 35% bracket)

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Real Estate Tax Strategies

VERY TAX-FAVORED INVESTMENTS

CAN BE DONE IN TAXABLE OR RETIREMENT ACCOUNTS

CAN CO-ORDINATE WITH OTHER INVESTMENTS TO PRODUCE IDEAL TAX RESULTS

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Real Estate Tax Strategies

- Section 1031 exchanges
- Opportunity Zones
- Installment sales
- Potential QBI tax deduction
- Real estate professional status
- Maximizing bonus and other depreciation
- Cost segregation analysis
- Rental properties

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Real Estate Investors

- *Safe harbor.* rental real estate enterprise will be treated as a trade or business if the following requirements are satisfied:
  - Separate books and records are maintained to reflect income and expenses for each rental real estate enterprise;
  - 250 or more hours of rental services are performed per year with respect to the rental enterprise; and
  - The taxpayer maintains contemporaneous records, including time reports, logs, or similar documents, regarding the following:
    - Hours of all services performed;
    - Description of all services performed;
    - Dates on which such services were performed; and
    - Who performed the services.

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Real Estate Investors: "Rental Services"

Advertising to rent or lease the real estate	Negotiating and executing leases	Verifying information contained in prospective tenant applications
Collection of rent	Daily operation, maintenance, and repair of the property	Management of the real estate
Purchase of materials	Supervision of employees and independent contractors	Rental services may be performed by owners or by employees, agents, and/or independent contractors of the owners.

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Real Estate Investors: Not "Rental Services"

- financial or investment management activities
- arranging financing
- procuring property
- studying and reviewing financial statements or reports on operations
- planning, managing, or constructing long-term capital improvements
- hours spent traveling to and from the real estate.

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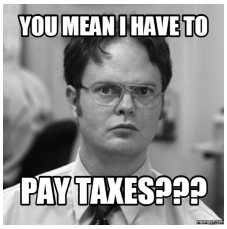
2021-22 Tax Planning

HOW will income be taxed?

- Ordinary income
- Wages vs. distributions
- Long-term capital gains
- Not taxed (tax free)
- Tax Rates ("bunching" income and expenses)



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2021-22 Tax Planning

WHERE will income be taxed?

- Personal vs. Business
- Type of business entity
- Parent vs. child

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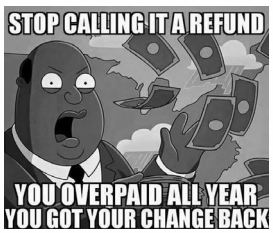
2021-22 Tax Planning

WHEN will income be taxed?



- Current year
- (2021 or 2022)
- Deferred until future date
- Never

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TRADITIONAL vs. **ROTH** (% difference in take-home $ after retirement)

Tax Rate During **Contribution** \ Tax Rate During **Retirement**	10%	15%	25%	30%	35%	40%	45%
10%	0.0%	-5.6%	-16.7%	-22.2%	-27.8%	-33.3%	-38.9%
15%	5.9%	0.0%	-11.8%	-17.6%	-23.5%	-29.4%	-35.3%
25%	20.0%	13.3%	0.0%	-6.7%	-13.3%	-20.0%	-26.7%
30%	28.6%	21.4%	7.1%	0.0%	-7.1%	-14.3%	-21.4%
35%	38.5%	30.8%	15.4%	7.7%	0.0%	-7.7%	-15.4%
40%	50.0%	41.7%	25.0%	16.7%	8.3%	0.0%	-8.3%
45%	63.6%	54.5%	36.4%	27.3%	18.2%	9.1%	0.0%

Formula: $(T_C - T_R) / (1 - T_C)$

Advantage: Traditional

Advantage: Roth

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Income: Defer or Accelerate

- Income Timing
- having the income taxed in a year that you are in the lowest tax bracket
- Cash Salaries or Bonuses
- Accelerate into 2021?
- Defer into 2022?

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PROTECT WEALTH ACADEMY, INC
SHIELD ASSETS, REDUCE TAXES, BUILD WEALTH

When is it Too Late to Protect Your Assets?

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Ethical Issues
Is It Okay to Protect Your Family's Home?

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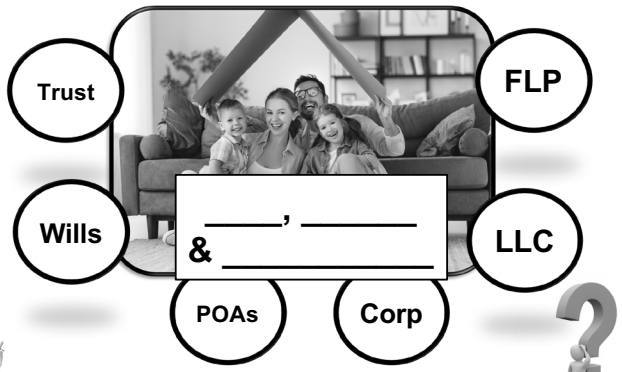
Ethical Issues
Is It Okay to Protect Your Family's Assets?



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Ethical Issues
Our Legal System

Goal: To Restore the Victim

Problem: It's Not a Perfect Legal System!

(It's Not Always About What's Right)

- Who has the most money
- Who has the best lawyers
- The loudest, most aggressive
- Who has the best documents & records
- Who is the best liar
- Who's willing to wait

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Ethical Issues
If You Injure Someone

Restore the Victim!

1. Carry Adequate Liability Insurance
2. Stay in Control of the Assets
3. Do the Right Thing
4. Use Personal Assets if Necessary

Note #1: A good asset protection plan always includes adequate liability insurance to pay for damages you may cause in life.

Note #2: A good asset protection plan allows you to be able to do the right thing, without it being forced on you by an imperfect legal system.

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Ethical Issues
The Insurance Paradox

The more you have, the more attractive you become!

