

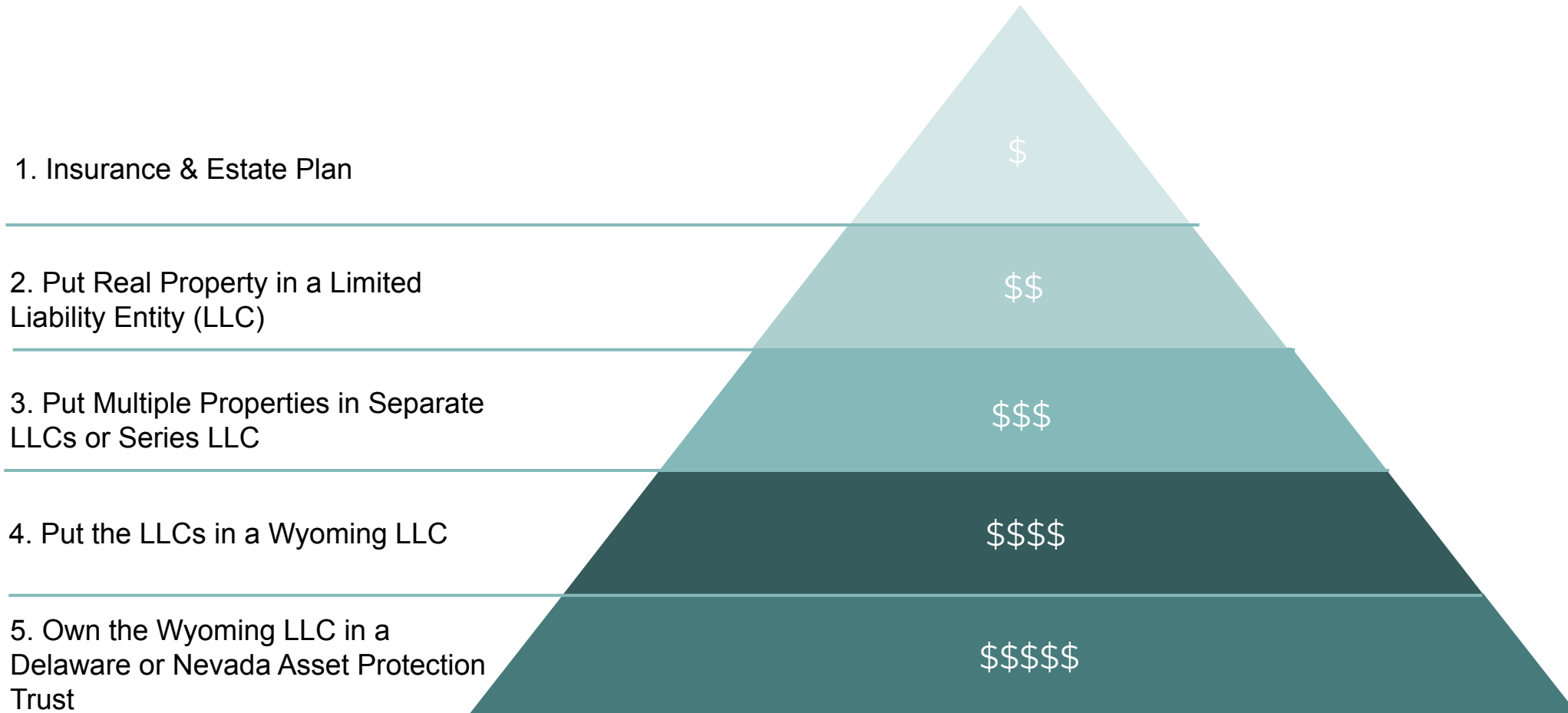
# Establishing Your Legacy: Estate Planning for Landlords

5 Levels of Asset Protection for  
Real Estate Investors with  
Kendra Strong, Esq.

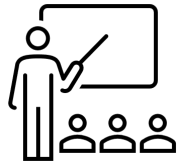


# WHAT WILL YOU LEARN TODAY?

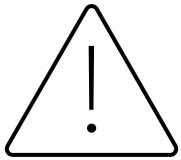
## 5 Levels of Asset Protection for Real Estate Investments



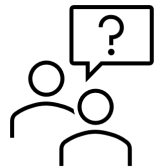
# Lawyer Lingo



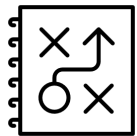
**Educational Purposes Only**  
We are here to educate.



