PLANNING PRINCIPLES

Presser Goldstein plans follows these fundamental rules:

Principle #1: Layer Your Firewalls

Presser Goldstein protection plans don't necessarily use only one firewall to protect a particular asset. No matter how safe or defensible the particular firewall, there's some possibility someone can pierce it. So we layer protection using multiple firewalls. This is 'belt-and–suspenders' protection. If one firewall fails, others are behind it. We can always add more firewalls, if necessary.

The challenge is to know *which* firewalls to use, and *when* to add firewalls against an advancing creditor threat. Asset protection plans often evolve in stages. We start with a *preventative* plan and go to a *crisis* plan only as a creditor threat becomes more imminent.

Plan before you incur a liability and you should need only a good preventative plan. It won't necessarily be your final plan if you are later sued, as we add firewalls that would most protect you in your situation.

Since crisis plans are usually more costly and complex than basic plans, we layer firewalls only after a specific legal threat arises. Until we identify a specific legal threat, it is impossible to prescribe the one best defense. How Presser Goldstein protects assets is greatly influenced by the amount and nature of the claim, the case dynamics, what that specific creditor will likely do to seize assets and many other factors.

But we start with a cost-efficient, simple plan. Not everyone gets sued. Not every lawsuit is wealth-threatening. A serious lawsuit may be fully covered by your insurance. Or your lawsuit may be quickly and favorably settled. Layering firewalls then proceeds in lockstep with the threat if you over-build your plan prematurely, and you lose flexibility.

Ultimately, your plan must give you the greatest safety. No plan is 100 percent guaranteed. If you have no legal problems (or only a possible legal problem), then you want to know what your final plan would be if it's necessary. You'll want to know which firewalls we will use, when we would add each, and how and why each firewall will function to insulate your assets. When you fully understand your plan, you'll sleep more soundly.

Principle #2: Diversify Your Assets

Deploy your assets into different protective baskets. Diversification is sound planning. Never put your eggs into one basket. Force a creditor to pursue your assets dispersed in different directions and protected by different entities. A multi-pronged effort severely handicaps the creditor. A creditor who manages to recover assets from one basket, must still go after the other baskets. Diversification is particularly important when protecting significant wealth. Each ‘basket’ can be quite dissimilar to the others. Combining layering (or defense-in-depth) with diversification, creates an exceptionally strong shield and insurmountable obstacle to even the most determined creditor. That’s the Presser Goldstein objective.

Principle #3: Adopt Counter Offensive Strategies
The old axiom, “The best defense is a good offense” applies to asset protection. Presser Goldstein has a number of ways to impose liability on a creditor pursuing assets. For instance, a creditor who obtains a charging order against a limited partnership or LLC interest can incur the debtor’s tax liability and/or, we can make a creditor who sues a Nevis LLC or trust post a $25,000 bond. Other liabilities can be imposed on a creditor. Quills work for a porcupine. You want your own quills when a predator pursues you. Our planning adds these features to our plan. A creditor must have a downside or risk by pursuing your wealth.

Rule #4: Customize Your Plan
What should be apparent is that there is no one perfect firewall, strategy or plan. We customize your plan to your specific situation. Presser Goldstein has no one-size-fits-all plan. We don’t agree with asset protection planners who peddle that ‘one quick fix’ or ‘magic bullet’ protection. A planner may push Nevada corporations, or offshore trusts, or limited partnerships. These can be effective firewalls. But are they *your* right firewall?
Your asset protection planner must give you the widest range of firewall options, because each firewall is only one more tool. Since no single firewall can be *everybody’s* lawsuit-proofing solution, your planner must expertly use every possible protective device. For instance, some planners don’t use both offshore and domestic (U.S.-based) protective strategies. But, you may need *both* a domestic and offshore plan. Can your planner skillfully provide both? Few planners do.
Other planners protect specific assets – usually for self-serving reasons. Insurance professionals (as asset protection specialists) sell accounts receivable factoring programs to protect receivables from lawsuits. The accounts receivable finances a life insurance policy and the planner earns a commission. But does this make sense for you? Perhaps. But even when it shelters your receivables, will this plan protect your *other* assets?
Your planner must expertly apply the complete arsenal of protective firewalls. Anything less

reduces your options and weakens your safety net. Customize *your* right plan. To do so, your planner must consider many important factors unique to you and your situation:
• your state laws
• the specific assets you must protect; and their value
• what liability (if any) you need protection against
• whether you are in the preventative or crisis planning stage
• your financial (estate planning, investment and tax) situation
• the strategies that you would be most comfortable adopting
• costs
• your personal situation (age, marital status, etc.)

When Presser Goldstein expertly blends these and other considerations, you'll have your customized perfect plan.

Principle #5: Update Your Protection
Good asset protection must also be a continuous process. You may rush to protect yourself once you are sued or anticipate a lawsuit; however, once the threat passes, your plan falls into disuse. That happens and it can be a costly mistake.
Your asset protection plan is only your best plan when it was designed. Time changes your finances, obligations and personal affairs. Laws, available strategies and firewalls also change. Any one change may significantly alter your asset protection plan. So, review your plan annually and with each major event (windfall inheritance, threatened lawsuit, relocation to another state, family change and so forth). Presser Goldstein offers our clients a complimentary annual review to insure they remain well-protected.

