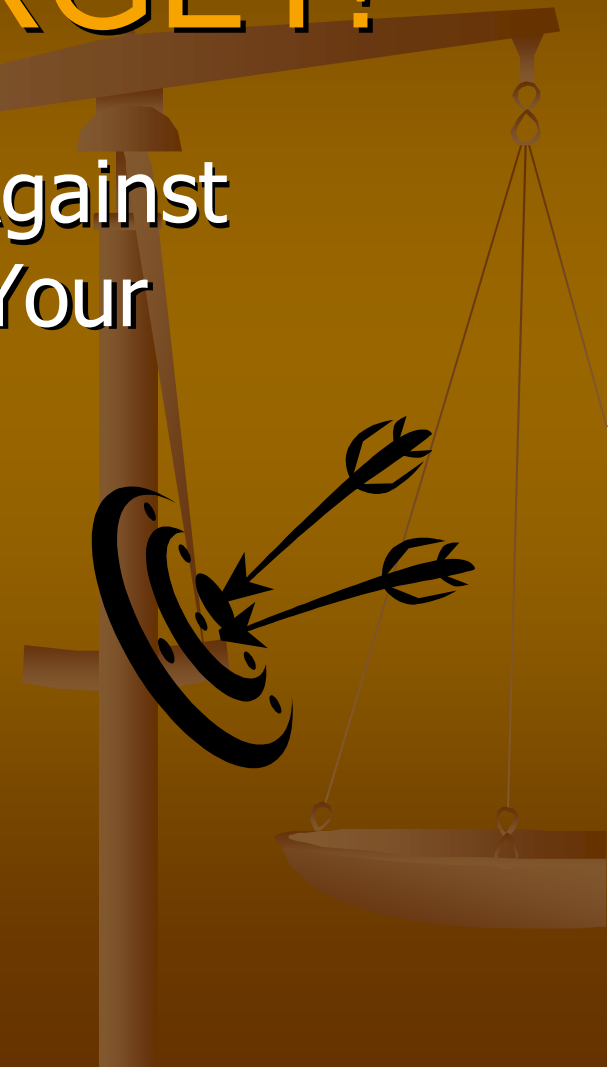


# DON'T BE A TARGET!

## How to Protect Yourself Against Lawsuits and Preserve Your Assets



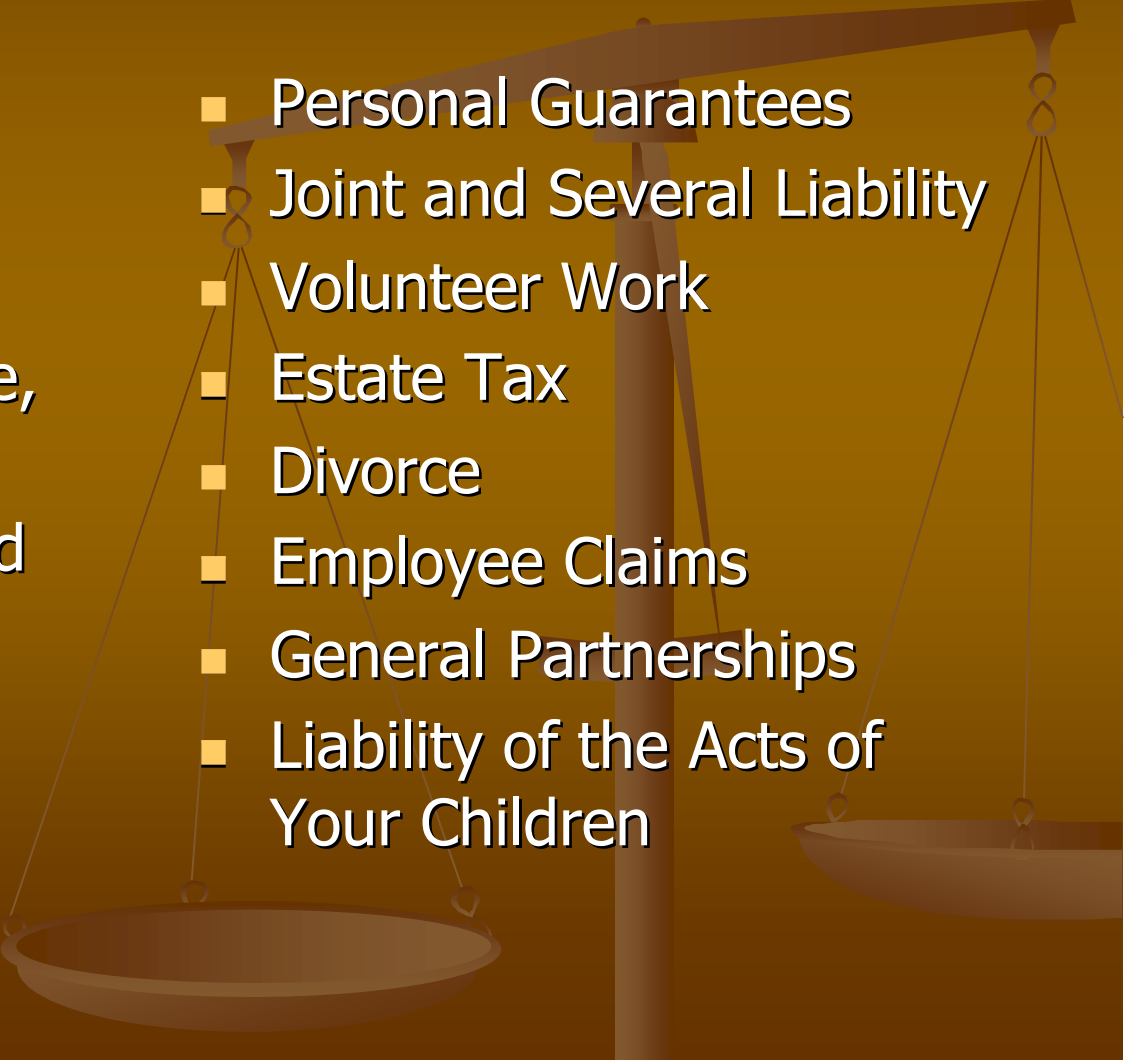
Bruce E. Kauffman, Esquire  
Kauffman and Forman, P.A.  
ASA of Baltimore  
October 2, 2007