**Does Not Constitute Legal Advice**  
Information is from personal and professional experience.



**No Attorney-Client Relationship**  
Our team does not represent you without a signed contract.



**Want more information or have specific questions?**  
Schedule a meeting with Kendra.





**LAMPERT & WALSH**  
DENVER'S PERSONAL INJURY ATTORNEY



**STRONG LAW**  
*life and legacy firm*

*My  
Journey*

# MY Why

- Mother-in-law's estate plan failure
- One-time transaction, form documents
- No education
- Cost family \$\$, time, & conflict
- Lack of representation and understanding



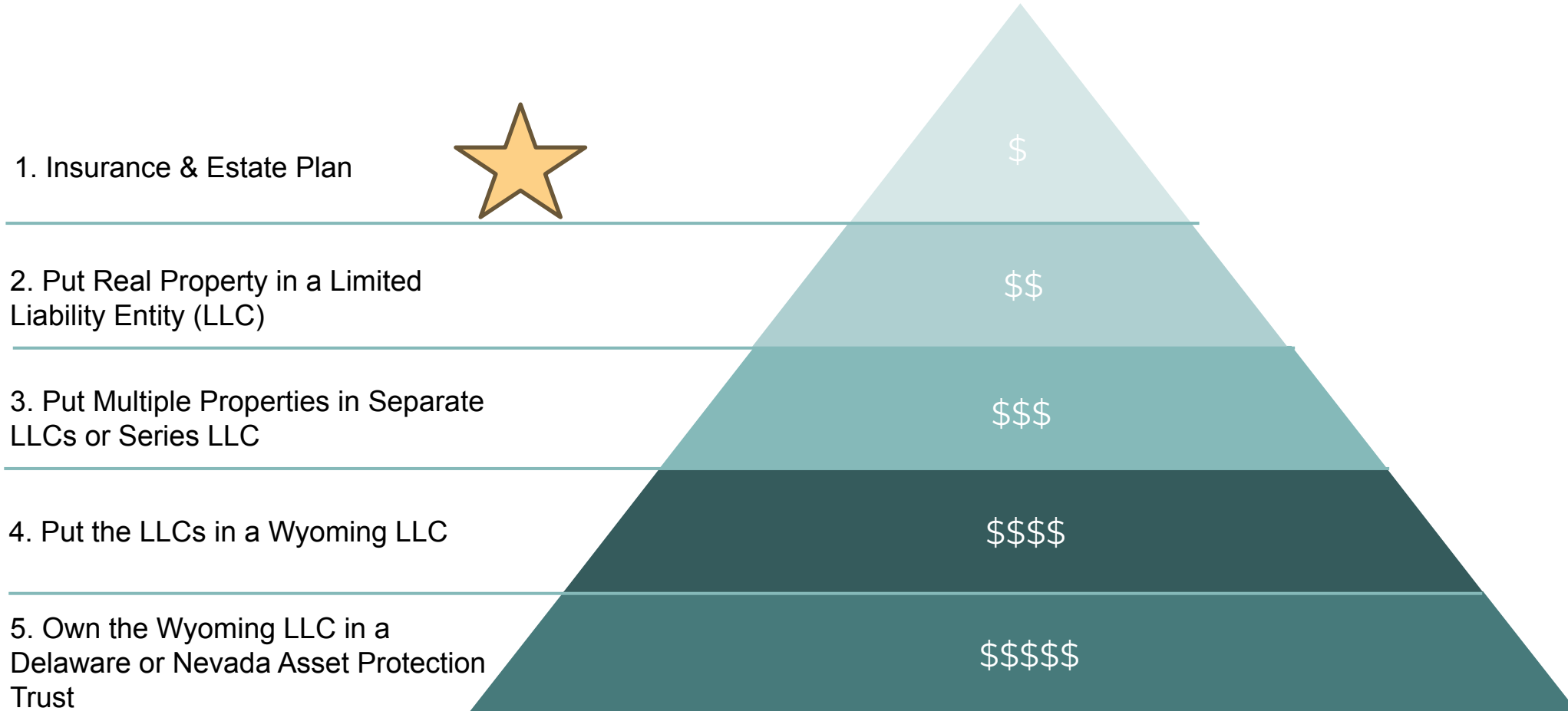
# WHY ARE YOU HERE TODAY?

