

Protecting Your Assets

We have attached several lists or guidance papers along with this from other people, so I'm not going to repeat all of them here. We're going to go over just a few of the things that will help you to protect your assets from a major problem which is a sue happy society. The real issue that people have when they have money is that other people see it and want it.

We highly recommend that you make use of other forms of business so that you can separate your assets to protect them.

Trusts

One of the simplest and best ways to solve this is by not having your assets: house, car, etc. in your name. If someone tries to sue you the first thing they will do is to look at your financial records and find out what your assets really are. If you have no assets in your name they will not sue you—it's called deep pockets.

Most people understand this and therefore go and get a trust to put their assets into. The problem with most trusts is that you lose a lot of maneuverability and ownership of your assets when you put them into a trust. Most trust also only last until you pass away and then your heirs pay inheritance tax, and probably fight over what they're going to get. It is really sad that in this day and age there is so much arguing when somebody dies.

Our recommendation is the business trust. This trust got a bad name because it is a constitution based trust not a statutory trust. Statutory trusts are created by or under the regulation of the IRS. The business trust is under the Constitution's Bill of Rights article 3. Because of that many people tried to say it is not taxable and got into real trouble with the IRS. I am not saying they didn't win and I am not saying that is not taxable I am saying that if you put a business trust together, pay taxes on it, then you won't have any problems.

The really good thing about the business trust is that instead of beneficiaries, they have certificate holders. Then they have a creator that holds the assets for about five minutes and appoints the trustees. The interesting thing about business trust is that you can be a certificate holder and a trustee which is something that other trusts do not have; therefore you have both ownership and control. And you state your successor trustee(s), so if you should pass away your successor trustee(s) simply takes over as opposed to paying inheritance tax.

There is so much that is good about the business trust that we actually have under our sales page people who will sell you and help you set up a business trust. There are much better explanations of a business trust there as well.

Liens

Liens—UCC1 liens are the most common that you will deal with—are really interesting propositions. Did you know that anyone can file a lien against someone without any proof or any paperwork except the actual filing fee? Enforcement of liens only happens when you go to sell an asset. One of the purposes of escrow, when you're selling a house, is to make sure that anyone who has a lien against the property gets paid off so that the person buying the property will have a clean and clear title. People who have liens against the property have a certain

period of time where they have to present proof of that lien or request for payment with proof so that they can get paid when the property is sold.

So what is to prevent you from putting a lien against your own house? First of all the lien needs to be not in your name or the same name that owns the house. That is easily fixed, I'm sure you can think of many ways that you could do this.

Why would you do this? Well if you had a house that was paid for and worth one hundred thousand dollars, and you put a lien against it for \$125,000, when anyone was looking up your house they would see that there's no equity or money to be had out of it so they would not bother to sue you—no deep pockets.

This will affect your credit score for about six months, but if you already have your house it won't make any difference (see the section below on why you may not want a high credit score) and if you go to sell your house all you have to do is submit another paper stating that lien is released.

You can file liens against anything. For instance if you have money in the bank, or other assets like that, is under a trust name you can file a lien against that trust and that would do the same thing. You could do this even if it was in a business name or LLC that you have your cash in.

Why you may not want a good credit score! (Identity theft protection)

I get a lot of people looking at me funny (OK some even shout at me) when I bring up this topic. But before you get crazy, think about where you are at in your life and what you want.

So first, let's look at what you need a good credit score for before we go off the deep end.

1. Buying a home
2. Getting credit cards
3. Buying car insurance
4. Buying home insurance
5. Getting personal loans
6. Getting business loans

You obviously need a good credit score to get these things, but does it have to be YOU that gets it? Or can you create a separate entity from you that owns everything, but is really hard to steal money from?

I go into this more in Asset Protection but this is something you really need to look at.

Do you need to personally own your assets? Or can you just have complete control of them?

Most people, in our credit crazy society, feel their personal worth is the size of their credit score! That shows that they have succeeded. It also leads to overspending on credit, a way for identity thieves to get lots of money and an open invitation to frivolous lawsuits.

If you are just starting out, or restarting from catastrophes in your life, I feel for you, but want to make the same suggestion to you that I would make to anyone at anytime in life: start a business—make it an Limited Liability Company (LLC)—have the company get a good credit score.

If you have enough money to need asset protection, get a Business Trust, have it open an LLC and get the LLC a good credit score.

Separating you from your assets (house, car, boat, business, etc.) separates you from Identity Theft, frivolous lawsuits, scam artists and friends who only like you for your money.

Buying a home

In the normal course of affairs you need a good score to buy a home. If your life is normal then yes you need to create a good credit score to qualify to buy a home (See how to get a good credit score). Once you have the home, check out our real estate an asset protection training in order to keep your home.

If you are buying a home for cash either from a windfall or a gift, you definitely do not need to have a good credit score. Again check out our real estate section and learn how to protect your home from all the nastiness that is out there

Getting credit cards

Again get your LLC to have good credit and get the credit cards in the business name so they are not yours even though at first you may have to either do a prepaid card or use your own personal credit to guarantee it.

If they are not in your name, people can't steal them.

Buying car insurance

Many people do not know that when you buy car insurance your rate actually depends on your credit score. But because of this you have a separate credit score that applies to insurance which really deals in are you paying your bills regularly. You could be a responsible person and have negative things on your credit like medical bills etc. that won't really deal with will you pay your car insurance and are you are responsible person. So the credit agencies actually have a separate area for that credit score.

Buying home insurance

Same as car insurance but they actually separate that from your car insurance number. Don't know why, just maybe they figure your driving record can be weird and your home could be different.

Getting personal loans

Again building up your business LLC's credit is a better concept to deal with. And personal loans are really not the way to go—you can't write off the interest usually and they are really hard to get. Buying something from the store and making payments on it is a little bit different and is easier to do, but again if you could do it under your LLC you would be much better off. By the way that means thieves couldn't buy their own furniture under your credit either.

Getting business loans

Again if you're working on your business getting a good credit score, it is much easier to get business loans. Remember that business loan interest is an expense and can be deducted from your income.

So why do you not want to good credit score? Identity theft protection.