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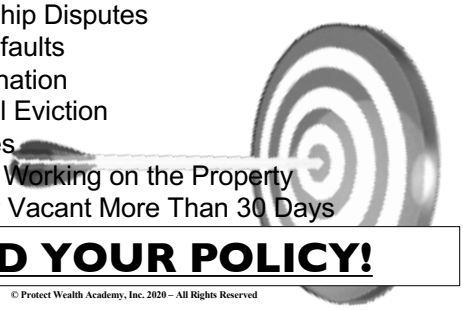
Ethical Issues

Insurance Won't Cover:

- Mold & Mildew
- Chemical Spills
- Partnership Disputes
- Loan Defaults
- Discrimination
- Wrongful Eviction
- Dog Bites
- Tenants Working on the Property
- Property Vacant More Than 30 Days



READ YOUR POLICY!

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Liability Insurance

How Much Should You Carry?

"Liability insurance should adequately cover yourself and your business for "reasonable" damages that could occur in your normal life and business pursuits."

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Ethical Issues

Fraudulent Conveyances

The effect of a proper asset protection plan is about lowering your financial profile, reducing taxes and discouraging lawsuits. It's not about secrecy, hiding assets or dodging taxes.

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Ethical Issues

Fraudulent Conveyances

Definition:

"A transaction made for the intent to hinder, delay, or defraud a creditor without receiving a reasonably equivalent value in exchange for the transfer or obligation."

Note: Every state will define fraudulent transfers differently. This definition from the Uniform Fraudulent Conveyance Act has been the guideline for most state statutes.

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Ethical Issues

Fraudulent Conveyances

EXAMPLES:

- Right After an Accident has Transpired
- _____ _____Estate Planning
- After the _____ is Incurred
- Planning a Divorce
- Expecting Foreclosure
- Preparing for _____.

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Ethical Issues

Fraudulent Conveyances

Fraudulent conveyance is determined by the _____ of the person making the transfer, as is evidenced by the *Badges of Fraud.*

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Ethical Issues
Fraudulent Conveyances

Common Badges of Fraud:

- _____ Statements
- Transfers to _____
- Selling an Asset, Retaining Control
- Highly Unusual Transactions
- Creating Complete _____
- _____ Consideration
- Timing of the Transfer

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Ethical Issues
When is it Too Late to Protect My Assets?

"A creditor has no [recognizable] interest in the assets of a debtor prior to obtaining a judgment. Anyone can transfer their assets all day long until the sheriff shows up with a Writ of Execution pursuant to a court order."

-Justice Antonin Scalia

Grupo Mexicano de Desarrollo, S. A., ET AL. v. Alliance Bond Fund, Inc., ET AL. (Oct 1998)

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Ethical Issues
Fraudulent Conveyances

- Fraudulent Conveyance isn't necessarily a crime – In most states it is a civil remedy.
- Generally, the court's remedy is limited to unwinding the transfer.
- "A debtor [who is sued] need not be like a deer frozen in the headlights of an onrushing auto. The debtor still has it within his rights the opportunity to attempt to put his wealth beyond harm's way."

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Ethical Issues
Fraudulent Conveyances

How to Avoid Fraudulent Transfers

- Keep Adequate Assets in Your Name to pay Current _____ & Obligations
- Form Entities in _____ _____
- Use Multiple Parties
- Have Multiple Reasons
- Fair & Adequate Consideration
- Full & _____ Disclosure

DON'T COMMIT FRAUD

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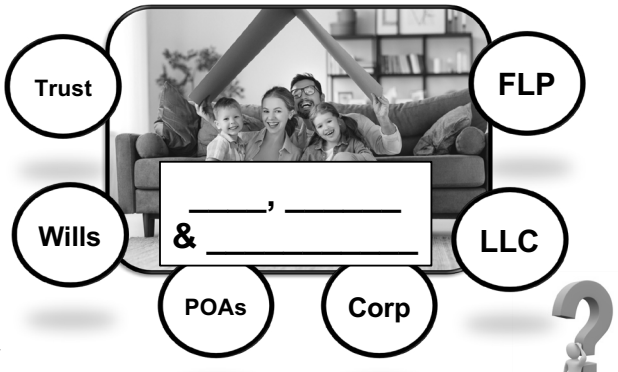
Ethical Issues
Is It Okay to Protect Your Family's Assets?



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Ethical Issues
Is It Okay to Protect Your Family's Assets?

Did You Know that Over Half of the 53 New Testament Parables Talk About Money?

N.T. Parables:

- The Talents
- Two Debtors
- The Lost Coin
- The Prodigal Son
- Unmerciful Servant
- The Unjust Steward
- Rich Man & Lazareth
- The Good Samaritan
- The Foolish Rich Man
- The Pearl of Great Price
- The Building of the Tower
- Treasure Hidden in a Field
- The Labors in the Vineyard
- Etc.

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Protecting Your:
Personal Residence

The Most Difficult Asset You Have to Protect

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Protecting Your:
Personal Residence

Concerns:

- Losing Mortgage Interest Deduction
- Losing Capital Gains Exclusion
- "Due-on-Sale" Clause
- Real Estate Transfer Fees
- Property Tax Reassessment (Prop 13)
- Tax Filing Requirements
- Loss of Homestead Protection
- Homeowner's Insurance
- Lack of Business Purpose

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Protecting Your:
Personal Residence

Common Protection Methods:

1. **Homestead Protection**
2. **Tenancy by the Entireties**
3. **Home Equity Line of Credit**
4. **Revocable Living Trusts**
5. **Personal Residence Trust**
6. **Single-Member LLCs**
7. **Family Limited Partnerships**

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Protecting Your:
Personal Residence

Smoke Screen Solutions:

1. **_____ Liens**
2. **_____ Trusts**
3. **Spouse's Name**

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1. Homestead Protection (Cont.)

