

# Protecting Your Nest Egg

***Putting all of your assets in a limited liability entity such as an LLC or a Corporation can provide personal liability protection to the owner of that business with an important exception.***

If the owner is responsible for the event leading to the liability, (as is often the case in smaller businesses) the fact that the company is a limited liability entity doesn't protect the owner from personal liability.

Further, there is little asset protection for the owner if a creditor is successful in their action against the company. Since the majority of most business owners' wealth is in the assets of their company or companies, a creditor attack against the company will wipe out the majority of the owners' wealth by wiping out the value of the ownership interest in the business.

One solution, perhaps the easiest, is to have several smaller nest eggs. In other words, create several or multiple entities. If one entity is attacked successfully by creditors, its assets will disappear. If properly planned, the bulk of the overall assets contained in other entities will survive.

Another solution is to transfer the real estate used by the business into an LLC and the operations in a separate entity (such as an S Corporation or LLC). Once again, valuable assets such as the real estate tend to be protected from the liabilities of the business operation, even if others own the LLC.

***Helping business owners protect, preserve and pursue more value from their business, more tax efficiently! ®***

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