The lack of legal separation between the ownership of Not trading as an individual business and personal assets or as a partnership exposes all assets to all the risks of operating a business Isolates the risks of operating a The use of separate legal business from your personal entities (companies and/or assets. Likewise, you isolate your trusts) to operate business business assets from any personal activities risks that might arise By owning assets in a separate legal entity that doesn't conduct an active business, you significantly reduce the exposure Using different legal entities of those assets from risk to separate the ownership of valuable business assets Some intangible assets such as from the trading activities of reputation and goodwill may still the business reside in the trading entity, however these are generally less exposed to legal attack and should be managed by adopting Operating different best business practices businesses in different legal entities so that contagion risk is minimised; the chance of Where your structure utilises something going wrong in companies, don't expose the one business impacting on assets of individuals to potential another business liabilities by appointing them as a director, unless it's essential that they be a director Keeping the number of directors to a minimum While the corporate veil exists to protect directors, it is not impenetrable and should not be relied upon unnecessarily 6. Structuring Tactics Where you have a life partner who for Asset Protection is not exposed to business risk, you should generally hold all Utilising corporate trustees material personal assets in their instead of individual trustees name where your structure utilises trusts By isolating the ownership of personal assets from the potential Holding personal assets in liabilities associated with running your partner's name if they a business, or being a director of a More successful they are, the are not exposed to risk trading company, you add a more they have to lose further layer of protection Many business owners do More successful they are, the For example, where possible one not place sufficient emphasis greater the chances someone will partner should be the director of on protecting their wealth make a claim against them despite the: any trading companies, and the other partner should hold all material assets, such as the family Older they get, the less time they Disasters occur all too often, and when they do, it is often 1. The Need for Asset home, and be a director of any have to reinstate their wealth non-trading asset-holding entities Protection too late to fix your affairs You have failed to identify or Where you do not have a life Asset protection is an manage a material risk partner or your life partner is important fall-back position exposed to business risk, or the last line of defence accumulate suitable personal There is no suitable alternative available when: assets and investments in a but to simply accept material separate legal entity established residual risk Holding certain personal solely for that purpose **Asset Protection** To reduce the impact of assets and investments in 2. The Purpose of events when things go wrong separate legal entities (whether those events are Asset Protection Limits the personal assets you within your control or not) hold in your name, and therefore their exposure to business and personal risk A range of strategies that involve the separation of valuable assets from risks The separation of the legal For many business owners and 3. What is Asset that may impact their value ownership of assets from those leaders, superannuation provides Accumulating wealth and legally responsible for the losses excellent asset protection (usually Protection? even in the event of bankruptcy) owning appropriate assets in associated with any given risk A form of risk management superannuation and in many countries, selfthat involves: managed superannuation funds Granting security to others in a can hold certain business assets manner that either protects the assets or exposes minimal equity Appropriate control and ownership Isolate the ownership of Operational and strategic current and future business requirements 5. The Golden Rule of and personal assets, from **Asset Protection** both business and personal Your particular industry and regulatory requirements The ownership arrangements Your personal circumstances, for your personal assets goals and objectives 4. Factors Affecting Your Structure Business' legal structure and Flexibility in accommodating how it balances the need for: future growth (expansion of your structure, changes in your family and personal circumstances, etc.) After-tax wealth creation Asset protection Capital rating (both debt and

equity)

Succession and exit planning