States offering 100% Homestead Protection

- ❖ Florida
- ❖ Iowa
- ❖ Kansas
- ❖ Oklahoma
- ❖ Arkansas
- ❖ S. Dakota
- ❖ Texas
- ❖ Wash. DC

Note: General exemption protects most personal residences from most lawsuits although some state statutes limit acreage. See state statutes for specific details or consult a the county recorder or a local attorney. Homestead in most states is not automatic and homeowner may need to apply for homestead laws to apply to your situation.

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Get a FREE Copy of this Important Handout

Showing much equity your state will protect in your Personal Residence?

Note: The homestead exemption amounts are ever-changing. Students should check the state codes for the most current statutes. All amounts are stated in general terms as state specific variations almost always apply. Exceptions to homestead protection generally include non-payment of property taxes, state income taxes, child support, alimony, divorce settlements, federal bankruptcy, and properties conveyed into LPs and LLCs. Liens and Levies from federal agencies can also supersede state homestead protections.

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1. Homestead Protection (Cont.)

Homestead Exemptions:

- Exemption amount may not be adequate
- Application is usually NOT automatic
- Repairs/Construction on the home are often excluded
- Federal Agencies can supersede state law (IRS, EPA, etc.)
- Transfers to LPs & LLCs will usually exempt homestead
- Divorce, Child Support, Alimony
- In-state Tax Agencies
- Property Taxes
- Previous Debts & Obligations
- Bankruptcy

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2. Tenancy by the Entireties

Benefits:

- Husband & wife own an indivisible interest
- Cannot attach without a judgment on both

Concerns:

- Parties must be married
- Assets must be re-titled
- If both parties are sued
- If one spouse dies
- Not available in all states

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2. Tenancy by the Entireties

States with TBTE laws:

AK	KY	NY	TN	WY
AR	MD	NC	VA	DC
DE	MA	OH	VT	
FL	MI	OK		
HI	MS	OR		
IL	MO	PA		
IN	NJ	RI		

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3. Home Equity Line of Credit

Benefits:

- Easy
- Inexpensive
- Avoids "Due on Sale" issue
- No state filing fees or IRS tax returns
- No capital gains or mortgage interest concerns

Suggestions:

- Have a "Business Purpose"
- Use the Credit Line Occasionally

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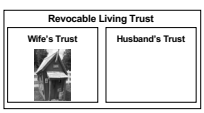
4. Revocable Living Trust

Benefits:

- Easy
- Inexpensive
- Avoids "Due on Sale" issue
- No state filing fees or IRS tax returns
- No capital gains or mortgage interest concerns

Concerns:

- Length of time in the trust
- State laws vary
- Not reliable asset protection



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Combining 1, 3 & 4

Many of our Students will:

1. Apply for the Homestead Protection their state provides, and
2. Convey their interest of the home to their Revocable Living Trust, and
3. Use a Home Equity Line of Credit to protect any equity above the Homestead Exemption.
4. Consider using a business entity only if this does not adequately protect the home.

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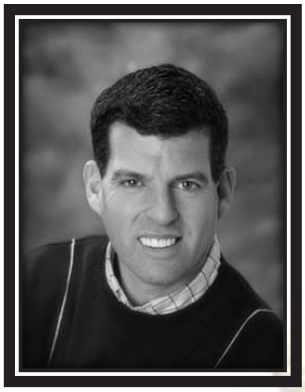

Notes Page

Patrick James

Creative Income Tax Strategies & Implementation

PERSONAL NOTES:

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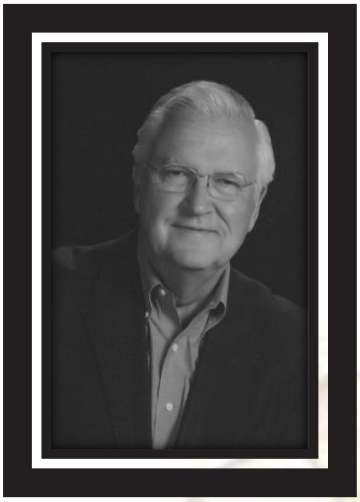

Notes Page

Dr. William D. Danko

N.Y. Times Best Selling Author
Emeritus Professor
The Millionaire Next Door
Richer Than a Millionaire -
A Pathway to True Prosperity

Dr. Danko has coauthored a new book with Dr. Richard Van Ness, *Richer Than A Millionaire ~ A Pathway to True Prosperity*. It is written for the 2020's environment. The book is based on primary and secondary research of millionaires and those who are en route to that status. The authors answer such questions as, "What does it take to be rich?" "How can I be financially secure?" "What does it take to be prosperous?"

Richer Than A Millionaire is a timely book which embraces traditional values. William D. Danko, Ph.D. is coauthor of *The Millionaire Next Door*, a research-based book about wealth in America that has been ranked as a bestseller by the New York Times for more than three years. ~ Richard J. Van Ness, Ph.D. is an author and for 28 years, professor of finance, accounting and management. His research includes wealth building and economic sustainability for microenterprises.

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Fundamental Building Blocks of Good Legal Structures

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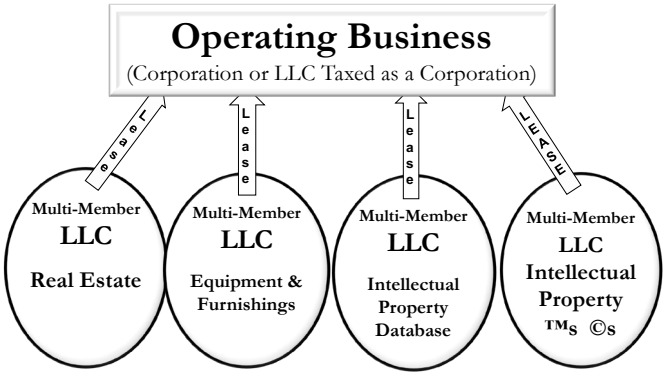
Small Business