*Who do you want to protect from court and conflict?*

- Family & loved ones
- Protection of assets
- Peace of mind



# 5 Levels of Asset Protection for Real Estate Investments



# ASSET PROTECTION BASICS

“I’VE GOT INSURANCE; I AM PROTECTED”



Denied Claims



Policy Limits



Lapsed Policy





# WHAT ARE WE WORRIED ABOUT?

LAWSUITS AND LIABILITY:

**40 million lawsuits** are filed each year.

Concern is about two separate kinds of liability:

## Inside Liability

Risks related to the property, such as injuries to tenants and their guests or damages to the tenants' property.



## Outside Liability

Risks unrelated to the property, such as a car accident, a business transaction, a business injury or a malpractice claim. If you are sued for a risk unrelated to the property, all of your personal assets will be exposed, including all property owned in your name.





*“maybe* I should worry...”

- Slip and falls
- Dangerous animals
- Illegal discrimination
- Bad lease agreements\*
- Illegal contracts\*
- Returning deposits
- Lead paint
- Water damage and mold
- Injury to tenant or visitor
- Pools and trampolines
- Smoke detectors and carbon monoxide
- Failure to maintain
- Inadequate door and window locks
- Liability for property manager
- Violations of laws and codes
- Damage by contractors
- Drug dealers
- Judgements, etc.



# ASSET PROTECTION BASICS

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- Real estate is considered a **“hot asset”** because it carries with it the potential for liability due to the nature of the asset itself. “Cold assets” such as brokerage accounts, do not carry any potential for liability.
- Hot assets should be **segregated** from each other and from cold assets for maximum protection.
- Segregation of assets can be achieved by placing each hot asset inside a **limited liability entity**, such as an LLC.
- Seems like overkill... until you **need** it.
- The time to do it is **NOW**... (harm v. claim) then it’s called fraudulent transfer.



# Insurance



Issue spotting with the perspective and experience of a Plaintiff's Attorney

- Understand exclusions – what is and what is NOT covered
- Med Pay \$10k and UIM
- Trusted Advisor: Understand the risks of your business and properties
- Best use of your money is good insurance



# What Asset Protection & Estate Planning Really Is...

*A plan for life, not death*

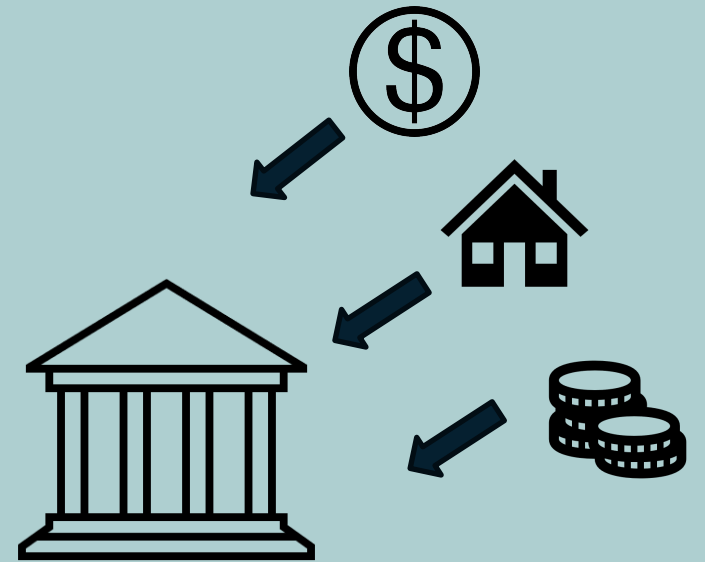




# WHAT HAPPENS TO ASSETS IF I DIE OR BECOME DISABLED?

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**NO PLAN = THE GOVERNMENT'S PLAN**





