



# IMPROVED PATIENT CARE THROUGH LAWSUIT PROTECTION AND PREVENTION FOR OSTEOPATHIC PHYSICIANS

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- ***“70% of all businesses that enter the marketplace do not sell, primarily because the business’ legal entities are not ready”***
- **“Your legal entities determine what happens if you go to court, if you pass on, and whether you can successfully sell your company.**
- M&A Attorney





## **Some Business/Personal Legal Entities:**

**Joint Tenancy**  
**Tenants in Entirety**  
**Sole Proprietorship**  
**C Corporation**  
**S Corporation**  
**LLC**  
**Limited Partnership**  
**Will**  
**Living Trust**  
**Charitable Remainder Trust**  
**Buy/Sell**  
**Power of Attorney**





# THREATS TO WEALTH

LAWSUITS

TAXES



PROBATE &  
ESTATE TAXES





# WILL

- **Must be probated**
- **Estate is turned over to the legal system, chaos, long, expensive (Up to 10% of estate value)**
- **Estate becomes public - no privacy**
- **Can be challenged by anyone**
- **Costs must be paid before closing**
- **Capital Gains taxes (Approx 25%)**
- **Faces Federal Estate Tax (47%)**





# REVOCAABLE LIVING TRUST

- **Avoids probate**
- **Private**
- **More control than a will**
- **Pass authority to trustee after death**
- **Avoid estate taxes**
- **Tax breaks while alive**
- **Pour Over Will *inside* trust**





# METHODS OF OWNERSHIP

- C OR S CORPORATION  
FOR MANAGEMENT AND  
TAXATION
- LIMITED PARTNERSHIP/  
LLC – OWNERSHIP AND  
PROTECTION





# CORPORATION STATES

- 4 'Asset Protection' States - Alaska, Nevada, Wyoming, Delaware. 'At risk' assets owned here.
- Resident agent - registers for you.
- 60% of Fortune 500 companies have a Delaware headquarters.
- 90% of US Fortune 100 companies have a Nevada headquarters





# LAWSUIT WITH FLP/LLC

- › NEVER A JUDGMENT
- › ALWAYS A CHARGING ORDER





# CHARGING ORDER

- NEVER TAKE ASSETS - ALL 50 STATES
- CAN TAKE ALL NET EARNINGS
- PARAGRAPH 2.9:
- “MP RESERVES RIGHT TO WITHHOLD ALL DISTRIBUTIONS OF PROFIT.”
- IRS 77-137