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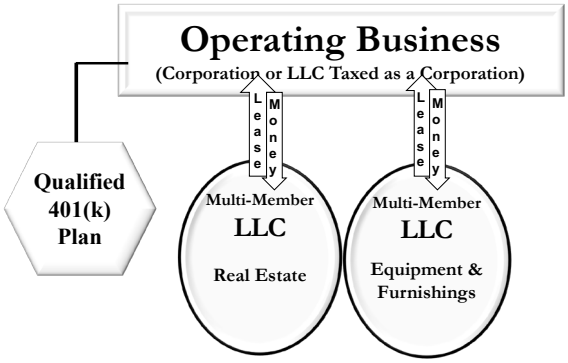
Small Business

Example: Dental Practice



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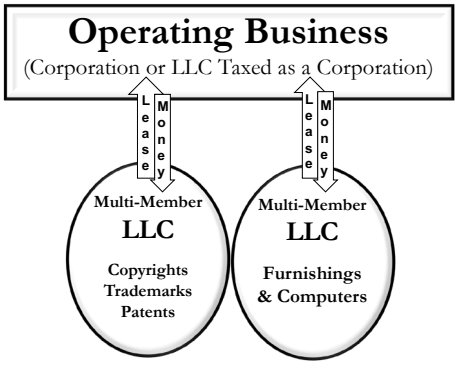
Small Business

Example: Online Marketing Business



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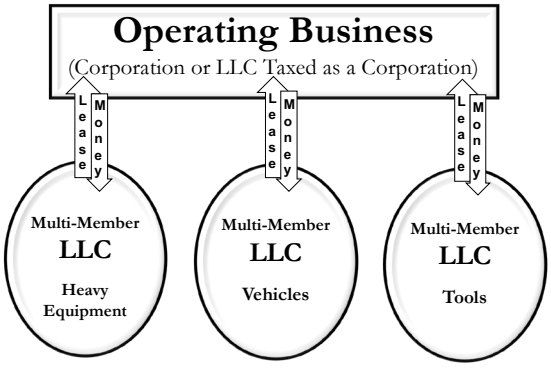
Small Business

Example: Construction Company



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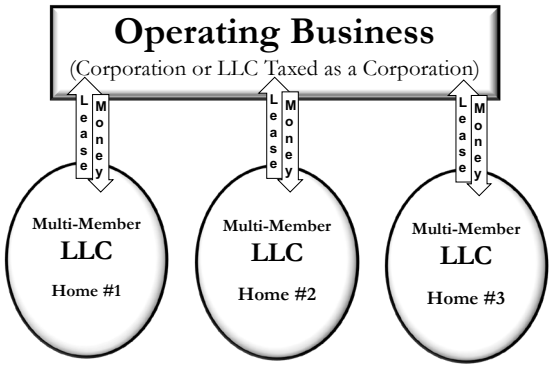
Small Business

Example: Residential Assisted Living Homes



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Small Business

Example: Stock Market Investor

Corporation TAX PERKS

- ✓ Trades / Buys / Sells
- ✓ Deducts Legitimate Business Expenses
- ✓ Charges "Reasonable" Management Fee

Money Flow?

FLP

- ✓ Owns the Investment
- ✓ Retains or Pays Out Earnings

Structure allows you to reduce gains at the personal level and move to the corporate level!

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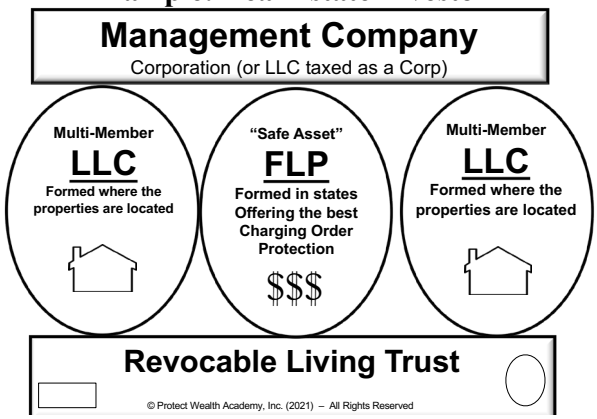
Small Business

Example: Real Estate Investor



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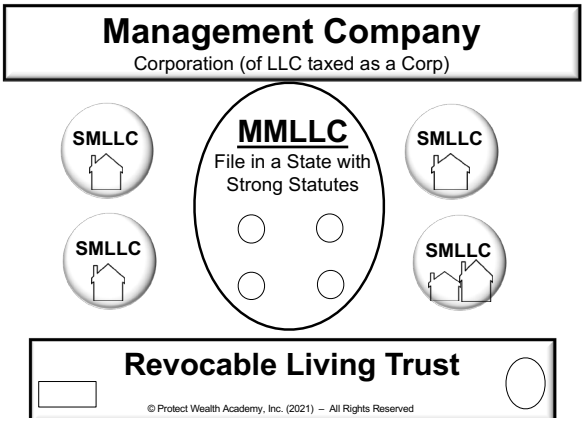
Real Estate Investor

(Using Non-Qualified Funds)



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How Many LLCs do I Need?

1. How much am I willing to ____?
2. How much _____ is in each property?
3. Any properties with _____ ____?
4. Cash Flow?
5. State Filing Fees?
6. State _____?

