The Corporate Tools to Eliminate Lawsuits & Reduce Your Tax Burden

Your Presenter:
Art McOmber
United States:

5% World Population

Lawsuits

80%-85% of Lawsuits Worldwide take place in U.S.A

Medical Professionals Most Often Sued Occupation
A Lawsuit is Born...

**Cause:** You Often Cannot Control

**Motivation:** You Must Always Control
Asset Definitions

High Risk Assets: Can Create a Lawsuit

Safe Assets: Will not Create a Lawsuit
Corporate America

Will Protect Assets \textit{Inside} of the Entity
From an \textit{Outside} Lawsuit
Asset Protection: Step 1
Protecting Safe Assets

Family Limited Partnership
Trial Attorney’s Answer:
Judge can force a distribution and order the Defendants share of the income to the Plaintiff – Pro Rata

The Charging Order
Asset Protection Attorneys changed the wording: Only the **General Partner** can order a distribution — **Non Pro Rata**
IRS Ruling 77-137 Translation:
Plaintiff wins the suit
Plaintiff gets no money
Plaintiff pays taxes on $ they won’t get
Nearly all entities created in America today allow a judge to order a distribution. *Pro-Rata*
Asset Protection: Step 2
Protecting High Risk Assets

The Limited Liability Company (LLC)
Corporations Use LLCs To Protect High Risk Assets

- Small Business Owners, Ski Resorts, Retail Stores, Mining Companies, Hotel Chains, Real Estate Owners,
Create Holding Company

ALASKA

Judges can dissolve LLCs
Concerns Regarding Asset Protection

1. Most Attorneys know little about lawsuit prevention.
Major Concern with Attorneys

Very few Asset Protection Attorneys

American Bar Association:

LESS than .05% of Attorneys in the U.S. specialize in Asset Protection.
1. Most Attorneys know little about asset protection.

2. The entities they use are not designed for asset protection.

3. The cost of entity structuring are very high.
Typical Structures

S, S (or P) Corporation / LLC
- Owns:
  - Building
  - Equipment
  - $$$
  - Customers

Assets in Own Name (SSN):
- Home $$$
- Rental Property
- Vacation Home
- Personal Property

What does this structure protect?

NOTHING!
Real Asset Protection Structure

- **Living Trust**
  - **"S" Corp**
    - Practice/Business
  - **Holding Company**
    - "S" Corp.
  - **FLP**
    - Holds all "safe" assets $$$
  - **LLC** (Equipment)
  - **LLC** (Building)
  - **LLC** (Rentals)
  - **LLC** (Real Estate)
  - **LLC** (Vacation Home)
Real Asset Protection Structure

Why Living Trust over Will?

• PROBATE wastes time and effort
• Matter of Public Record
• Probate is Very Costly
• Attorneys the only ones who win
Real Asset Protection Structure

Living Trust

“S” Corp
Practice/Business
Owns: Goodwill

Holding Company (LLC) Taxed as “S” Corp.

FLP
Holds all “safe” assets $$$

LLC
Owns: Equipment

LLC
Owns: Building

LLC
Owns: Rental Property

LLC
Owns: Home

LLC
Owns: Vacation Home

Rock Solid Asset Protection!
Asset Protection Fees

- S Corp: $1K-$2K
- Living Trust: $3.5K-$5K
- Holding Company: $1K-$2K
- FLP: $5K-$10K
- LLC: $1K

Total: $14,500 - $22,000
Legally Mine Flat Rate

Living Trust $1,000

S Corp $1,000

Holding Company $1,000

FLP $1,000

LLC $1K

LLC $1K

LLC $1K

LLC $1K

LLC $1K

All Entities $1000 Each
S Corporation Helps Reduce FICA Taxes

$100,000/yr Income x 15% = $15,000/ year FICA Tax

$70,000 Wage from S Corp x 15% = $10,500 FICA

$30,000 Distribution from FLP = NO FICA TAX

Savings of $4,500 per year in FICA Taxes
IRS Code: Section 280a
Rent Your Primary Home 14 Days per Year & the Income is Tax Free

