

Three Pillars of Protection

How can you protect your assets? It boils down to three basic strategies or *The Three Pillars of Protection*:

1. **Own exempt assets.** The first and simplest strategy is to own assets that have either federal or state statutory protection from lawsuits and creditors. These are *exempt* assets. Conversely, own few (or no assets) that are not exempt or self-protected.
 2. **Title your assets to one or more protective entities.** This tactic prevents your judgment creditor from seizing those sheltered assets. These entities can include a number of domestic or foreign entities.
 3. **Encumber or equity-strip your assets.** Fully mortgage or encumber your exposed assets and protect the loan proceeds to reduce the equity vulnerable to a litigant.
- These are fundamental legal concepts. There is more to asset protection.

Within these protective pillars are eight specific firewalls we frequently use in our planning:

- Federal and state exemptions
- Co-ownerships
- Corporations
- Limited partnerships
- Limited liability companies
- Domestic trusts
- Offshore entities
- Debt-shields

Each firewall has its own unique characteristics, strengths and weaknesses, advantages and disadvantages, applications and instances where they would or would not be used. Presser Goldstein expertly blends these various firewalls into your ideal plan.

There are hundreds of variations on the theme, and numerous other protective entities and strategies that can be used for protection. Most entities and strategies, conceptually, fall within one of these eight firewall categories. For example, limited liability partnerships and limited liability limited partnerships are variations of limited partnerships and limited liability companies. The professional limited liability company (PLLCs) is another variation.

We can't discuss *every* possible firewall in this website. We only present the more common strategies. Our asset protection texts written for lawyers have many more advanced methodologies and legal and financial strategies. These complex arrangements often provide financial as well as protective benefits. Some strategies are more financial than legal. For example, some Presser Goldstein plans employ structured financial products (SFPs). These complex arbitrage arrangements effectively shift wealth between spouses with different liability exposures. We may also use insurance products to shield our client's wealth. Some protective maneuvers are basic. For example, exposed cash can prepay certain expenses or repay a favored creditor.