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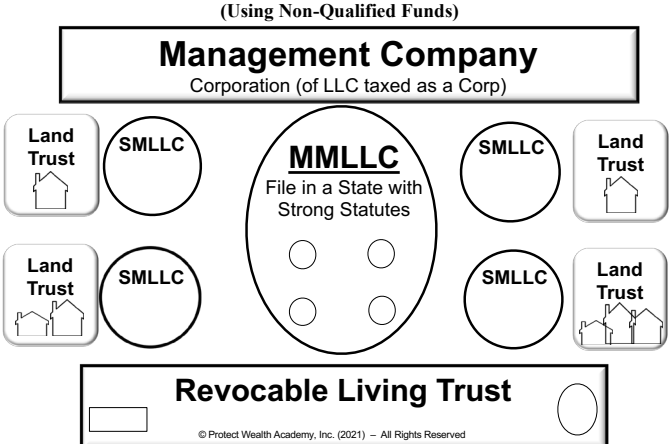
Real Estate Investor

(Using Non-Qualified Funds)



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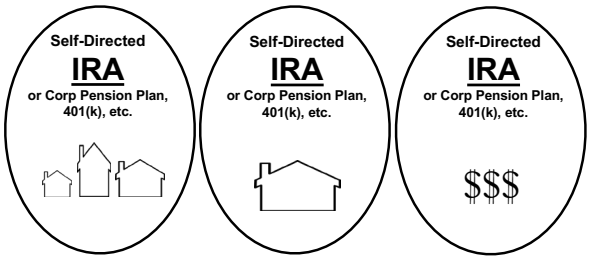
Real Estate Investor

(Using Qualified Retirement Funds)



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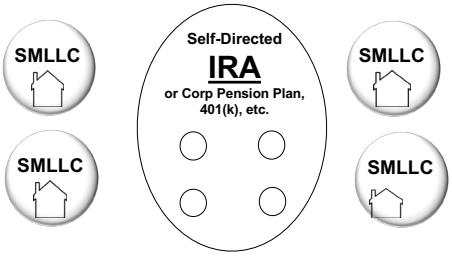
Real Estate Investor

(Using Qualified Retirement Funds)



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Relationship Documents

Must be in Writing!

- **Investment Management Agreements**
- **Real Estate Management Agreements**
- **Personal Loans & Promissory Notes**
- **Equipment & Real Estate Leases**
- **Intellectual Property Licensing Agreements & Royalty Agreements**

Relationship Documents
Must be Followed!

Notes:

Notes:

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SYNERGISTIC PLANNING
COMBINING ASSET, TAX & ESTATE STRATEGIES

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PROTECT WEALTH

PROTECT WEALTH ACADEMY, INC

SHIELD ASSETS, REDUCE TAXES, BUILD WEALTH

Case Study #1

Single Person, Small Estate, Low Risk

Case Study #1
Single Person, Small Estate, Low Risk

Background:

- Single, One Child
- Executive Assistant
- Good health insurance and 401(k)
- Rents a condo
- State allows for a "Probate Shortcut" if the assets subject to probate are less than $30,000
- Annual Family Income: $45,000

Case Study #1
Single Person, Small Estate, Low Risk

Assets:

Household Checking	$5,000
Savings	25,000
401(k)	60,000
Personal Property	10,000
Vehicles $ 25,000	
Auto Loans <$ 15,000 >	10,000
Net Worth	**$ 100,000**
Life Insurance	450,000*
Total Estate	**$ 550,000**

*** Policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, please consider renter's insurance, auto coverage, and starting a family bank for debt elimination. Also consider adding a private term life policy instead of using the company's group coverage as their only source of life insurance.**

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Group Benefits for Business Clients
Life
•Term, Permanent (Whole & IUL/UL), Annuities
ADVANCED CONCEPTS
•Debt Elimination, Tax-free retirement, Smart Money
•Agreements Buy-sell, Split dollar, Executive Bonus, Key person, Lifetime Income
Business planning and consulting

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Josh Zettler

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Summary of #1

The Individual Protection Plan

Tax Returns?

Estate Planning Documents:

- **Last Will & Testament(s)**
  - **Guardianship of Minor (Sister)**
  - **Executor (Individual's Father)**
  - **Procedures at Death**
  - **Account Numbers & Passwords**
  - **Provision for Pets**
  - **Creation of a Children's Trust**
  - **Distribution of Assets**
- **Financial POA(s) (Father)**
  - **With HIPPA Release**
- **Advanced Care Directive(s)**
  - **Living Will**
    - **Organ Donation**
    - **DNR**
  - **Medical POA w/ HIPPA Release**

Personal Property
100%

401(k)
Beneficiary: Individual
Contingent Beneficiary: Child

Checking & Savings Accounts

Children's Trust
Trustee: Father

Life Insurance
Insured: Individual
Owner: Individual
Beneficiary: Children's Trust

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Case Study #2

Married Couple, Small Estate, Low Risk

Case Study #2
Married Couple, Small Estate, Low Risk

Family Background:

- Married couple, 2 children under 10
- Husband works in Accounting, has good health insurance and a 401(k) program
- Wife is very active "Soccer Mom" but has minimal lawsuit exposure
- Family lives in a state with $70,000 homestead protection for their personal residence
- State allows for a "Probate Shortcut" if the assets subject to probate are less than $75,000
- Annual Family Income: $100,000

Case Study #2
Married Couple, Small Estate, Low Risk

Family Assets:

Cash	$ 10,000
401(k)	80,000
Personal Property	20,000
Home	$220,000
Mortgage	<$160,000> 60,000
Vehicles	$ 30,000
Auto Loan	<$ 10,000> 20,000
Net Worth	**$190,000**
Life Insurance (Husband)	1,170,000*
Life Insurance (Wife)	250,000*
Total Estate	**$1,610,000**

* Policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, please consider home & auto coverage, and starting a family bank for debt elimination and retirement savings.

The Family Protection Plan

Case Study #2

Family Revocable Trust Includes:

- **Trust Document**
  - Inventory List (Schedule A)
  - Personal Property Memorandum
  - Procedures at Death
  - Certificate of Trust
- **Funding Documents**
  - Quit Claim Deed(s)
  - Letter(s) to Banks
  - Letter(s) to Brokerages
- **Financial POA(s)**
  - General - ends at incapacitation
  - Springing - begins at incapacitation
  - Durable - ends at death
- **Last Will & Testament(s)**
  - Guardianship of Minors
  - Care of Pets
  - "Pour-Over" Provision
  - Procedures at Death
  - Passwords
  - Account Numbers
- **Advanced Care Directive(s)**
  - Living Will
    - Organ Donation
    - DNR
  - Medical POA w/ HIPPA Release

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The Family Protection Plan

Case Study #2

Family Revocable Trust

Tax Returns?