- Determining Your Rate: Take the rate per square foot of hotel decorated like your home, times the square footage of your home
- National average of hotel rate = 50c per square foot
- Example: 3,000 sq/ft home x 0.50 sq/ft = $1,500/day x 14 days = $21,000
Your S-corporation will rent your home for Board Meetings and Corporate Events. The S-corporation gets a $21,000 tax deduction as a corporate expense. Client tax savings with IRC Section 280a range between $6,000 – over $100K per year.
College Tuition of $20K/year
$20K distribution to Child as LP
They pay taxes at 0% - 5%
You save $5K - $7K/yr

Parent’s Care Facility $2K/mo.
Monthly distributions to parents
They pay taxes at 0% to 10%
You save $6K to $8,400/yr

Income Shifting Through FLP

1% ownership
General Partner

Limited Partners
99% Ownership
Significant Tax Savings

- S Corporation Wage = $4,500 +
- IRC Section 280a = $6,500 +
- FLP Income Shifting = $7,000 +

Just 3 Tax Strategies
Over $18,000
Turn-key Approach to implement these Tools and Strategies
• 35 Years experience protecting clients
• Over 20,000 successful clients
• A+ rating with BBB
• We spend average 60 hours per client
• You give us 3-4 hours
• Structure completed in 6 – 8 weeks
Most existing entities have bylaws which are not asset protective.

We will amend these documents and file the amendments with your state.
Premium Plus
Asset Protection Blueprint

- Questionnaire Finished
- Your Asset Protection Blueprint is created
- 10 Days after questionnaire you will have your Blueprint Review with our attorney
GEDDES ASSET PROTECTION BLUEPRINT

Family Living Trust

Spouse 1
LLC/FLP Interests, Corp Stock, IRA, Life Insurance
Ownership: Spouse 1 - 100%

Joint
Bank Accounts, Vehicles

Trust Package Includes:
Last Will & Testament
Durable Powers of Attorney
Living Will

Spouse 2
LLC/FLP Interests, Corp Stock, IRA, Life Insurance
Ownership:
Spouse 1 - 50%
Spouse 2 - 50%

Note: Private retirement plans are exempt except under special garnishment rules regarding child and spousal support.

ABC, LLC
(MA)
100% owned by Family Living Trust

DEF, PC
(MA)
(S-corp)
Ownership: Spouse 1 - 100%

Asset Management, LLC
(AK & MA)
(Owns SMLLC interests and 1% GP in FLPs)
(Tax as Partnership)
Ownership:
Spouse 1 - 50%
Spouse 2 - 50%

Joint Bank Accounts, Vehicles

Possible Equipment, FLP
(MA)
(Holds and leases equipment)
Ownership:
GP: Mgmt LLC 1%
LP: Spouse 48.5%
LP: Spouse 48.5%
LP: Kids 2%

HIJ Land Trust
Mgmt LLC as sole beneficiary

KLM Land Trust
Mgmt LLC as sole beneficiary

NOP Land Trust
Mgmt LLC as sole beneficiary

QRS Land Trust
Amend to make Mgmt LLC the sole beneficiary

TUV, LLC
(NV)
100% owned by Asset Mgmt, LLC
Single Member Disregarded LLC

WXY, LLC
(NH)
100% owned by Asset Mgmt, LLC
Single Member Disregarded LLC
Premium Plus