# THE STATE'S ESTATE PLAN FOR YOU

## COURT PROCESS CALLED PROBATE

Probate is a **time-consuming, lengthy, public process that costs your family a lot of money** - Executor's fees, attorney's fees, appraiser's fees, bond premiums, creditors, filing fees.

*“A lawsuit against yourself for the benefit of your creditors.”*

# LAST WILL & TESTAMENT?

A will is a legal document that lists your assets, beneficiaries, and directs the judge on how to distribute your assets after death. It is a legal directive for the Probate Process.

Your will does **NOT** control all of your assets or protect your family from having to go through Probate.

**WILLS ARE  
NOT ENOUGH!**







# COMMON PLANNING TECHNIQUES THAT DON'T WORK.

OWNING PROPERTY JOINTLY, DESIGNATING A  
BENEFICIARY, SIGNING A WILL, ADDING  
SOMEONE TO BANK ACCOUNT, DIY ESTATE  
PLANS, AND ONLINE SITES





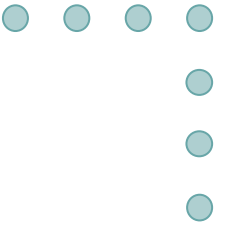
# REVOCABLE LIVING TRUST

## Who Needs a Living Trust?

- All property owners (homeowners, real estate investors)
- Estates over \$75,000
- Parents with minor children
- Business owners
- Special needs beneficiaries
- Blended families

A properly drafted and properly funded trust avoids probate!

# Example: What does it cost?



Cost of Probate – Example of single dad with minor kids

\$500,000.00 House  
\$300,000.00 Investment Property  
\$300,000.00 Retirement Funds  
\$500,000.00 Life Insurance

\$1.6 Million Estate  
5% of Estate (estimate cost of probate)  
>\$85,000

- Assets frozen
- Creditors paid first
- Outright distributions beneficiaries
- “Double probate” = probate in each state where you own property!

Cost of Revocable Living Trust – Example

\$4,000.00-\$8,000.00  
Cost Savings: \$72,000.00

- + Time savings
- + Estate tax minimization
- + Capital gains minimization
- + Asset protection for beneficiaries
- + Immediate access to access and funds
- + Continued management and income from LLC





# Why Not?

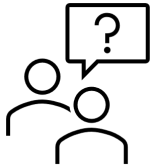
## Common Misconceptions

*“You only need to plan if you have money”*

*“My spouse gets everything anyway”*

*“I don’t have the money to pay an attorney for this”*

*“I have a Will and named my kids on my life insurance”*



**Wrong!** It is about how much input you want. It is about making intentional decisions for your life, your family and your assets. (And...you have a plan anyway. The State has one for you!)



**You still need a plan.** Your spouse getting everything may not result in what you want, in the end. And - will your spouse know how to find everything and what do with it? What if you two die together?