Personal Residence

Personal Vehicles

Bank Accounts

Personal Property

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: Trust

Wife's Estate Planning Documents

Husband's Estate Planning Documents

401(k)
$80,000

HSA
$2,000

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Case Study #3

Married Couple, Small Estate, Medium Risk

Case Study #3
Married Couple, Small Estate, Medium Risk

Family Background:

- Married couple, 3 children under 21
- Husband works in retail management, has standard health insurance and a 401(k) program
- Wife works outside the home without benefits but has minimal lawsuit exposure
- Couple has acquired two rental units that are producing positive cash flow
- Family lives in a state with $100,000 homestead protection for their personal residence
- Annual Family Income: $150,000

Case Study #3
Married Couple, Small Estate, Medium Risk

Family Assets:

Cash	$ 16,000	
401(k)	20,000	
Home (equity)	135,000	($80,000 in debt)
Rental Unit (equity)	80,000	($100,000 in debt)
Rental Unit (equity)	62,000	($80,000 in debt)
Vehicles (equity)	7,000	($60,000 in debt)
Personal Property	10,000	
Net Worth	**$330,000**	
Husband's Life Insurance	1,820,000*	
Wife's Life Insurance	350,000*	
Total Estate	**$2,500,000**	

* Life Insurance policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, please consider homeowners & auto coverage, adequate liability insurance for the rental units, and starting a family bank for debt elimination and retirement savings.

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Case Study #3a

The Business Protection Plan

LLC #1 (P)
Owns a Rental Property & a Bank Account

LLC #2 (P)
Owns a Rental Property & a Bank Account

Tax Returns?

The Family Protection Plan

Family Revocable Trust

- **LLC #1** Membership Interests
- **LLC #2** Membership Interests
- **Personal Property**
- **Household Bank Accounts**

Personal Residence

Personal Vehicles

- **Husband's Life Insurance**

- **Wife's Estate Planning Documents**
- **Husband's Estate Planning Documents**
- **401(k)**
- **HSA**

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: Wife
Cont. Beneficiary: Trust

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The Business Protection Plan

Case Study #3b

Limited Liability Company (P)

Owns both Rental Properties
& a Bank Account

Rental

tal

Tax Returns?

The Family Protection Plan

Family Revocable Trust

Personal Property

Personal Residence

Personal Vehicles

LLC
Membership Interests

Household Bank Accounts

Husband's Life Insurance

Wife's Estate Planning Documents

Husband's Estate Planning Documents

401(k)

HSA

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: Wife
Cont. Beneficiary: Trust

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The Business Protection Plan

Case Study #3c

Limited Liability Company (P)

Owns the Beneficial Interests of the Land Trusts

Land Trust

Rental

Land Trust

Rental

Tax Returns?

The Family Protection Plan

Family Revocable Trust

Personal Property

LLC
Membership Interests

Household Bank Accounts

Personal Residence

Personal Vehicles

Husband's Life Insurance

Wife's Estate Planning Documents

Husband's Estate Planning Documents

401(k)

HSA

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: Wife
Cont. Beneficiary: Trust

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Case Study #3d

The Business Protection Plan

C-Corporation
Manages Rental Properties

SMLLC #1 - (FL)

Limited Liability Company (P)
Owns the Rental Properties

SMLLC #2 – (AZ)

Tax Returns?

The Family Protection Plan

Family Revocable Trust

C-Corp
100% Shares

LLC
Membership Interests

Personal Property

Household Bank Accounts

Personal Residence

Personal Vehicles

Husband's Life Insurance

Wife's Estate Planning Documents

Husband's Estate Planning Documents

401(k)

HSA

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: Wife
Cont. Beneficiary: Trust

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Case Study #4

Single Person, Real Estate Investor, High Risk

Case Study #4
Single Person, Real Estate Investor, High Risk

Background:

- Divorced, three adult children
- Active real estate broker & investor
- Wants excellent asset protection and tax simplification
- Lives in a state with $150k homestead protection for his personal residence
- Annual Family Income: $150,000

Case Study #4
Single Person, Real Estate Investor, High Risk

Assets:

Equity in 6 Rental Properties	$ 925,000 ($600,000 in debt)
Personal Residence	$ 350,000
IRA	$ 250,000
Personal Property	$ 25,000
Cash Accounts	$ 10,000
Vehicles	$ 40,000
Net Worth	**$ 1,600,000**
Life Insurance	2,100,000*
Total Estate	**$ 3,700,000**

* Life Insurance policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, also consider home & auto coverage, adequate liability policies for the rental properties, purchasing term life, and starting a family bank for debt elimination and retirement savings.

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Summary of #4

The Business Protection Plan

C-Corp.
Property Management Company

TX SMLLC #1

NC SMLLC #2

WY SMLLC
Manager
Individual
Members
Living Trust – 100%
Assets
Bank Account
4 SMLLCs

IN SMLLC #3

CA SMLLC #4

Tax Returns?

