

12 Smart Ways to Protect Your Assets

Smart Way #1: Make a promise to yourself -- now. Make a personal commitment to yourself and your family that you will do everything possible to protect your family and your assets.

Smart Way #2: Identify your personal and financial goals. If you could have anything you want, personally and financially, what would it be? What are your dreams? How do you and your spouse want to spend your retirement years?

Smart Way #3: Discover which tools you can use to achieve those goals. You have many legal tools at your disposal that, when used correctly, will create exactly the plan you want for yourself and your family. Ask your estate planning attorney to explain the tools that will achieve your personal and financial goals.

Smart Way #4: Avoid probate and the Court system, as appropriate. Create a family estate plan that, upon your death, distributes your assets to your heirs without going through the Court-supervised process called probate. Most often a Revocable Living Trust is used for this purpose.

Smart Way #5: Reduce income taxes whenever possible. Create a family asset protection plan that eliminates unnecessary income and capital gains taxes and minimizes all other taxes. Without proper planning, much of your estate can be lost to various types of taxes.

Smart Way #6: Protect yourself with insurance. Lawsuits can quickly tie up your assets. And if the other party wins the lawsuit, the judgment against you could quickly deplete your funds. If you drive frequently, own rental property, or operate a business, buy an umbrella liability policy that protects your assets from lawsuits.

Smart Way #7: Provide for future health care and financial decisions. Your family estate plan should protect you and your spouse if the time comes when either of you cannot make decisions. Your estate planning attorney can make sure you have the legal documents in place so a competent, trusted person can make these important decisions according to your wishes.

Smart Way #8: Plan now to fund nursing home care. Sadly, many people think the only way they can pay for their nursing home care is by spending down their estate. But, in fact, you can fund your long-term care in ways that do not require that you spend down your estate. One common way is with long-term care insurance. Don't wait until it's too late to decide how to fund your nursing home care. Do it now, long before you need it.

Smart Way #9: Think about future housing options. Start from the perspective of where you would like to live. Then, determine if you could afford this option by comparing your monthly income along with your life savings to the initial cost and the ongoing financial commitment you would have to make. Make sure you consider (1)

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your healthcare needs that will not be covered by insurance, (2) financial security for your surviving spouse, and (3) your desire to pass on a legacy to your children.

Smart Way #10: Keep all control within your family. If you don't plan properly, you could find that a friend or relative has petitioned the Court to intervene on your behalf. Once a judge gets involved, you have ongoing legal and accounting expenses, plus more problems and hassles than you would ever want to endure. The smart way to plan for your later years is to keep total control within your family.

Smart Way #11: Keep the lines of communication open within your family. If one of your children will be managing your finances, you should take specific steps to help him or her avoid conflict within your family. Insist that your child disclose to other family members what has been done on your behalf. You can do this by adding this instruction to your Trust or General Durable Power of Attorney. By doing this, you accomplish two things: One, you keep everyone in the loop so feelings of distrust are eliminated. And two, you reduce the risks of financial abuse because other family members will know how your finances are being managed.

Smart Way #12: Review your plan at least once a year. Every time your circumstances change or your goals change, you should change your estate plan. If your plan is not up to date, the unintended consequences to you and your family could be disastrous. Make an appointment at least every year to meet with your estate planning attorney. Then, you can go over your plan and discuss any changes in your life circumstances.