



# ASSET AND WEALTH PROTECTION

*Executive Summary*



- / Chartered Accountants
- / Business & Tax Consultants
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*A history of shaping financial success*

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## *There are many threats which can severely reduce your net wealth and cause assets to be taken from you.*

Threats include potential liability in relation to the following:

- When economic conditions are not great many businesses suffer falls in profitability leading to the business trading insolvently, and potential bankruptcy.
- Business creditors are more aware of the need to take action sooner to recover unpaid debts.
- Society has become more controversial in recent years, which means more people look at legal action as a remedy or even an opportunity (for example personal injury claims or unfair dismissal).
- For many business structures you can be held financially responsible for actions of the business partners.
- Personal liability can be imposed under law for the actions of company directors.
- The increase in relationship breakdowns.
- A business owner passing away can lead to significant business and financial issues.

At its core, the concept of asset protection essentially involves separating the ownership of assets from identified risks, in order to protect assets in the event disaster strikes (e.g. a lawsuit or a business becoming insolvent).

Asset protection is not only for those in business. For example, asset protection must also be considered by those with investment assets, particularly in the context of establishing an estate plan that provides asset protection for future generations. Furthermore, asset protection is not only for the wealthy. In fact, asset protection strategies are most effective if implemented prior to generating significant wealth.

Unfortunately, devising an effective asset protection strategy can be quite challenging. This is because there are many, and often conflicting factors which assume differing degrees of importance from one person to the next, that must be considered.

As a starting point, devising an asset protection strategy involves identifying the following:

- Identify the investment and business assets you (and your spouse) own and what assets you are likely to accumulate in the future, along with an understanding of the current group structure. For example, you may have established a discretionary trust to hold investment assets, or a company/ trust to carry on a business. Alternatively, you may currently have more simple affairs where assets (if any) are held in individual names.
- Identify what, or who, the assets are to be protected against. This is basically an assessment of the risks or threats involved with the activities undertaken by you (and relevant family members) and the assets that may be exposed as a result of these risks.
- Understand your risk profile and tolerance to risk.

## BASIC ASSET PROTECTION STRATEGIES

1

### MINIMISE EXPOSURE TO RISK

(minimise the chance of something going wrong)

- Strong financial management
- Quality control procedures
- Systemised business processes
- Strong workplace health and safety systems and policies
- Strong internal and external communication
- Getting good advice

2

### INSURING AGAINST THE RISK

(Provide financial compensation for costs)

- Life, income protection and trauma insurance
- Public liability insurance
- Key man insurance
- Business interruption insurance
- Business asset insurance - building, contents, vehicles ect
- Home insurance

3

### AVOID OWNING ASSETS

- Despite strategies 1 & 2, there can still be circumstances where significant payouts arise, hence high risk individuals should avoid owning assets.

## FOR MORE INFORMATION CONTACT



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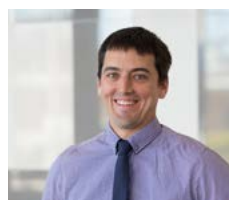
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