The Individual Protection Plan

Revocable Living Trust

Corp Stock
100%

Household Checking
100%

LLC
100%

Personal Property
100%

IRA
Beneficiary: Individual
Contingent Beneficiary: Children

Life Insurance
Insured: Individual
Owner : Individual
Beneficiary: Children

Estate Planning Documents

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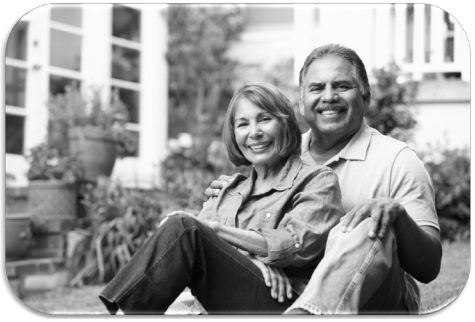
Case Study #5

Married Couple, Medium Estate, High Risk



Case Study #5
Married Couple, Medium Estate, High Risk

Family Background:

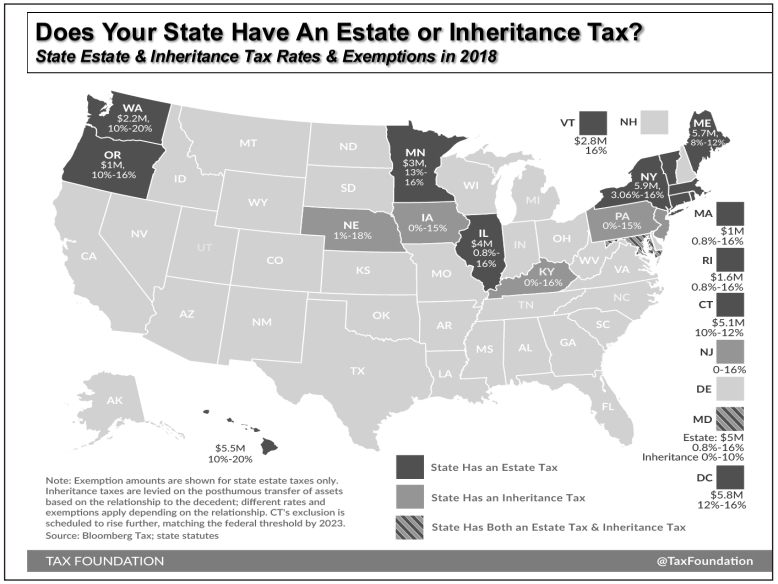
- Stable marriage, 4 adult children
- Husband is a retired physician, wife is an active real estate broker
- Own & operate 3 Residential Group Homes
- Two children are involved in the business
- Family lives in a state with $150k homestead protection
- State also imposes an inheritance tax for estates over $5 million.
- Annual Family Income: $300,000

Case Study #5
Married Couple, Medium Estate, High Risk

Family Assets:

Brokerage Accounts	$1,200,000
401(k)	600,000
Assisted Living Business	500,000 ($600,000 in debt)
Group Homes (equity)	1,200,000 ($800,000 in debt)
Home	700,000
Precious Metals	120,000
Personal Property	60,000
Vehicles	40,000
Cash & Emergency Fund	80,000
Net Worth	**$4,500,000**
Life Insurance Policies (Husband)	4,400,000*
Life Insurance Policies (Wife)	1,400,000*
Total Estate	**$10,300,000**

* Policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, please consider home & auto coverage, analyzing the business insurance, purchasing term life, and starting a family bank for debt elimination and retirement savings. Also consider separate Irrevocable Life Insurance Trust (ILIT) for each policy to eliminate potential estate taxes.



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Case Study #5

The Family Protection Plan

Family Revocable Trust

Inve nt Co.
LLC (C)
100%

Group Home Co.
Corp (S)
60%

Household Checking 100%

Personal Property 100%

LP 90%

LLC 100%

401(k)

Husband's Estate Planning Documents

Wife's Estate Planning Documents

The Business Protection Plan

LLC (C)
Investment Mgmt. Co.

Members:
Family Trust – 100%

Corporation (S)
Group Home Mgmt. Co.

Shareholders:
Family Trust – 60%
Children – 40%

Lease

LP
General Partner
Corporation – 10%
Limited Partner
Family Trust – 90%
"Safe" Assets
Brokerage Account
Precious Metals
Emergency Funds

LLC
Manager
Corporation 0%
Members
Family Trust – 100%
"Unsafe" Assets
Bank Account
3 SMLLCs

SMLLC #1

SMLLC #2

SMLLC #3

ILIT
$4.4M

Husband's Life Insurance
Insured: Husband
Owner: Husband
Beneficiary: ILIT

ILIT
$1.4M

Wife's Life Insurance
Insured: Wife
Owner: Wife
Beneficiary: ILIT

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Case Study #6

Married Couple, Medium Estate, High Risk

Case Study #6
Married Couple, Medium Estate, High Risk

Family Background:

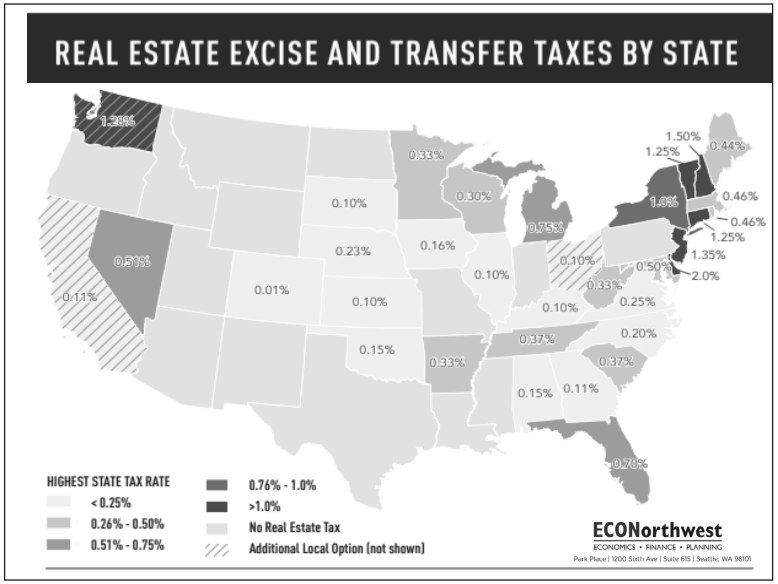
- Married couple, 2nd Marriage for each, don't want to co-mingle assets
- Wife owns a dental practice, has 2 college-age children from a previous marriage
- Husband is retired military
- Husband purchased their primary residence in a state with 100% homestead protection (such as FL or TX)
- Annual Family Income: $500,000

