

ASSET PROTECTION PLANNING TOOLS

Homestead Exemptions

Established by state law - varies from jurisdiction to jurisdiction. Under Oklahoma law (Title 31 Section 1) a person's home is exempt and a certain amount of acreage depending upon whether the home is inside or outside city limits. There is also listed another 25 items that are exempt, such as \$3,000 automobile, tools of trade, cemetery lots, husbandry implements, health aids, \$4,000 clothing, one hundred chickens, two horses, one gun, ten hogs, twenty sheep, 75% of current wages, alimony, child support, etc.

Transfers to Spouse or Third Parties

All transfers are subject to the fraudulent conveyancing laws of the state which generally prohibit transfers that render the individual insolvent, taking into account all obligations and claims against him or her. Depending on the status of the debtor and the nature of the transfer, the statute of limitations is either 1 or 4 years.

Family Limited Partnerships and Limited liability Companies

An entity that owns assets for the benefit of the family. Generally, under Oklahoma law a creditor can only get a charging order against an interest in a limited partnership or limited liability company. They cannot get the underlying assets.

Qualified Plan Assets - IRA, Pension Plans, Profit Sharing Plans, etc.

Exempt from execution by a creditor.

4121 Defined Benefit Pension Plans

Exempt from execution by a creditor.

419A(f)(6) Welfare Benefit Plans

Exempt from execution by a creditor.

Life Insurance and Annuities

Exempt from execution by a creditor.

Oklahoma College Savings Plans Section 3970

Exempt from execution by a creditor.

Domestic Asset Protection Trusts

Certain states have enacted legislation that permits individuals to establish their own spendthrift trusts to protect assets, so long as there are no fraudulent conveyances. Alaska, Delaware, Nevada and Rhode Island have enacted such legislation.

Oklahoma Family Wealth Preservation Trust

Limited to not more than \$1,000,000 of Oklahoma assets and must use an Oklahoma based bank as the trustee.

Offshore Trusts

Establishing trusts and investment entities in foreign jurisdictions not new or necessarily risky - but it is expensive.