# LAWSUITS

- 70,000 Civil Lawsuits Filed Every Day in America Target Small Business Owners
- There are 880,000 Lawyers in America, as Opposed to 13,500 in Japan
- 1 out of 10 Americans Will Be Sued

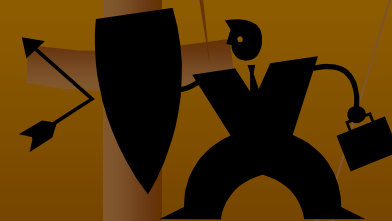
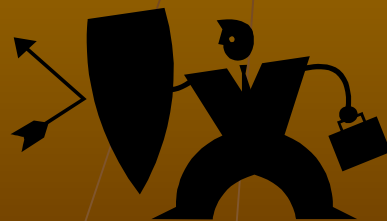
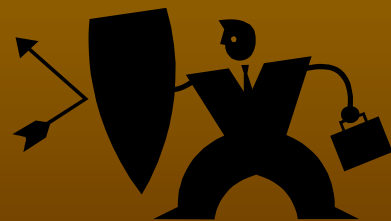


# Know Your Risk!

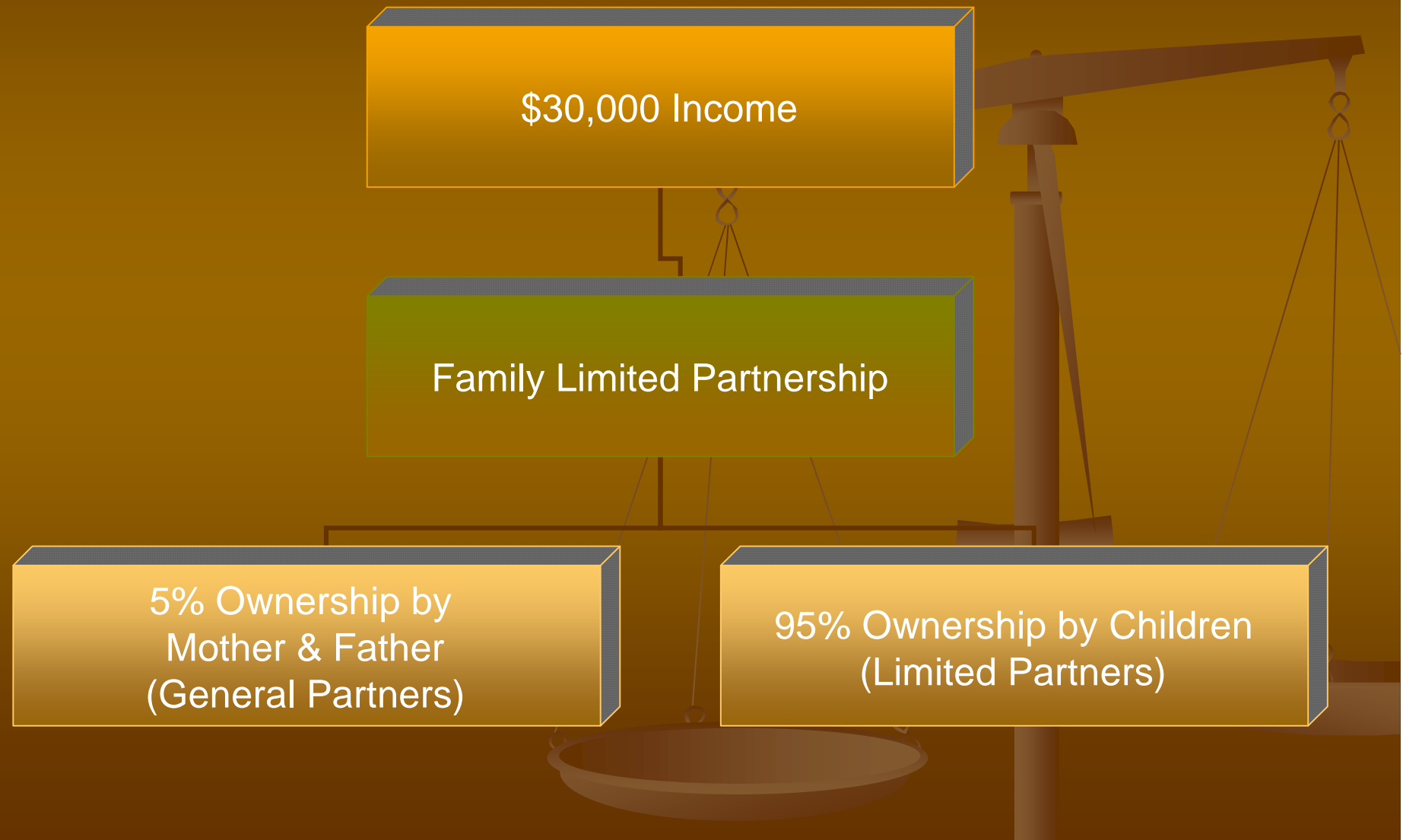
- 
- Business Liability
  - Property Ownership
  - Investment Property
  - Accidents (Automobile, Boat & Home)
  - Board of Directors and Officers Liability
  - Vicarious Liability
  - Personal Guarantees
  - Joint and Several Liability
  - Volunteer Work
  - Estate Tax
  - Divorce
  - Employee Claims
  - General Partnerships
  - Liability of the Acts of Your Children

# Business Protection

- Corporations
- Limited Liability Companies (LLC's)
- Limited Liability Partnerships (LLP's)
- Family Limited Partnerships (FLP's)



# Family Limited Partnerships



# Property Ownership: Joint Ownership

## Beneficial

- Tenants by the Entireties (Spouses)



## Detrimental

- Joint Tenancy with Family Members
- Joint Ventures
- Joint and Several Liability



# Beware of Personal Guarantees

- Office and Equipment Leases
- Partnership Agreements
- Joint and Several Liabilities
- Bank Loans
- Debts of Another
- Payment and Performance Bonds
- Leases
- Subcontracts



Divorce:

A Sure Way to Lose Your  
Assets







**STAY MARRIED!!**

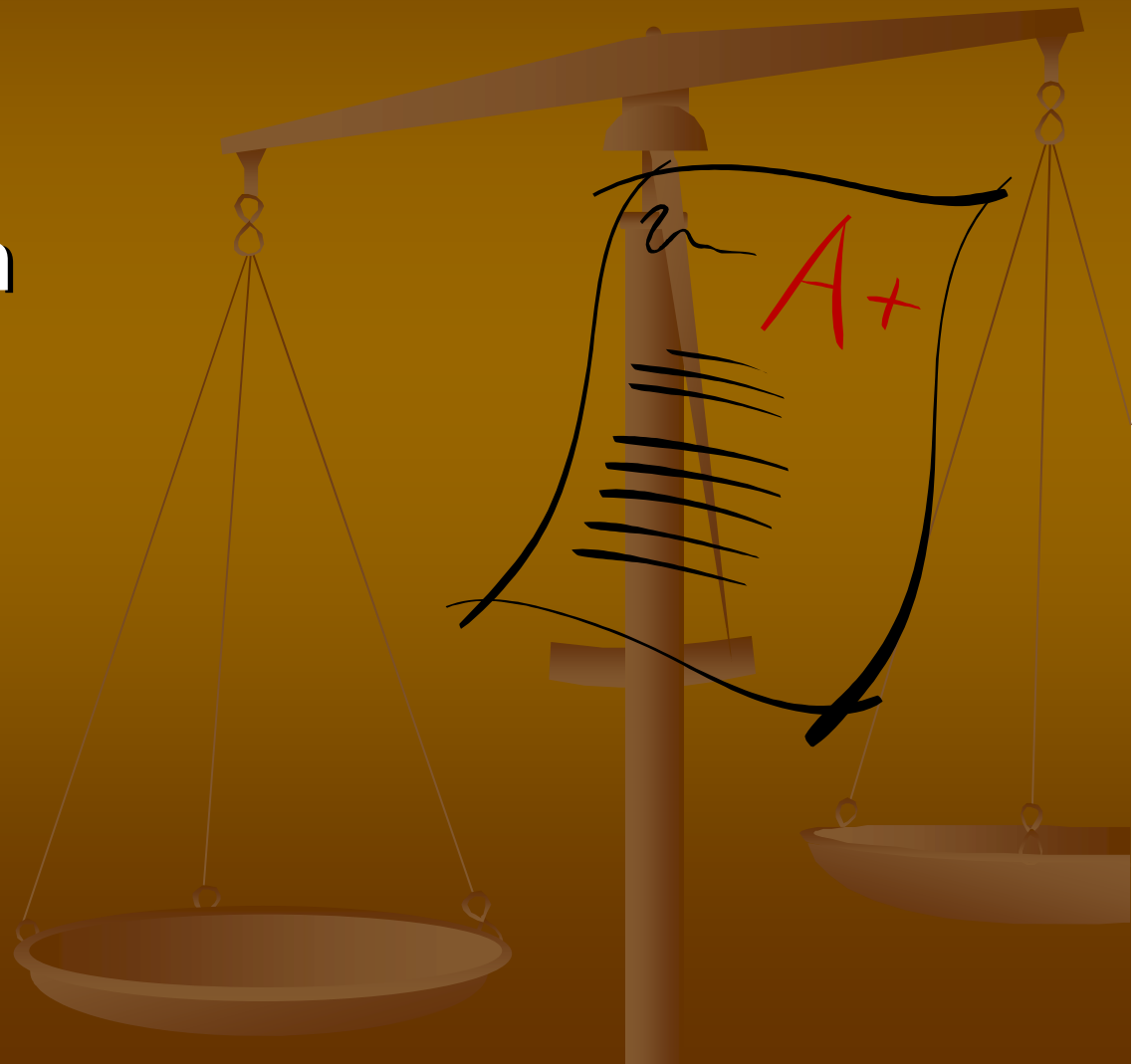
# The Four A's of a Successful Marriage:

