

Wealth Management # 5 – Wealth Protection

You've worked hard for what you have, you've minimized taxes, so the last thing you need is to lose your wealth through carelessness, theft, or the greed of others. Wealth protection is critical to your future financial health, and can be addressed through simple planning steps. Identify the risks, and determine how they can be mitigated or addressed?

We need to protect not only our money, but property, financial information, and our families.

1. Identity Theft

This is a common concern today. Not only can identity theft destroy your credit score, but being a victim of identity theft can easily cost you money through unauthorized access to accounts. Then you have the multi-year burden required to undo the damage and re-establish your reputation.

Keep confidential documents such as account statements in a safe place. Shred unwanted documents rather than throw them in the trash. Install up-to-date virus protection on your computer. Monitor your credit reports for accuracy. Consider identity theft insurance.

2. Protecting Your Financial Assets

There are plenty of financial scams in the world. Some are direct (buy a non-existent product), some are designed to obtain financial information (we'll empty your bank account when you're not looking!), some are aimed at a specific part of the community such as seniors. There are also plenty of other risks to your financial assets such as being sued, and the draining of assets due to the loss of income, and medical or long-term care expenses.

There are many questions to ask: Are your advisors trustworthy? How long has the company been in business? Does the product sound too good to be true? Are you being pressured to buy something? If you're self-employed, can you set up a business ownership structure such as an LLC to separate personal assets from business ones? Is there life insurance on the working spouse?

Potential solutions include common sense (if it's too good to be true, it probably is), liability protection techniques (transfer assets to a trust, do business through a corporation rather than in your own name), and insurance with appropriate coverage (life insurance, medical insurance, long-term care insurance, umbrella policy, etc.).

3. Protecting Your Physical Property

It is important to protect physical property from loss or damage. It could be your own property, e.g. someone breaks into your home. It could be someone else's property that you damage, e.g. you are at fault in a car accident and get sued.

You can minimize certain risks such as utilizing a security system in your home. However property risks are mostly addressed through having appropriate insurance policies, such as auto insurance, homeowner insurance, even an umbrella liability policy.

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