# IRS 77-137

**CREDITOR NOW**

**MUST PAY INCOME TAXES**

**EVEN IF NO INCOME IS**

**DISTRIBUTED BY THE**




**PARTNERSHIP/LLC!**

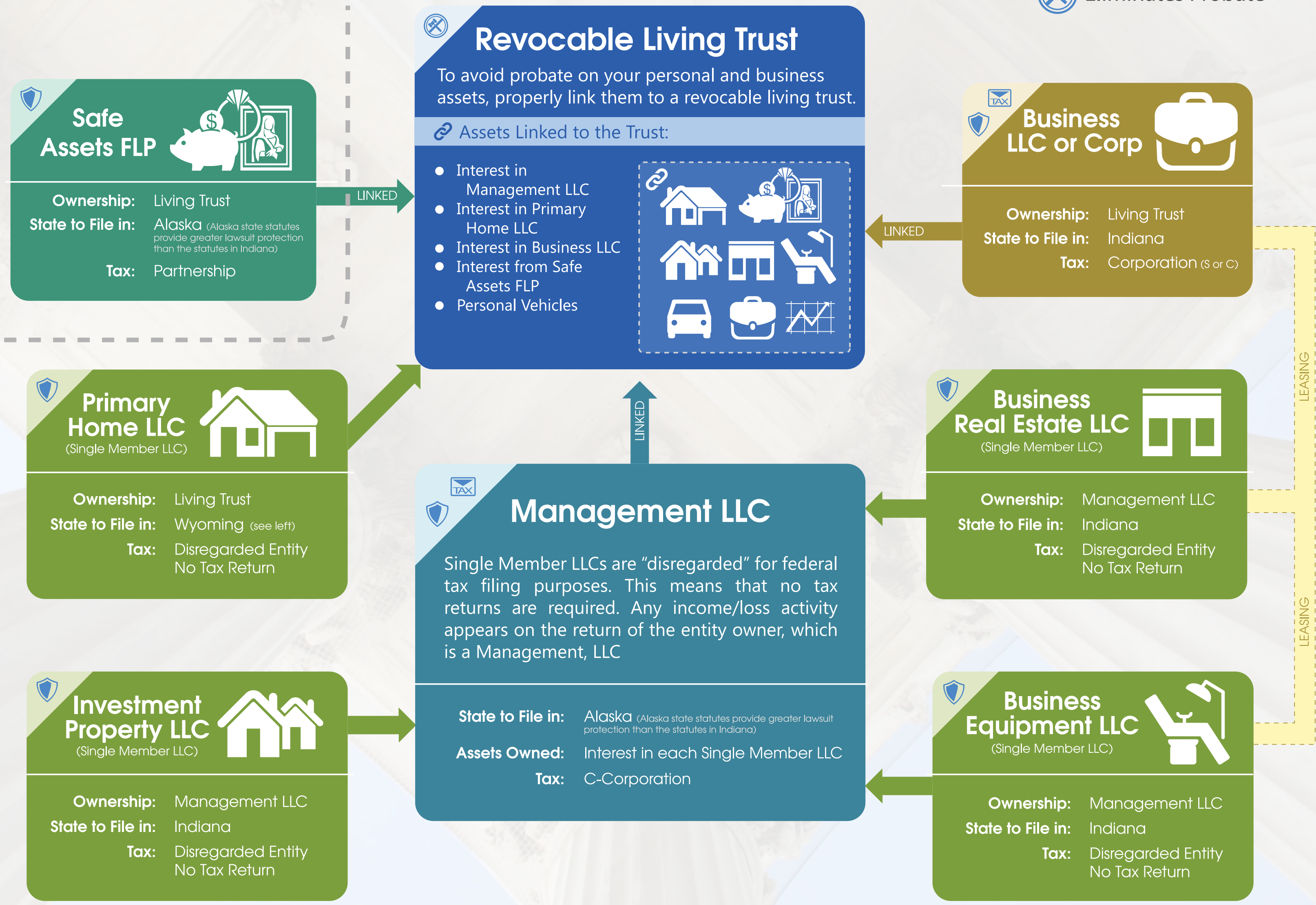




# \*SAMPLE BLUEPRINT

## INDIANA RESIDENCE

-  Provides Lawsuit Protection
-  Reduces Taxes
-  Eliminates Probate



**Safe Assets FLP**

**Ownership:** Living Trust  
**State to File in:** Alaska (Alaska state statutes provide greater lawsuit protection than the statutes in Indiana)  
**Tax:** Partnership

**Revocable Living Trust**

To avoid probate on your personal and business assets, properly link them to a revocable living trust.

**Assets Linked to the Trust:**

- Interest in Management LLC
- Interest in Primary Home LLC
- Interest in Business LLC
- Interest from Safe Assets FLP
- Personal Vehicles

**Business LLC or Corp**

**Ownership:** Living Trust  
**State to File in:** Indiana  
**Tax:** Corporation (S or C)

**Primary Home LLC**  
 (Single Member LLC)

**Ownership:** Living Trust  
**State to File in:** Wyoming (see left)  
**Tax:** Disregarded Entity No Tax Return

**Management LLC**

Single Member LLCs are "disregarded" for federal tax filing purposes. This means that no tax returns are required. Any income/loss activity appears on the return of the entity owner, which is a Management, LLC

**State to File in:** Alaska (Alaska state statutes provide greater lawsuit protection than the statutes in Indiana)  
**Assets Owned:** Interest in each Single Member LLC  
**Tax:** C-Corporation

**Business Real Estate LLC**  
 (Single Member LLC)

**Ownership:** Management LLC  
**State to File in:** Indiana  
**Tax:** Disregarded Entity No Tax Return

**Investment Property LLC**  
 (Single Member LLC)

**Ownership:** Management LLC  
**State to File in:** Indiana  
**Tax:** Disregarded Entity No Tax Return

**Business Equipment LLC**  
 (Single Member LLC)

**Ownership:** Management LLC  
**State to File in:** Indiana  
**Tax:** Disregarded Entity No Tax Return

