



LEGACY
PROTECTION
LAWYERS, LLP

What's the Point of Asset Protection?

As a successful business owner, you know how important asset protection is. However, many business owners look past an important question when protecting their assets: "Why am I doing this?" A cursory glance at that question might make an owner say, "Because I've worked hard to create what I've got." But that raises another question: "How is your hard work connected to what you now own?"

This isn't a semantic trick, either. It's important for you to know the reason behind asset protection so that you can implement strategies that allow you to use the assets you protected to achieve your purpose. Today, we'll look at how you can more confidently answer the question, "What's the point of asset protection?" and begin focusing on ways to best use the things that you protect to achieve your goals.

Before we dive too far in, an important reminder: Achieving and maintaining financial security is almost certainly one of your most important goals. We'll always keep this in mind.

Start With "Why?"

There are countless reasons why you may have started your business. The freedom to be your own boss. Personal pride in your company's mission. A chance to grow your wealth and give your family a comfortable life. To improve your community.

Regardless, you're still in business now because you have goals. Knowing precisely what those goals are is the initial thrust behind asset protection.

Determining your goals motivates you to protect your assets. More importantly, it can help reveal the most efficient and effective strategies for protecting your assets to *achieve your specific goals*.

For example, if protecting your wealth so you can pass it to future generations is most important, you may



**William Battle McQueen, CPA, JD, LL.M.,
CEXP**

Bill@LegacyProtectionLawyers.com

Legacy Protection Lawyers
<http://LegacyProtectionLawyers.com>

100 - 2nd Avenue South
Suite 900

St. Petersburg, FL 33701

(727) 471-5868

dedicate more time to planning for the most efficient ways to transfer that wealth. This may include gifting ownership in the business to family, separating some assets into a new operating entity, reducing personal guarantees from your business, or implementing strategies to manage and reduce taxes you pay during and after ownership.

Another example: If keeping the business in your community is most important, you may create plans that train and motivate inside employees to eventually take the reins. You might also create plans that encourage third-party buyers to keep the business local. You might even use some of the wealth your business has given you to benefit charitable organizations in your community. These approaches are also a form of asset protection, as you protect your ability to benefit those close to home.

While achieving financial independence is paramount, you should also know why else you're protecting your assets. Knowing why can help you plan more appropriately and make life—both inside and outside the business—more fulfilling.

Next, Ask “How?”

After you determine why you're protecting your business and other assets (i.e., your personal and business goals), it's important to determine how you want to use your assets.

For instance, after assuring your personal financial independence, you may want to use your assets to send all of your grandchildren to college. To plan this successfully, you need to know *what you currently have* and *what you'll eventually need* to achieve goals like this.

This is what we call *addressing the Asset Gap*. Generally, there are four aspects to consider when addressing your Asset Gap:

1. The current value and expected growth rate of the business
2. The future performance of all non-business assets (e.g., investments)
3. The amount of money you expect to spend going forward
4. The life expectancies of you and your spouse/partner

Addressing your Asset Gap can help you plan and act in ways that help you not only protect your assets but also eventually use those assets in ways you want to use them. As you can imagine, many business owners have one set of expectations for how they'll manage and protect their assets during the years in which they rely on their business as their primary source of security, and a different set of plans for future years when some of the business goals have been achieved. So, looking at your financial situation today, and also at what you want it to be at various points in the future, can help you plan to fill your Asset Gap and meet a series of goals.

Then, Ask “What's Next?”

Knowing *why* you're protecting your assets can provide focus. Knowing *how* you want to use your assets

provides motivation. The final overarching step is to figure out *what you need to do next*.

For example, if you want to sell your business to an employee or group of employees, you'd want to propose a method and schedule of ownership transition before implementing your plan. It's a sinking feeling to create a plan only to find out that your wants don't match the wants of the people you're relying on to achieve your goals. Bringing the right people into the conversation and planning at the right time can help protect the integrity of the plan and improve the possibility that it will be a success.

Likewise, if you want to use your assets to provide your family a comfortable life, you may consider creating a business continuity plan. This can protect your family and your business (which is likely your most valuable asset) if you were to die or become incapacitated unexpectedly. This is yet another way to use the concept of asset protection in your regular business planning.

Overall, we encourage you to think of the topic of asset protection as something that is much more broad than you might have expected. Protecting your goals, the people you care about, and your desired future are just as important as protecting assets from more immediate threats.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial professional. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial professional. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.