

## **The Flexible Asset Protection LLC**

Limited Liability Companies (LLCs) are probably the most flexible asset protection entity we have today. They actually give you a lot better asset protection than a corporation. They give you accounting options a corporation doesn't even approach. The LLC is a lot easier to maintain than a corporation. Why use a corporation? Well, there are reasons, but your first thought when you think business entity should be "LLC." This course will concentrate on the LLC and all of the neat things it can do for you. Yes, we'll discuss the disadvantages, as well as the advantages, because you need to know the whole truth about any legal structure you use.

Unfortunately, the LLC is being used just like almost every other legal structure your attorney sets you up with. The key words in the sentence are "sets you up," because that is usually exactly what your attorney does for you. He "sets you up." The attorney or online service gives you a stack of papers, and that's the end of their interaction with you. You don't get most of the tax benefits, and over 80% of the time when there is trouble, you don't get any asset protection either.

You don't get any more money out of the deal, because you don't know the tax tricks. You can't rely on your accountant, because he or she only plugs in the numbers you give them. It's incumbent on you to create the numbers all year long, but nobody coaches you through how to use your LLC and do that.

When the \*\*\*\* hits the fan, you don't get the asset protection you were told the LLC would give you, because you didn't follow all the legal rules while operating your LLC. The government gave business owners asset protection with a corporation and LLC, so they would start little businesses. But, the government can make it really hard to follow all the rules, so you actually get the asset protection you were promised. Do you really think the government wants to protect you in the final moments of your disaster? Has the government ever promised you something and not delivered?

It's not just the government. Does your attorney really want to lose you as a repeat client? I know you find it hard to believe that your lawyer could be slipping a noose around your neck and planning on strangling you over a good long period. The LLC is a great bait to lure you into the trap with. You'll get the papers, for a good price, and when you sign the papers, your attorney will kiss you on both cheeks and usher you out the

door with your papers in hand. Now what do you do? File the papers and then do nothing! Nobody told you there was anything else to do.

Many people call me about their LLC. I start asking them questions. “How is the LLC taxed?” They have no clue. “Why did you set up your LLC and have it taxed as a C corporation?” They have no clue. “When you put your rental unit into the LLC, did you get more membership interests back in return?” They have no clue. “Have you actually issued a membership interest certificate?” They have no clue. “Is it a member managed or a manager managed LLC?” They have no clue.

Obviously, if nobody has a clue what’s going on, the LLC is going to have legal troubles sometime in the future. Will it protect the managers? The members? You? Of course it won’t. Then it’s back to the attorney and the trap closes. Your attorney will assure you that he or she can fight them off for years and protect you. You’ll fit in perfectly with the long term philosophy of the firm. You’re a keeper!!

This course will walk you through step by step how to set up your own LLC; how to get your tax ID number; how to make the LLC taxed as a corporation (C or S); how to issue the certificates of membership; how to add another member; how to know if you want a single member LLC or a multiple member LLC; how to get money out of the LLC with a minimal tax burden. This course is going to show you a ton of other things you need to do to make your LLC give you the asset protection and the tax protection you can enjoy.

The articles of organization are the foundation for your LLC. You’ll be taught how to file them with the state. Which state do you want to form your LLC in? Nevada, Delaware, Colorado, and a number of other states are all advertising, “All of the seminar speaker and promoters say, “Set up your LLC in our state. It’s the Best State Ever!” Yeah, sure. You’ll save a ton of money if you really know where you want to establish your LLC and are not just swayed by the BS you get at the seminars, webinars, advertising pieces, and worse yet, your buddy’s suggestion. This course will give you the ammunition you need to make your decision with a precision shot, not a shot gun.

The operating agreement is the heart of your LLC. No, it isn’t just a formality you put your name on and throw in the file cabinet. If you do it right, the operating agreement will give you asset protection – a lot more asset protection than you envision. It controls how money is paid out of the LLC, what the tax consequences are, what happens when you or another member of the LLC dies, and a dozen other issues that may not be on the top of your mind today, but will be very important during the life of your LLC.

The LLC will protect you (if it is done properly and maintained properly) from the attacks that come because you are doing “business” through your LLC. BUT, it will also protect your business ownership from attacks that come in your personal life. You may have an accident out on the street, the neighbor kid may break his neck on your trampoline, or you may face a personal bankruptcy. Actually, the big one is somebody in the family gets sick. A corporation won’t protect your business assets from a “personal attack,” but your LLC will give you excellent asset protection. An LLC is what is called a charging order protected entity (COPE). In this course you are going to learn how to use charging order shields to protect your assets (your business) from your personal attacks and financial disasters.

Charging orders are neat asset protection shields. How would you like somebody attacking you to suddenly find out that they won the battle and lost the war? You can set up your LLC so they win the judgment, but don’t get any economic benefit out of the win. In fact, you can hold them liable for the taxes of the LLC (your taxes) and not give them any money from the LLC to pay the taxes. That is a bitter pill for your creditor to swallow, but they won’t have any choice but to down the pill. This scenario isn’t some off the wall trick a sneaky lawyer dreamed up. It is black letter law in every state. Attorneys don’t pay a lot of attention to this aspect of asset protection, because it doesn’t “fit into their long term philosophy” of keeping you as a client.

Your goal is to put your attackers and creditors in a really uncomfortable position, so they will get rid of you as soon as possible. You may not be able to prevent the lawsuit or even the judgment, but if you can make life miserable for your creditor and it becomes obvious that they won’t ever get any benefit out of having the judgment, then you are in a position to “settle” with them and get them off your back for pennies on the dollar. They dreamed of dollars, but will ultimately be happy to get a few pennies. We can’t prevent the problems, but it is sure nice to be in the driver’s seat when the judgment is finally delivered.

LLCs are powerful tax tools. They help in income tax planning. They are the tool you will use to “shift income” to family members. They will help you control your personal income taxes by letting you get income from your business without paying the social security taxes and a bunch of related taxes. LLCs allow you to do lots of things to lower your adjusted gross income. Not only are LLCs an income tax planning tool, they can greatly reduce or eliminate estate taxes, if you’ve got an estate tax problem. Yes, in this course I’ll go through the particulars for you to help you reduce income taxes and eliminate estate taxes.

New concepts are evolving for LLCs. In Module 6 of this course, we will explore “series LLCs.” Series LLCs are really neat, but they aren’t for everyone. Basically, you can establish a “principal LLC” (mommy LLC) and they establish “cell LLCs” (baby LLCs) underneath the principal LLC. Only the principal LLC pays the state fees. You can create a new LLC without even telling the state. Each cell LLC will give you isolated asset protection. Each cell’s liabilities will be confined to the inside of that cell, and other cells won’t be liable for what happens in that one cell. Series LLCs are really only available if your state has series LLC laws. A number of states have series LLC laws (the course gives you those states). More and more states are putting LLC laws into place, so you may soon be able to use a series LLC, even if your state currently doesn’t have series LLC laws today.

The bottom line is, you need to become totally familiar with LLCs and what they can do for you. Your attorney and CPA aren’t going to let you in on the little secrets and show you the way. Once they point you in a specific direction and get their fees, you’re on your own. This course is unquestionably the most comprehensive course on LLCs available to you. If you have questions, please call me, but make sure you have been through the entire course before you call, because your questions will probably be answered in the material. Use the LLCs and your life is going to be a lot easier.