Case Study #6
Married Couple, Medium Estate, High Risk

Family Assets:

Cash/Savings Accounts	$35,000
Husband's IRAs	1,100,000
Wife's Pension Plan	650,000
Business Building	400,000 ($800,000 in debt)
Dental Equipment	300,000
Personal Residence	650,000
Vehicles	65,000
Net Worth	**$3,200,000**
Husband's Life Insurance	1,000,000*
Wife's Life Insurance	5,800,000*
Total Estate	**$10,000,000**

* Policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. For this family, please consider home & auto coverage, analyzing the business insurance, purchasing term life, and starting a family bank for debt. Also consider Group Health Insurance for the employees plus separate ILIT for each life insurance policy to eliminate potential estate taxes.



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The Business Protection Plan

Summary of #6

Professional Corporation (S)
Manages the Dental Practice

Leases

SMLLC (SP)
Dental Collections & Accounting
Employs Children

Funding

SMLLC #3
Dental Building

WY SMLLC #2
"Holding Company"

SMLLC #4
Dental Equipment

The Family Protection Plan

Wife's Qualified Pension Plan

Wife's Life ILIT

Wife's Estate Planning Documents

Wife's Trust

SMLLC #1

SMLLC #2

PC Stock 100%

Personal Property

Household Checking

Husband's Trust

Personal Property

Household Checking

Husband's IRA

Husband's IRA

Husband's Life ILIT

Husband's Estate Planning Documents

Case Study #7

Married Couple, Large Estate, High Risk

Case Study #7
Married Couple, Large Estate, High Risk

Family Background:

- Married couple for 25 years
- Wife is a teacher, they have 4 children together
- Husband is a serial entrepreneur with 40 EINs
- Husband purchased their primary residence in a state with 100% homestead protection (such as FL or TX)
- Annual family income: $1,000,000

Case Study #7
Married Couple, Large Estate, High Risk

Family Assets:

Cash/Savings Accounts	$500,000
Husband's Savings	3,000,000
Wife's Pension Plan	650,000
Business' Buildings	15,000,000 ($10M in debt)
Real Estate Business'	300,000 ($5M in debt)
Personal Residence	650,000
Vehicles	65,000
Net Worth	$20,165,000
Husbands's Life Insurance	30,000,000
Wife's Life Insurance	15,000,000
Total Estate	$65,165,000

* Policy amounts were determined by replacing the family's income X 10 and eliminating the family's debt. Please consider Group Benefits including health insurance for the employees and analyzing the liability policy for the business. Also consider adequate home & auto coverage, purchasing term life, and starting a family bank for debt elimination, and separate ILITs for each life insurance policy to eliminate potential estate taxes.

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Summary of #7

The Business Protection Plan

The Individual Protection Plan

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Closing Comments

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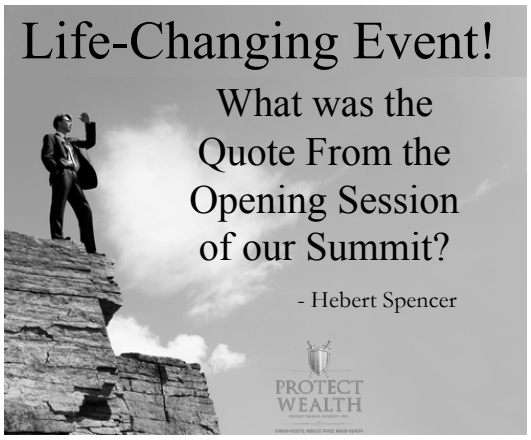

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SHIELD ASSETS, REDUCE TAXES, BUILD WEALTH

The Biggest Mistake Your Can Make?

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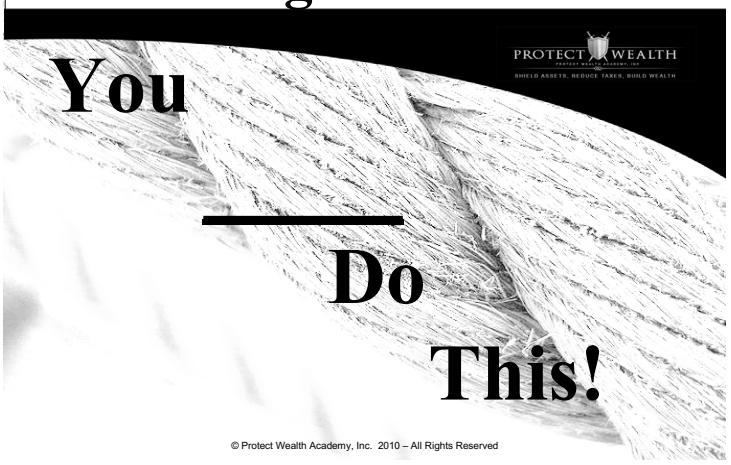

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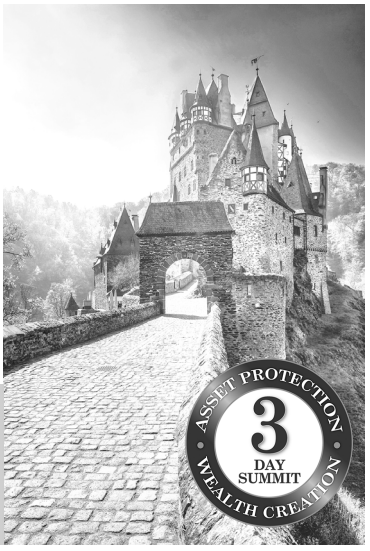

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