Tax Impact Plan

- Prepared by our in house tax strategists and presented to you
- New Tax Impact Plan each year
<table>
<thead>
<tr>
<th>Entity Explanations and Benefits</th>
<th>Explanation</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Management LLC</strong></td>
<td>This entity is the focal point for asset protection. It is filed in Alaska because Alaska has the strongest, most stable asset protection provisions in the country. As the owner of several other types of entities (e.g., entities that are designed to hold 1) Real Estate, 2) bank and brokerage accounts, 3) equipment, 4) recreational vehicles, 5) firearms, etc.) this management entity acts as a solid buffer between you and your assets. A deduction titled 280(a) under the IRS tax code (renting your home to your business up to 14 days per year) becomes available through this business entity.</td>
<td>Superlative asset protection for all real and personal property, financial investments, and liquid assets. Expect tax savings of approximately $11,000 per year (based on annual deductions of $28,000 at a 39% tax bracket) through using tax provision 280(a). Additionally, the cost of the program is a deductible expense. You are allowed to deduct $2,500 for the first year and the remainder over the course of five years. This would result in approximately $1,000 of tax savings in the first year (based on a 39.6% tax bracket).</td>
</tr>
<tr>
<td><strong>Safe Asset, FLP</strong></td>
<td>This Entity is used to protect bank accounts, brokerage accounts, valuable &quot;safe&quot; personal property, and any other &quot;safe&quot; assets (i.e., assets that are unlikely to cause any sort of tangible harm to a third party). The Asset Management LLC serves as the 1% owner and General Partner (GP) of this entity so that all control and liability are taken out of your personal names. The limited partners may include you, your spouse, your children, or any other close friends or family members to whom you provide any kind of financial assistance (e.g., cash, tuition payments, travel expenses, housing costs, etc.). All of these types of financial assistance can be part of a tax savings strategy called &quot;income shifting.&quot;</td>
<td>Superlative asset protection for all bank and investment accounts and valuable personal property (jewelry, artwork, etc.). Up to $46,000 per year in tax savings through income shifting (based on shifting $118,000 per year from an individual at a 39% tax bracket to an individual at a 0% tax bracket).</td>
</tr>
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## Tax Impact Explanation

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<tr>
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<th>Benefits</th>
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<td><strong>Possible Equipment, FLP</strong></td>
<td><strong>Explanation</strong>: This entity is used to protect business equipment that has not already been depreciated or is or will be newly acquired. Through this entity, you may depreciate the value of the equipment for a tax deduction, income shift, and/or deduct the lease amount as a business expense for your practice.</td>
<td><strong>Benefits</strong>: Superlative asset protection for business equipment. This entity can also participate in the income shifting amount mentioned in your safe asset FLP section.</td>
</tr>
<tr>
<td><strong>Primary Residence LLC (Single Member Disregarded LLC)</strong></td>
<td><strong>Explanation</strong>: The purpose of this entity is to isolate and protect your primary residence without adding any increased tax filing burdens. The single-member LLC is entirely owned by the living trust.</td>
<td><strong>Benefits</strong>: Separates your home from other assets to prevent any potential lawsuits from affecting your primary residence. This structure allows you to keep homestead exemptions and capital gains exemptions and still allows you to take advantage of 280(a) (renting your home to your Mgmt LLC or other business entity).</td>
</tr>
<tr>
<td><strong>SMLLC (Single Member Disregarded LLC), LLC And Property Land Trusts</strong></td>
<td><strong>Explanation</strong>: The purpose of these entities is to isolate and protect each of your real properties without adding any increased tax filing burdens.</td>
<td><strong>Benefits</strong>: Separates real properties from one another to prevent any potential lawsuits from affecting more than one LLC at a time.</td>
</tr>
</tbody>
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## Tax Impact Explanation

<table>
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<tr>
<th>Entity Establishment Costs</th>
<th>Cost with Legally Mine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate Planning docs</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Asset Management LLC</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Safe Asset FLP</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Primary Residence, LLC</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>First Land Trust</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Other Land Trusts and amendments</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total(^2)</strong></td>
<td><strong>$5,000.00</strong></td>
</tr>
<tr>
<td><strong>Estimated Year One Tax Savings(^3)</strong></td>
<td><strong>$58,000.00</strong></td>
</tr>
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Premium Plus

OBSERVE THE FORMALITIES

Corporate Meeting Minutes
Annual Registration of Entities
Administrative Changes Handled
Premium Plus

Entity Document Review
Tax Impact Plan
Formalities Handled
Unlimited Access to our Attorneys and Tax Strategists

$150/mo. Puts Us to Work for You
$6,000 Cap = Unlimited Entities

Living Trust - Done

S Corp LLC Done

Holding Company Done

FLP Done

LLC Done

LLC Done

LLC Done

LLC Done

LLC Done

Blueprint Entities & Future Entities Created

100% Guaranteed ROI
Today’s Conference Offer

1. Unlimited Entity Creation - One time $6K

2. Premium Plus
   a. Entity Document Review
   b. Tax Impact Plan
   c. FormalitiesHandled
   d. Unlimited Access to our Attorneys and Tax Strategists - $150/month

100% Guaranteed ROI