Attention

Appreciation

Affection

Acceptance



Don't Make  
the Same  
Mistake  
Twice

Prenuptial Agreement

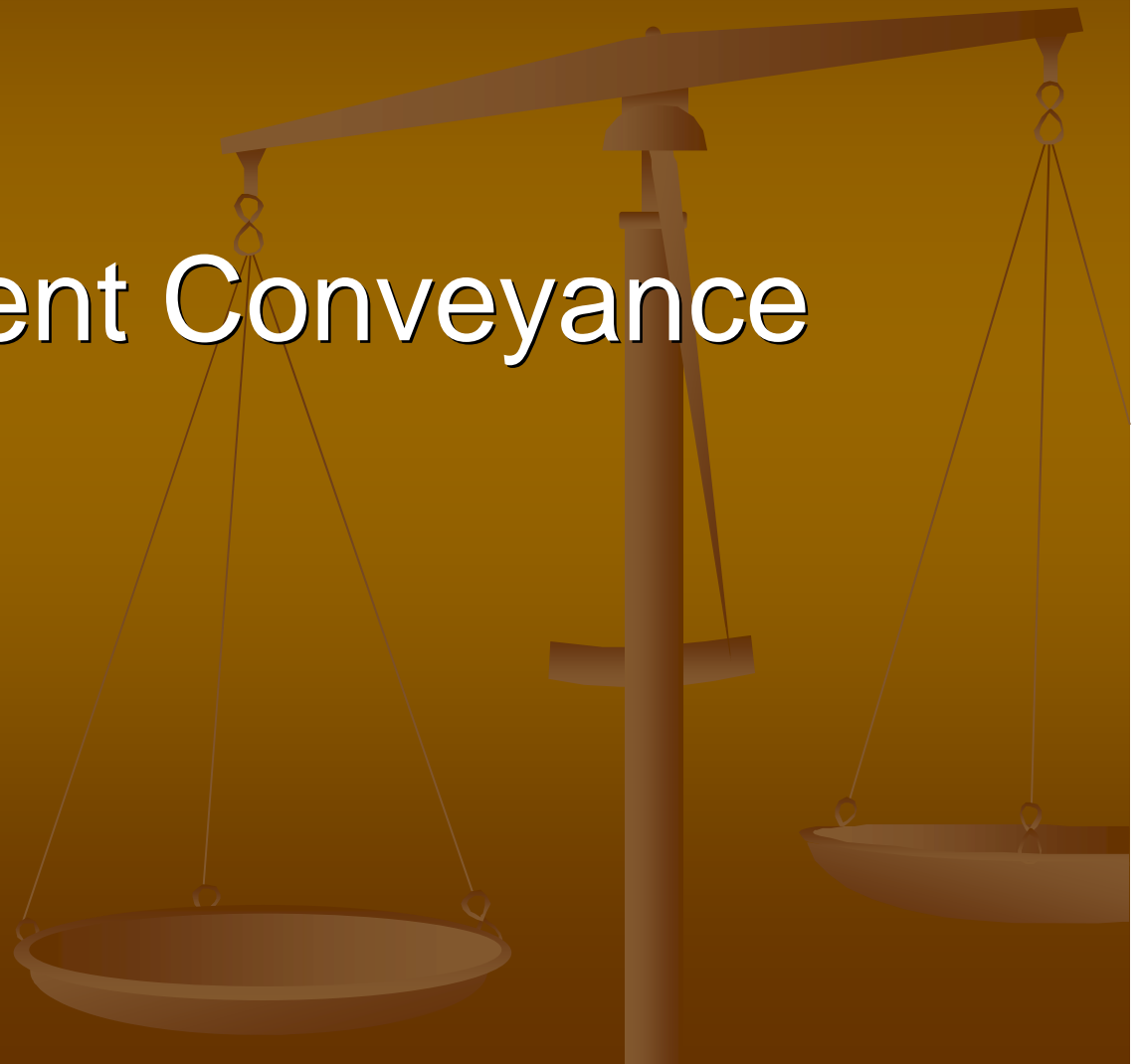


# Protecting your Assets from Divorce

- Pre-Nuptial Agreements
- Trusts
- Family Limited Partnerships
- Tilting of Assets
- Insurance



# Fraudulent Conveyance




# Insurance



# Insurance

- Automobile
- Uninsured Motorist Coverage
- Homeowners
- Disability

- 
- Property & General Liability
  - Officers & Directors
  - Rental Property
  - Employee Practice
  - Umbrella

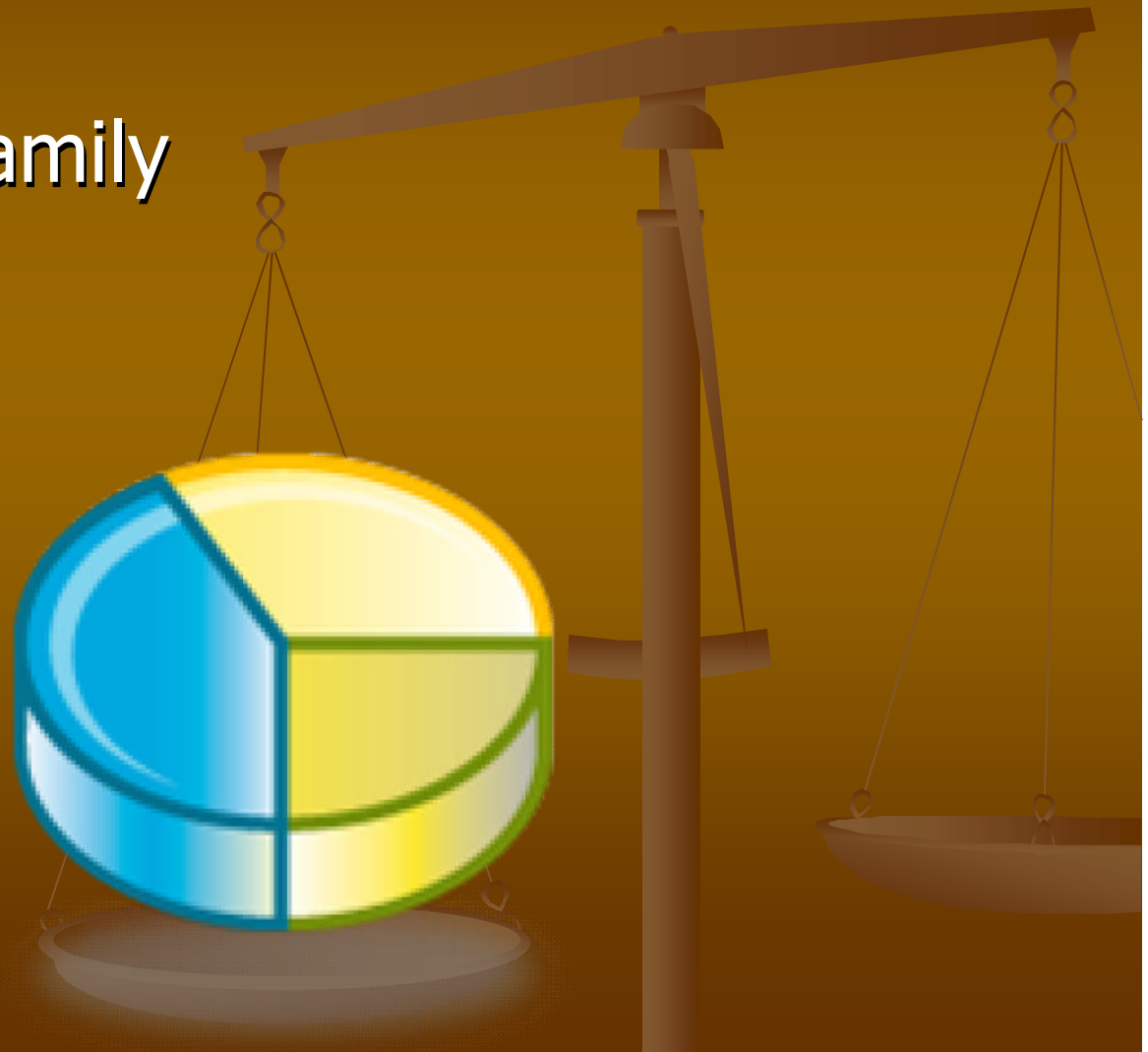
Use Last Wills and Testaments  
to Protect Your Assets and  
Minimize Your Estate Taxes