**The State’s plan for you will cost you’re a lot more in terms of time and money.**



**Not all assets pass through a Will, a Will does not avoid probate, and minor children cannot inherit money outright.**





# ASSETS IN A TRUST - ADVANTAGES

- Private process
- Protection for minors and blended families
- Incapacity management
- Saves time with shorter administration process (compared to 12-18 months)
- Immediate access to funds and assets
- Provides guidance and instructions to prevent conflict
- More cost effective than Probate (compared to 5%-9% of your estate)

Planning tools can provide protection from future creditors, lawsuits, divorces, create generational wealth, and minimize estate taxes

# 5 Levels of Asset Protection for Real Estate Investments

1. Insurance & Estate Plan

\$

2. Put Real Property in a Limited Liability Entity (LLC)



\$\$

3. Put Multiple Properties in Separate LLCs or Series LLC

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4. Put the LLCs in a Wyoming LLC

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5. Own the Wyoming LLC in a Delaware or Nevada Asset Protection Trust

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# LLC BASICS

- **LLCs are perfect for holding real estate** because they can be owned by a single member and do not require as much maintenance as a corporation, which requires a board of directors and annual meetings, including minutes.
- **LLCs can be either** member-managed or manager-managed.
- The revocable living trust you created with your estate plan owns/manages the LLC and can continue to do so after your death.

