

Asset Protection Planning:

Key Considerations to Help You Better Serve Your High-Net-Worth Clients

In today's rapidly evolving economic environment, clients with high and ultra-high net worth often face various risks that can significantly threaten their wealth. These risks include lawsuits, bankruptcy, divorce, and financial market volatility. As such, they may benefit from asset protection planning to help safeguard their assets from these unforeseen hazards.

As a CPA guiding these wealthy clients, you can provide added value by alerting them to the potential need for and benefits of asset protection – a critical component in wealth management and preservation. Read on for more information about asset protection and why you may want to recommend this wealth strategy as you serve your high- and ultra-high-net-worth clients.

Asset Protection Requires Collaboration Between Professional Advisors

Asset protection planning can help your wealthy clients proactively safeguard their wealth against unforeseen events that may lead to financial loss. Asset protection encompasses many elements, requiring assistance from various professional specialties with expertise in law, finance, and taxation.

Wealth Brings Unique Risks

The more wealth a client has, the more this type of planning may be able to help them maintain and protect wealth. Here are some of the situations where proactive asset protection planning may be beneficial:

LAWSUITS: Significant wealth may be viewed by others as an opportunity for legal compensation. Typically, increased wealth leads to increased potential liabilities, and some high-income professions (doctors, lawyers, business owners, real estate owners/developers, etc.) are especially frequent targets of lawsuits. In the absence of asset protection planning, just one lawsuit can potentially wipe out significant accumulated wealth.

DIVORCE: A divorce can and often does impact the future net worth of both spouses and their family. Asset protection planning anticipates division of assets and is designed to minimize financial impacts when wealthy clients divorce.

FINANCIAL MARKET VOLATILITY: During periods of financial market instability, asset protection planning can help mitigate risk through diversified investment vehicles, asset allocation, asset location and tax-loss harvesting strategies.

BUSINESS RISK MANAGEMENT: Wealthy clients who own businesses must separate their personal wealth from business risks. Asset protection planning can shield personal wealth from creditors and litigation even if the business faces financial woes or bankruptcy.

ESTATE PLANNING: Asset protection planning can help ensure that heirs receive their rightful inheritance without unnecessary tax burdens as well as safeguard the estate against any future claims from heirs' creditors.

Asset Protection Strategies

CPAs, financial advisors and estate-planning attorneys can work together to determine suitable strategies to help high- and ultra-high-net-worth clients preserve their wealth effectively. These techniques may include:

- Trust recommendations (Spousal Limited Access Trust, Intentionally Defective Grantor Trust, etc.)
- Diversified wealth/investment management
- Formation of limited liability companies (LLCs)
- Use of homestead exemptions
- Maintaining adequate insurance coverage (liability, life, property & casualty)

Final Thoughts

The most important aspect of proactive asset protection planning is **timing**. To be effective, this type of planning must be done **before** the client faces the unique risks mentioned above. Unfortunately, clients who wait until they need asset protection planning will be too late to benefit from it.

As the trusted CPA to your wealthy clients, you can help identify areas of exposure and needs for asset protection planning. Once in place, the asset protection plan can effectively act as a financial safety net aimed at preventing potential losses. For your clients enjoying high- and ultra-high net worth, an ounce of prevention is truly worth a pound of a cure.

For more information about Choreo and helping clients in need of asset protection planning, please contact us at YourFuture@choreoadvisors.com

Sources:

<https://www.forbes.com/advisor/investing/financial-advisor/how-to-protect-your-assets-lawsuits-creditors/>

Choreo, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Registration as an investment adviser does not imply a certain level of skill or training of the adviser or its representatives. This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, insurance, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Choreo, LLC its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed. The sole purpose of this document is to inform, and it is not intended to be an offer or solicitation to purchase or sell any security, or investment or service. Investments mentioned in this document may not be suitable for investors. Before making any investment, each investor should carefully consider the risks associated with the investment and make a determination based on the investor's own particular circumstances, that the investment is consistent with the investor's investment objectives. ©2025 Choreo LLC. All Rights Reserved

Contact Us

If we can be of any additional service to you or your clients, or if you would like more information about how Choreo advisors partner with tax professionals, don't hesitate to reach out.



[Visit Our Website](#)



[Follow Us On LinkedIn](#)