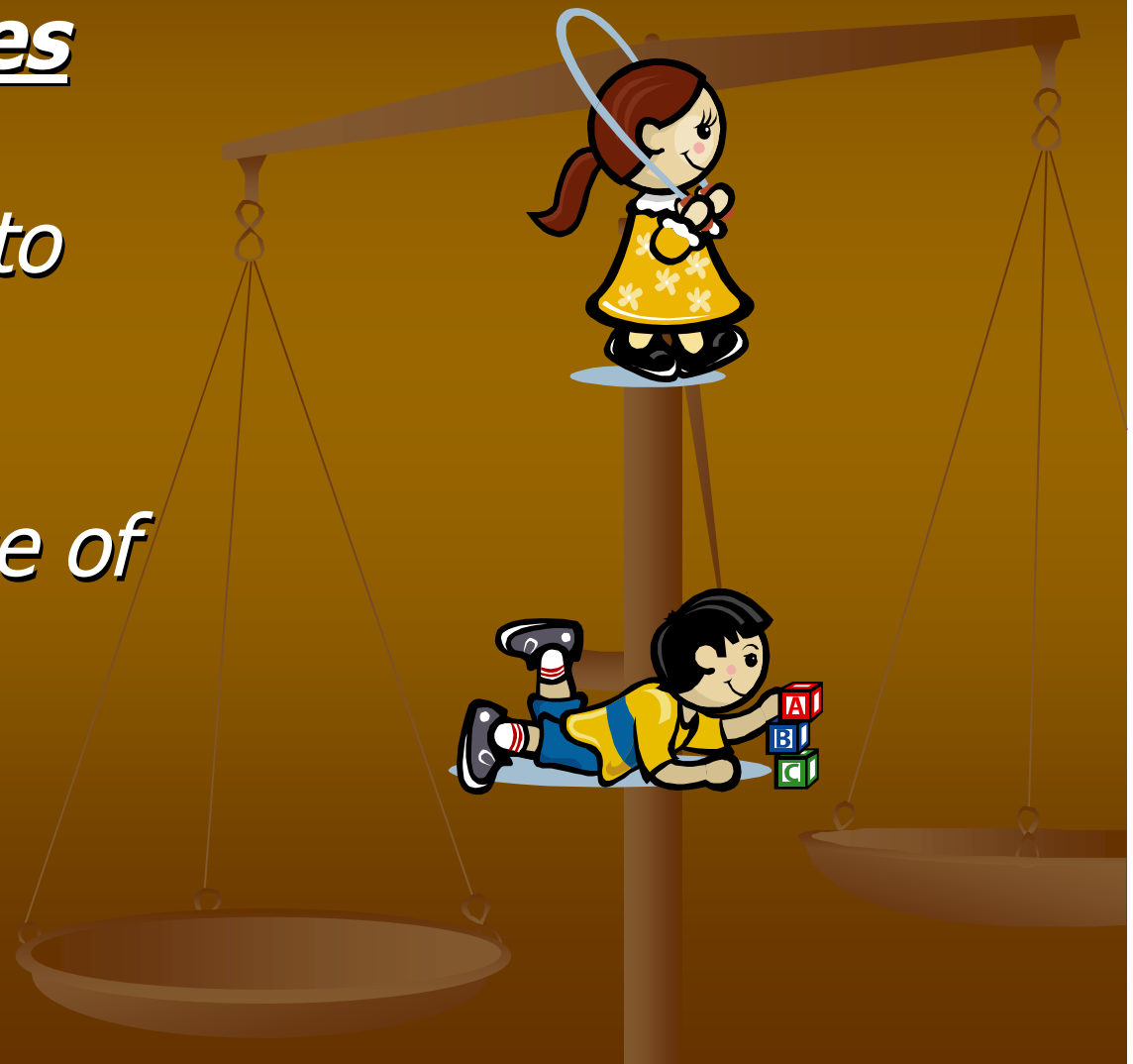
# 3 Beneficiaries of Your Estate

- Children and Family
- Charity
- IRS



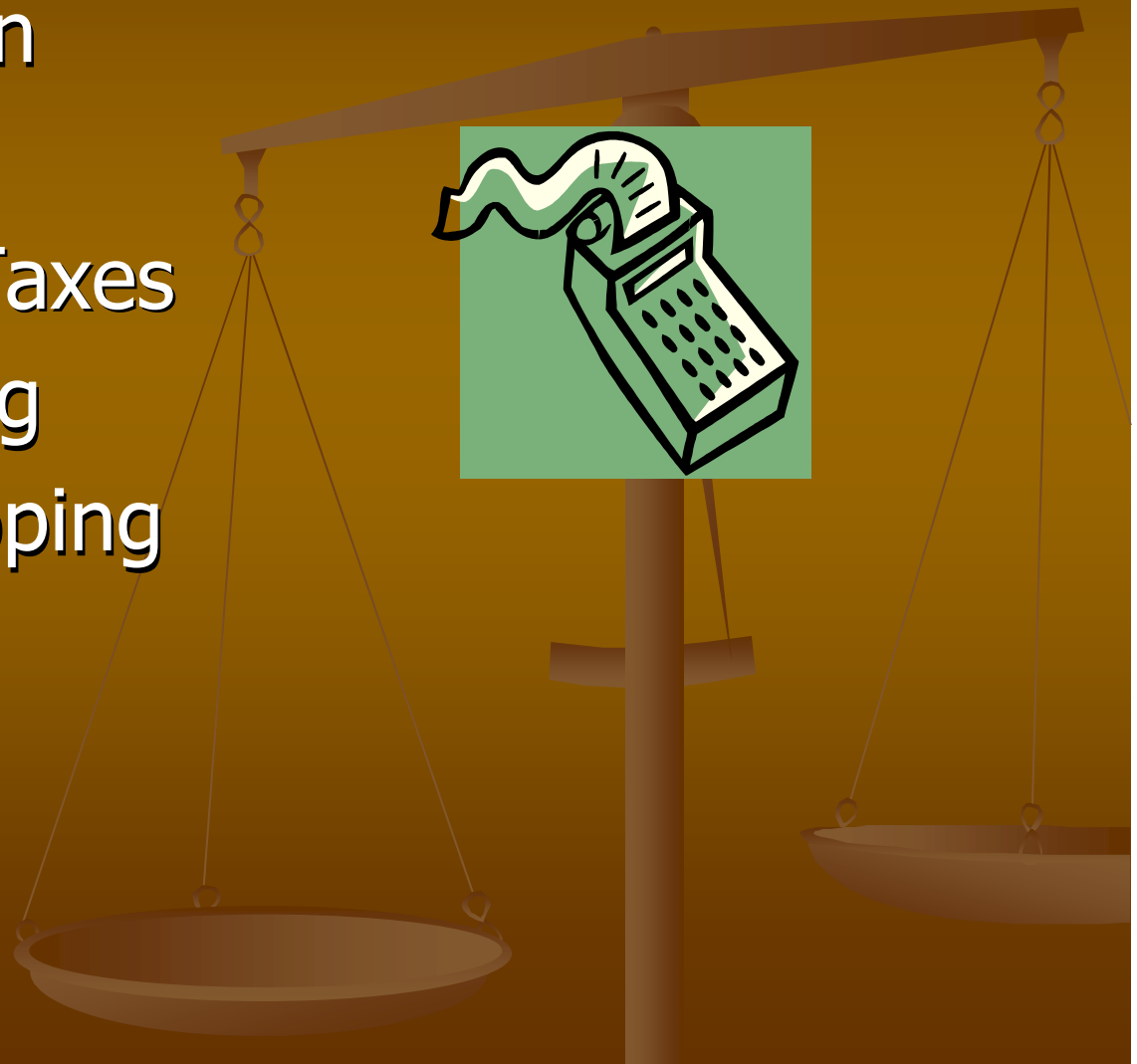
# Utilize Tax Provisions

**Minimize Taxes**  
**and Maximize**  
**Distributions** to  
Children and  
Grandchildren,  
Through the Use of  
Available Tax  
Provisions



# Primary Tax Provisions

- Annual Exclusion
- Unified Credit