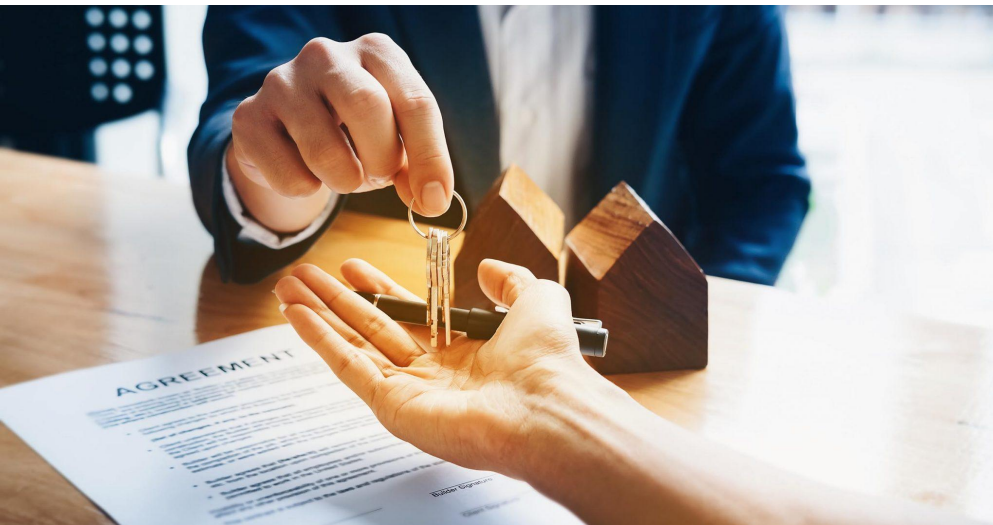




# ENTITY PROTECTION BASICS

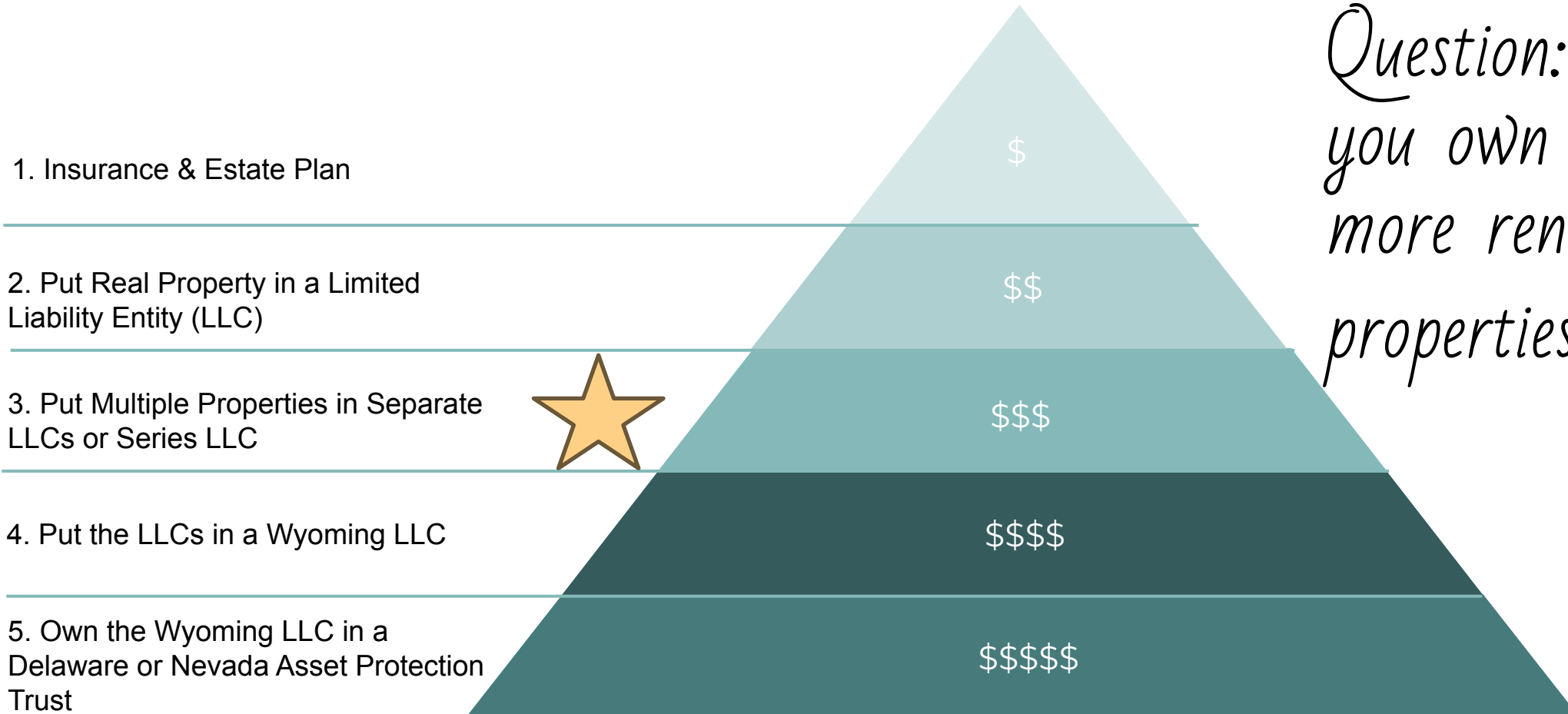
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- **An entity is a separate taxpayer** with a separate taxpayer id number.
- **Maintain corporate formalities.**
- **Maintain separate bank account** and file tax returns for each entity.
- **If commingling occurs**, a creditor could “pierce the corporate veil” and reach through to your other assets.





# 5 Levels of Asset Protection for Real Estate Investments



*Question: Do you own two or more rental properties?*





# Why Separate LLCs?

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- If lawsuit against Property A, protects Property B and C.
- Must maintain business formalities.
- Ex. Multiple motels, one family trust, five rental properties, five separate LLCs, + property management company



# 5 Levels of Asset Protection for Real Estate Investments

## Why Wyoming?

- Create a holding company in WY
- Property owned in multiple states or joint-owners with non-family business owners
- Better asset protection laws
- Great charging order protection – double liability protection shield, because LLC owners are protected from business liabilities and the LLC is protected from the members' liabilities
- Privacy – anonymous title assets

