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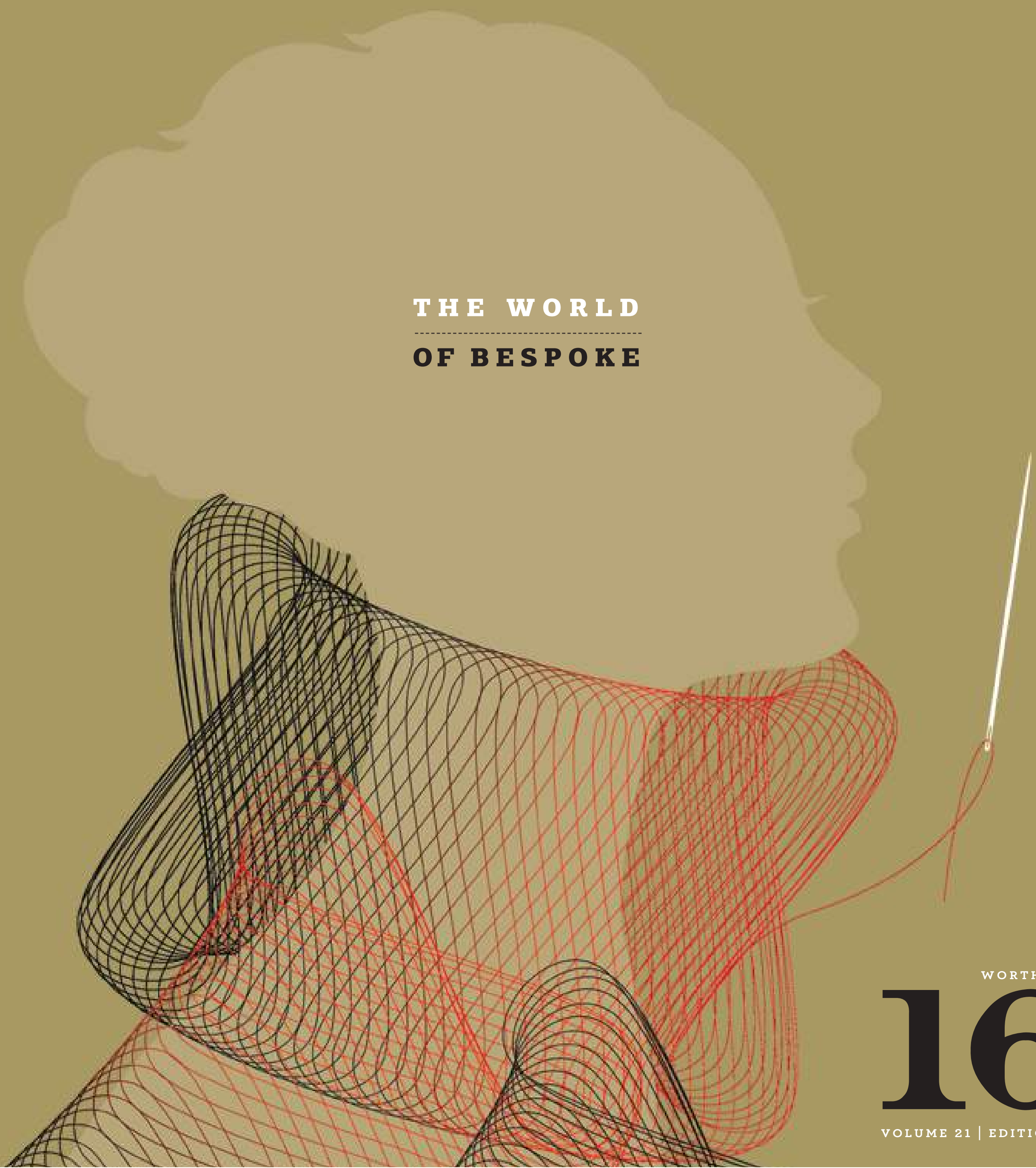

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Sterling Investment Advisors Ltd.
Timothy E. Flatley, ChFC®, President

"How do I protect my wealth from unexpected events?"

By Timothy E. Flatley

Several strategies are available to protect wealth regardless of adverse events. We meet clients who have spent their entire lives building wealth. However, unanticipated and perhaps unimaginable events can have a seriously adverse impact on any plan, which is when careful planning can mitigate risk. This is especially true concerning wealth transfer and creditor protection—issues that deal with wealth preservation before and after death.

Individuals should determine their goals for the assets they intend to pass on to their heirs. Frequently, it is to fulfill dreams of home ownership, a business startup, or to help grandchildren pay for higher education. Unfortunately, the priorities of a young adult may not reflect mature judgement. The youth's unfettered access to wealth may frustrate a grantor's plans. It is through the careful planning of asset goals that the transfer of wealth can be safeguarded from irresponsible decisions. The establishment of trusts and other estate planning techniques can greatly curb youthful frivolity. Tools such as 2503(c) trusts and Unified Gifts to Minors Act accounts allow the grantors to retain some measure of control over their gifts until they feel the recipients are prepared to take ownership.

Through careful planning, individuals have shielded their heirs from themselves, but creditors can dissipate hard-earned wealth just as quickly. "There are many ways your assets can be exposed to creditors, and people of wealth are often targets," says Joel Luber, managing partner of Offit Kurman's estate planning division. "It would behoove any person of substantial means to employ strategies to protect it."

Most individuals think asset protection does not apply to them, but in today's financing world a personal guarantee is almost always required. It is a common assumption that hard assets cover this guarantee, but lenders would much rather target liquid funds. The unanticipated depreciation in real estate furthers a lender's desire for liquidity. Mr. Luber also notes that doctors, lawyers, engineers and architects can all be exposed beyond the scope of their liability insurance.

At Sterling, we often team with attorneys to ensure assets are properly titled, owned and transferred. We direct assets to traditionally protected vehicles such as 401(k)s, IRAs and pensions. We work with attorneys to use tools such as asset protection trusts to further assist clients. In helping individuals plan their financial future, the preservation of accrued assets is often overlooked, but it is essential to maximizing financial security.

Whether you are managing your wealth during retirement spend down or are planning to transfer it to an heir, asset protection is an essential consideration when creating a financial plan. Wealth management is not just about retirement projections and asset growth. Securing assets is equally as important, and cooperating with attorneys and accountants is the only way to make sure a client's vision is properly implemented and preserved.

The Delaware Valley region is defined as the following counties: Pennsylvania—Berks, Bucks, Chester, Delaware, Montgomery, Philadelphia; Delaware—New Castle; Maryland—Cecil; and New Jersey—Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, Salem.

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