- Gift vs. Estate Taxes
- Charitable Giving
- Generation-Skipping Exemption

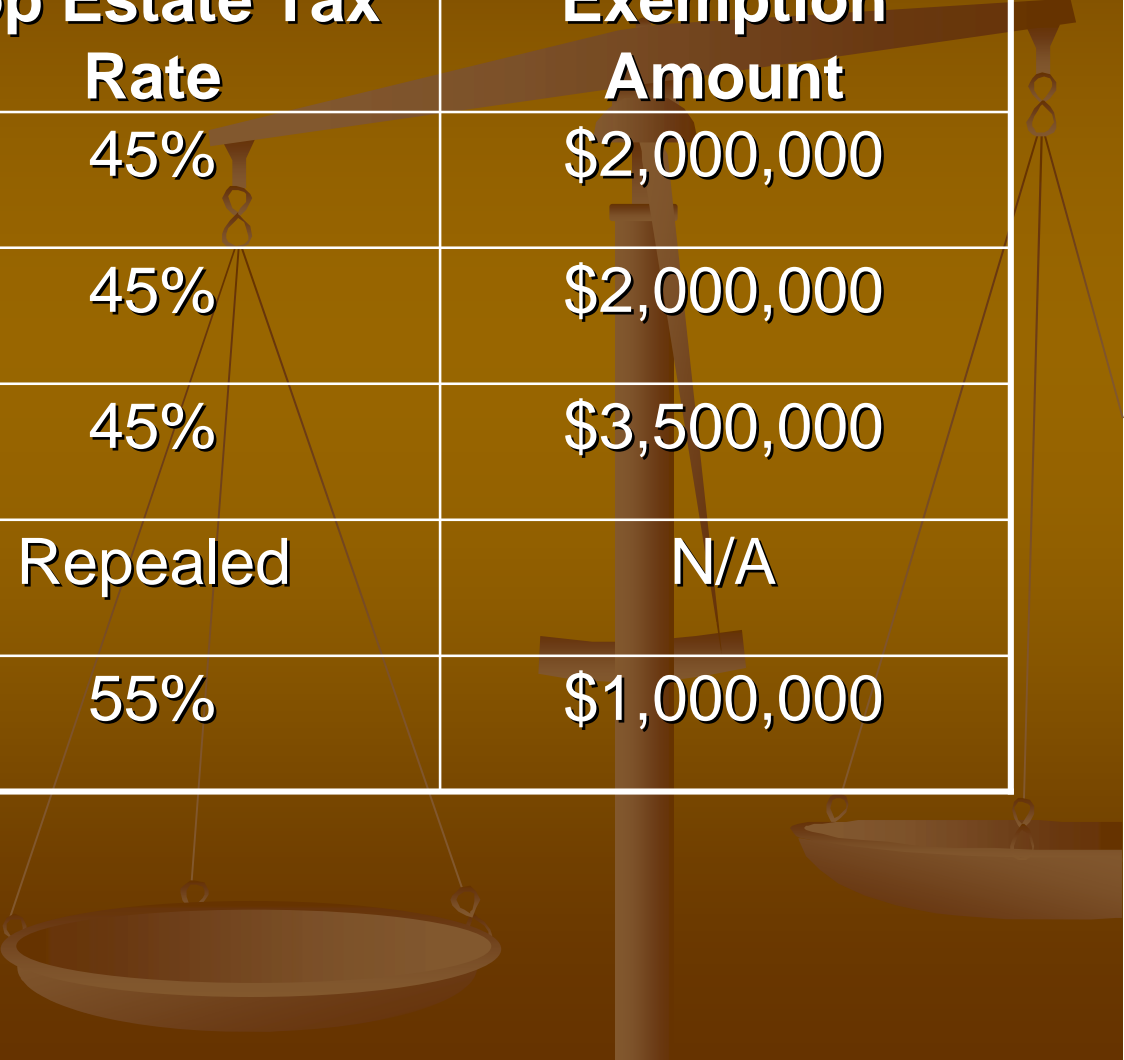


# Estate Tax Planning

- Wills
- Irrevocable Life Insurance Trusts
- Spendthrift Trusts



# EXEMPTION AMOUNT PHASE-OUT SCHEDULE



YEAR	Top Estate Tax Rate	Exemption Amount
2007	45%	\$2,000,000
2008	45%	\$2,000,000
2009	45%	\$3,500,000
2010	Repealed	N/A
2011	55%	\$1,000,000