1. Insurance & Estate Plan

2. Put Real Property in a Limited Liability Entity (LLC)

3. Put Multiple Properties in Separate LLCs or Series LLC

4. Put the LLCs in a Wyoming LLC

5. Own the Wyoming LLC in a Delaware or Nevada Asset Protection Trust

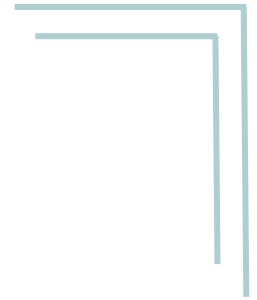
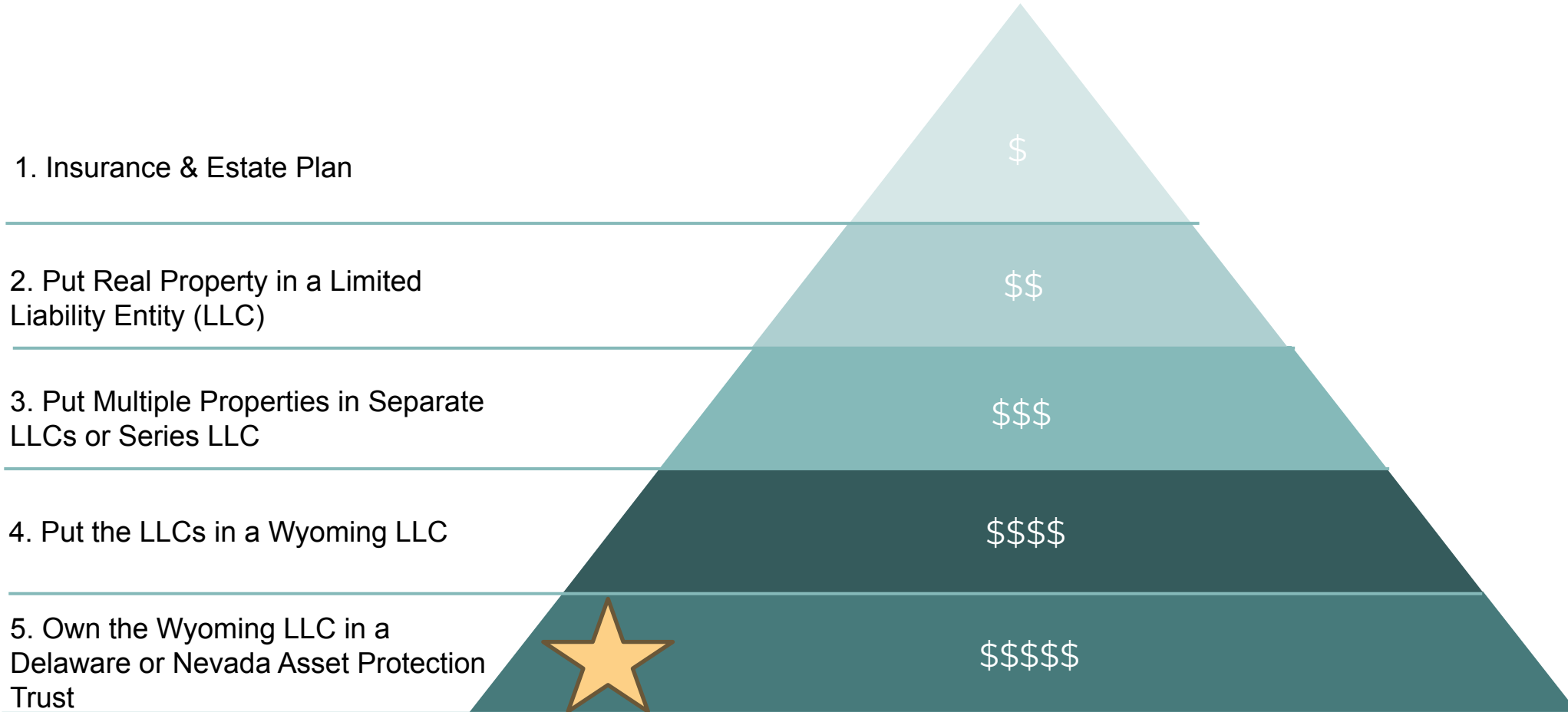


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# 5 Levels of Asset Protection for Real Estate Investments





**How are you  
feeling right  
now?**





# THE FIRST STEP:

## Schedule Your Legacy Planning Session

- Colorado Residents – schedule a 15-minute discovery call with Kendra using the QR code or visiting <https://stronglawco.com/schedule-online/>
- Non-Colorado Residents – I have referrals for you! Email me at [Kendra@stronglawco.com](mailto:Kendra@stronglawco.com)





# We're Here for You



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**THANK YOU**