



# Delaware asset protection trusts

Certain professionals face greater potential risk of having their assets diminished by creditors. Physicians, attorneys, accountants, business owners in hazardous work, entrepreneurs and even financial planners are among the most vulnerable. The multifaceted nature of these professions and the enormous responsibilities they carry make them popular targets for lawsuits.

As such, individuals in risky occupations, especially those who have accumulated significant wealth, often consider planning techniques to protect their assets from potential creditors.

The state of Delaware is a leader in asset protection legislation. Under Delaware law, assets can be largely protected from creditors of the trust grantor or beneficiary with an asset protection trust (APT).

## How it works

A grantor creates an irrevocable trust — a trust that can't be changed or terminated until its terms have been completed — with an independent Delaware trustee and transfers property to the trust, while retaining specific powers over the assets:

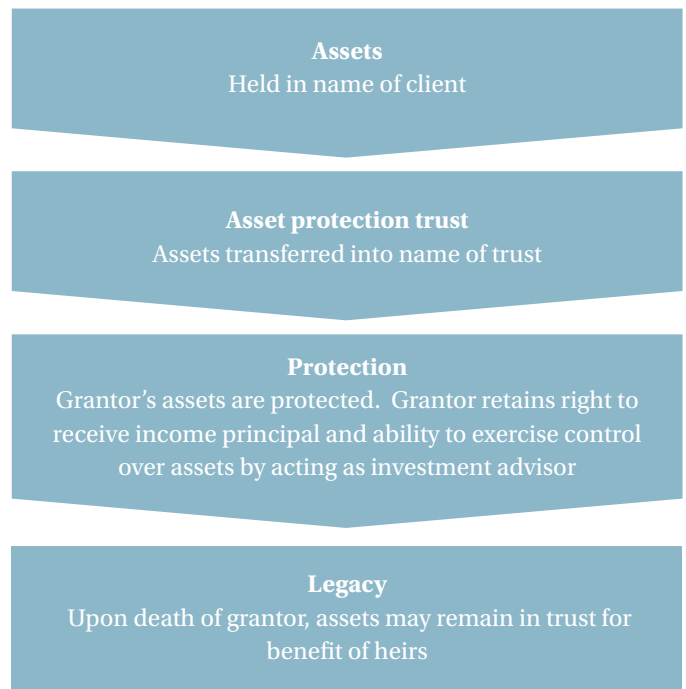
- The right to receive discretionary income and principal
- A testamentary power of appointment
- Veto power over distributions
- The right to act as investment advisor
- The ability to designate a trust protector

## Benefits

In addition to affording the trust grantor specific decision-making provisions, an asset protection trust offers numerous benefits:

- Assets are protected from potential creditors
- The grantor can receive income and principal from the trust
- The grantor may act as an investment advisor

- It offers protection similar to an offshore trust without the cost or complexity
- Interest can be held in a Limited Liability Company (LLC) or Family Limited Partnership (FLP) while the grantor retains control of assets



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## Plan to protect your assets.

A Delaware asset protection trust can be an effective tool for limiting losses from potential creditor claims. There are statutes limiting the extent to which assets can be protected with an asset protection trust. Limitations include support payments or alimony for a former spouse and certain creditor claims arising prior to the creation of the trust.

But with sufficient advance planning, a trust formed under Delaware law will provide an excellent level of asset protection.

For more information contact your financial advisor.

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