# Assets to Subject to Your Last Will and Testament

## Not Covered:

- Joint Assets
- Life Insurance
- Retirement Plans
- Annuities

## Covered:

- Assets in Your Own Name



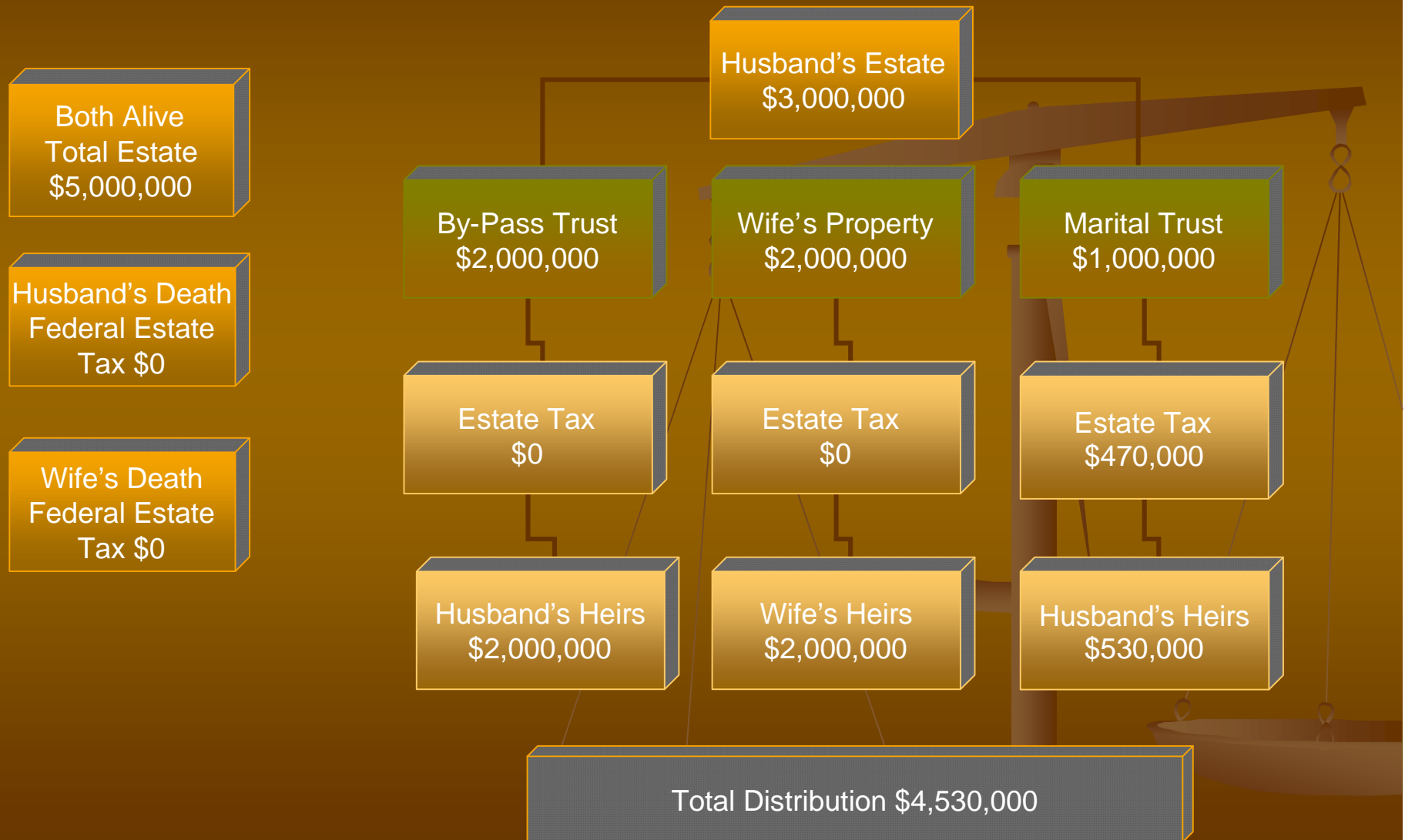
# Marital Trust By-Pass Trust

- Spendthrift Provisions
- Discretionary Payment



# Will and Trust Planning

## By-Pass, Marital Trust Will





# DISCLAIMER TRUST

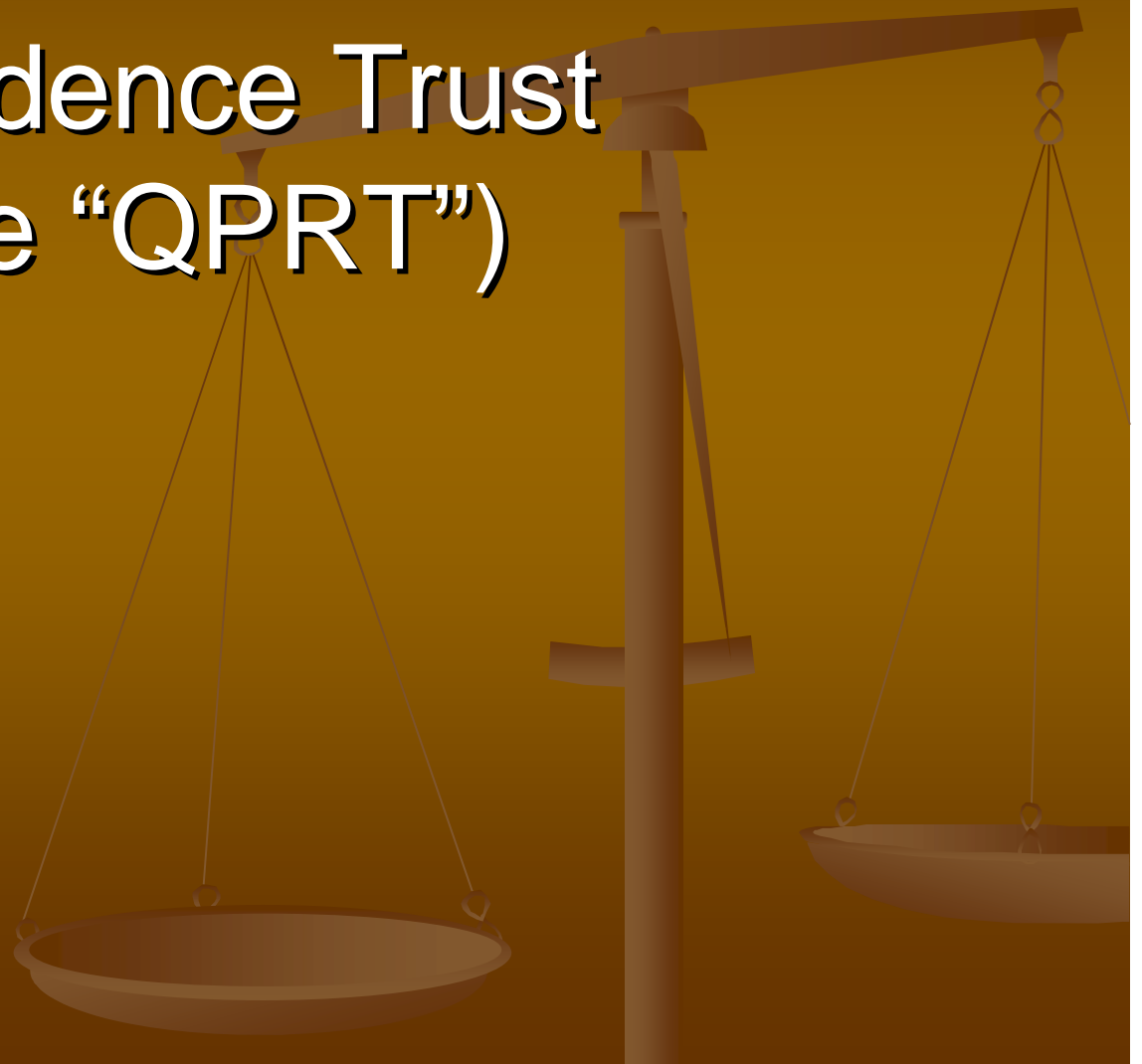


# Generation-Skipping Dynasty Trust

- Discretionary Payments
- Spendthrift Trust



# Qualified Personal Residence Trust (the “QPRT”)



# Annual Gift Tax Exclusion

- \$12,000 Per Donee, Per Year
- Applies to Gifts of Present Interest