Principle #6: Protect Every Asset (With One Exception)
An asset protection plan should insulate every important asset, but more than a few plans fail in this regard – they shelter only certain assets and others remain exposed.
You may overlook and bring to the planner's attention such assets as intangibles (copyrights, patents, notes receivable, claims against others, etc.). Some assets are exempt or self-protected and a planner therefore takes no further steps towards their protection. However, some "exempt" assets are not protected against all creditors, are not protected to their full value, or are assumed to be protected when they are not. Never assume an asset is protected – your advisor should confirm the protection of *every* asset. Nor should one think only in terms of protecting only *personal* assets. If you own a business or personal practice, its assets also must be protected.

Principle #7: Start With a Flexible Plan

No one plan is equally effective against every potential claimant. Asset protection is like football; you need the right defensive line to block a particular offensive line.

For example, protecting assets against a routine civil lawsuit would likely involve a far different strategy than what you need to maximize protection against divorce. How you might protect your assets against a small nuisance lawsuit would logically bear little similarity to where a powerful litigant chased a significant claim.

First and foremost, your plan must best protect you from any known or imminent threat; the danger that probably prompted you to seek asset protection in the first instance.

Beyond that, you cannot always foresee future troubles, so a good preventative plan should give the foundation of *basic* protection. From there you add the specific firewalls to counteract each specific threat as they occur. This requires flexibility so that your plan can be easily built upon or modified to meet future situations; also, it is important to understand the limitations of any particular plan and to modify the plan as necessary whenever a new threat appears.

Principle #8: Keep it 100% Legal

Not too many years ago attorneys questioned the ethics and legality of asset protection – that has changed. No lawyer would today question the legality of asset protection planning and fewer would question its necessity.

Nevertheless, there can be a grey area between legal and illegal asset protection. A good planner will not rely solely upon privacy, help a client conceal assets fraudulently, implement a plan that may require one to commit perjury, violate laws, money launder, commit bankruptcy fraud, or otherwise defraud creditors. That's not good asset protection! You want legal protection, not 'protective' strategies that can only get you into even bigger trouble. If there's something questionable about any proposed plan, seek the advice of qualified legal counsel. There are many perfectly legitimate ways to shield wealth without resorting to questionable practices.

Principle #9: Keep it as Simple as Possible!

Some planners see complexity as the hallmark of a great plan - we don't, necessarily. Although the factors that lead us to choose one strategy over another maybe complex, the implementation and maintenance of the plan itself should usually be relatively straightforward. Whenever possible, simplicity is better. Over-planning is a chronic planning mistake. While layering multiple firewalls is necessary during times of duress, we can frequently accomplish an equal or even superior plan with less complexity! More importantly you and your advisor will better understand and maintain it.

There are many simple ways to protect an asset – exemption planning and equity stripping (encumbering the equity in your assets) are highly effective examples. The goal is not to trade safety for simplicity; but to choose simplicity when a more complex plan gives you only comparable protection.

Above all, you must be able to fully understand their plan. Regardless of its complexity, your advisor should be able to explain the function of each component. If you cannot understand your plan, it is far too complex!

Principle #10: Keep it Cost-Effective

Cost is always important to the design of an asset protection plan. You don't want to spend more than absolutely necessary to obtain protection. So, economy and simplicity go hand-in-hand. On the other hand, you do not want false economy only to end up with a faulty plan.

There are many good, low cost alternatives to more expensive structures and strategies. Cost, of course, is a function of both what a plan is implemented and who the planner is. While a client may comparison shop different planners, it may be difficult to make accurate comparisons.

The lower the price provider may be, the less of a bargain it could become. Is an offshore company organized by an offshore incorporation service really the best option? Are you simply buying protective entities or the expertise to know what structures and strategies should come together as an optimal plan? Again, the artistry metaphor; you need more than colors on a palette to create a fine painting – you must know how to apply them.

Principle #11: Integrate your Plan with Other Financial Goals

Asset protection is one important financial goal; it is not your *only* financial goal. Estate planning, and investment planning (which includes retirement planning) goals are also important. These four financial goals must fit together into one well coordinated, integrated plan!

Principle #12: Contain Liability

Asset protection must do more than protect your assets from creditors. It is equally important for the plan to *contain* liability or insulate you personally from business and other external liabilities and limit creditors to one (or the fewest number of entities). Essentially, this strategy deploys assets in different baskets so a creditor can target the least amount of assets. For example, a plan that shelters a business owner's personal assets is incomplete unless the plan simultaneously contains or limits creditors to the assets of the specific business entities.

Principle #13: Your Plan Must Work!

Everything else is meaningless if your plan fails to achieve its primary purpose – to protect your assets. No planner can guarantee the absolute safety of their plan (and you should be wary of any planner who does); however, you want at least reasonable certainty that your assets can sustain a creditor attack, should it occur. Ultimately, you want your assets as close to 100 percent lawsuit-proof as legally possible. Anything less is *not* a great plan.