

Additional Ways to Protect Your Assests

Trust

LLC

Definition	<p>Revocable Living Trust is an entity that is used for asset protection against creditors and a vehicle used for estate planning purposes.</p>	<p>Limited Liability company means that the company is limited in a liability lawsuit by the amount of assets that are owned by the company. If properly managed and maintained, the assets of the individual owner(s) of an LLC, that are owned outside of the LLC are not subject to a liability claim against the LLC.</p>
What It Does	<p>Trusts can simplify the probate process upon the death of the Grantor. Trusts can be efficient vehicles in the estate planning process. They can avoid the delays and expenses involved in probate.</p>	<p>Placing real property into an LLC in Tennessee is often considered a risk management technique to protect the individual investor in a real estate investment from the injuries and damages suffered by visitors or tenants which occur on the property.</p>
Costs	<p>Attorneys' fees incurred during the creation of a trust from an estate planning attorney and preparation of quitclaim deeds to change ownership of property.</p>	<p>Start up expenses of a business license, setting up the LLC with the state of Tennessee, the annual expenses of maintaining the LLC in good standing, an annual report with the Secretary of State, the expected annual franchise and excise tax expense and the additional cost of preparation of Tennessee State LLC income tax returns.</p>
Taxes	<p>Trusts do not add additional tax costs. The IRS does not recognize Revocable Living Trusts for income tax purposes. There are no additional taxes to pay or additional tax returns to prepare.</p>	<p>Tennessee has a franchise and excise tax for LLCs. This tax is levied against the annual income of the LLC, the annual value of the personal and real property assets owned by the LLC and the capital gains of any assets sold by the LLC.</p>
Additional Considerations	<p>Trusts can sometimes complicate the lending and underwriting process. Issues can come up when refinancing or mortgaging a trust owned property with a 15 or 30 year fixed rate mortgage.</p>	<p>Often, the purchase of a liability insurance policy is an alternative solution for the investor to consider. The purchase of a liability insurance policy can be more cost effective for liability protection and easier to manage annually.</p>
Consultants	<ul style="list-style-type: none"> -trusted Tennessee tax advisor -estate planning attorney 	<ul style="list-style-type: none"> -trusted Tennessee tax advisor -asset protection attorney -trusted insurance agent