- Gifts to Trust May Qualify as Present Interest Gifts
  - *For Example, the Donee May Be Given the Right to Withdraw Property Gifted to a Trust for a Limited Time*



# The Life Insurance Trust



# Survivorship Life Insurance Policy

- **LESS** Expensive Than Individual Policies

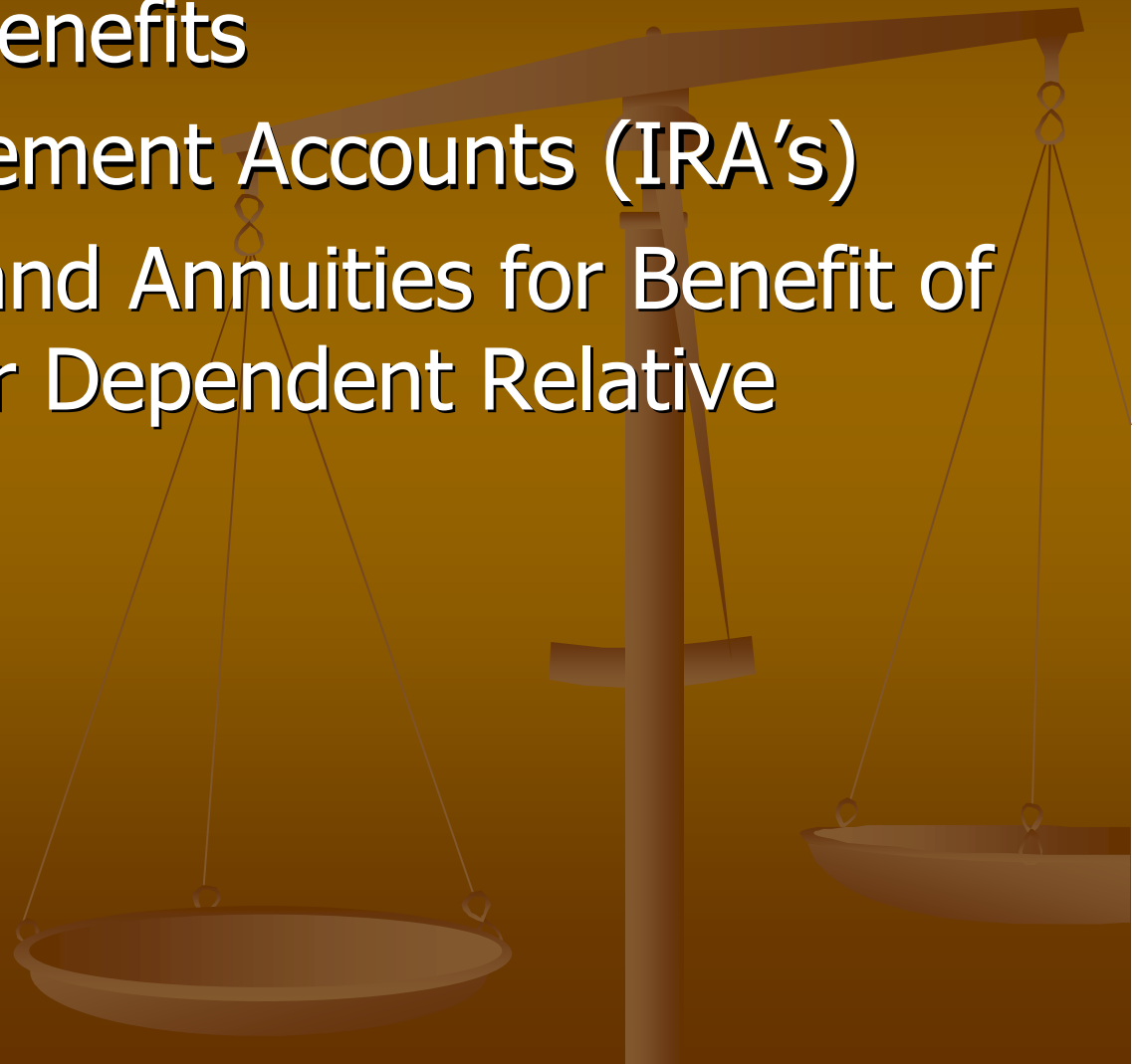


# Qualified Plans



# Exemptions from Creditor Attachments

- Qualified Plan Benefits
- Individual Retirement Accounts (IRA's)
- Life Insurance and Annuities for Benefit of Spouse, Child or Dependent Relative





# Don't Wait Until It's Too Late

- Identify Where You Are At Risk
- Know the Tools & Techniques Available
- Seek Professional Advice
- **START NOW!**

