

International Strategies Offshore Asset Protection Strategies

There are perfectly legitimate — and perfectly legal — asset protection strategies that involve offshore planning. And many of these strategies are superior to, as well as more cost effective than some domestic strategies. These often may be misunderstood, and therefore, are widely-overlooked strategies.

Failing to consider offshore strategies within an asset protection plan could be a mistake. Yet going offshore could be the one thing that protects your fortune (however big or small it may be) in face of aggressive creditors.

Typically only advisors trained in “advanced planning” have the resources to help you in offshore asset protection planning. Courses in offshore asset protection planning cannot be found in law schools, or within accounting, insurance, finance, or MBA curricula. Instead, accurate understanding is informally passed from attorney to attorney in large law practices specializing in offshore strategies.

That is unfortunate, and could be dangerous for many unknowing Americans who lack access to some excellent strategies to protect your assets.

While space is too short here to go over offshore planning in depth, the three main strategies available do merit at least a brief discussion:

1 Offshore Asset Protection Trust (OAPT)

Many experts consider the OAPT to be the strongest asset protection strategy available. Consequently, anyone who works with offshore asset planning uses these frequently. Since OAPTs must be set up in foreign jurisdictions, these waters can be treacherous. You need to work with an expert who has OAPT experience.

2 Offshore Limited Liability Company (LLC)

If you have looked at our article on domestic asset protection here, you will have read that domestic LLCs can provide powerful protection. Because of the legal and practical inability to collect against foreign LLCs, even if there are “charging orders,” offshore LLCs frequently provide better protection than domestic LLCs.

3 Offshore Captive Insurance Companies (CIC)

CICs have unique characteristics when it comes to the U.S. Income Tax Code, giving this vehicle the potential to minimize taxes as well as to protect assets. How well does it work? Well, some have said that 80% of the S&P (Standard and Poor’s) 500 companies own at least one and some own even more. The benefits of going offshore are the lower capitalization requirements.

Two Issues; first, this is NOT a tax-avoidance conversation. That would be the exact opposite of asset protection planning. Second, going off-shore does present its challenges: different sets of

rules; English Common Law versus the Napoleonic Code; extra IRS reporting requirements; another layer of bureaucracy; additional “middle-men,” and their fees.

Common *misconceptions* about Offshore Asset Protection are:

1) Your money moves offshore. Even though it’s called Offshore Asset Protection, you may be surprised to discover that your money remains in the United States. Properly arranged “offshore” planning might incorporate a domestic LLC, financial instrument (insurance, annuity, etc.), or investment account which, in turn, is *owned by an OAPT*. Only if a lawsuit is filed against you should your money *possibly* be removed to an offshore jurisdiction.

2) Offshore planning allows you to avoid taxes. No. Attempting that is the opposite of asset protection. It places your assets at great risk. In fact, the IRS looks carefully for offshore tax avoiders. While there are many effective tax-minimization strategies that can be used in combination with offshore protection strategies, the primary goal is to protect your assets.

3) Because an OAPT employs a trustee who must be someone out of the country, you run the risk of having the trustee steal your money. Like anything, there are reputable companies and not-so-reputable companies. Of course, there is a risk. That risk is no greater than what you risk with your money at any major domestic large bank. Simply work with large reputable institutional trustees.

4) Offshore Asset Planning differs from domestic asset planning only because foreign jurisdictions are involved. Certain select foreign jurisdictions have more favorable asset protection laws than those in the United States. That added protection should offset any additional complexity or cost (which, in truth, often is no more complicated or costly than dealing with any part of the U.S. Tax Code). And your money can be protected using offshore asset protection strategies and still remain in the United States.

At Summit, we pride ourselves in dealing with only the most reputable attorneys and companies in setting up offshore vehicles and look forward to discussing this fascinating important and greatly misunderstood and under-used strategy with you. Engaging in “fraudulent conveyance,” or moving assets after there is a known risk of loss, or a lawsuit has been initiated, may lead to far less protection (and on the contrary can put you at even greater risk). The time to keep your wealth safe is today, now, while you’re still thinking about it and *before you need it and there is a risk of loss*.

While offshore strategies can be helpful, you will first want to see if domestic asset protection strategies are sufficient for your purposes.

Call us today at 866-977-2252 to discover more, or sign up for a free consultation where you can type in your questions, and we will get back to you quickly with answers.

