




# ATTRACTING & RETAINING CLIENTS

RALPH MINTO, JR. &  
ASSOCIATES  
ATTORNEYS AT LAW

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**THE NEXT TWENTY YEARS  
WILL WITNESS THE LARGEST  
TRANSFER OF WEALTH IN THE  
HISTORY OF THE EARTH AS  
MONEY IS PASSED ON TO THE  
BABY BOOM GENERATION.**



“LIVES & ADVISORS OF NEW MILLIONAIRES”  
Edited from: TRUSTS & ESTATES

**A survey was taken of  
almost 100 individuals who  
had inherited at least \$7.5  
million over the last two  
years.**

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**Four questions were asked concerning financial related service providers:**

**Did you keep your old financial advisor?**

**Did you keep your old accountant?**

**Did you keep your old attorney?**

**How did you select your new financial advisor?**




# THE RESULTS WERE A REAL EYE OPENER


- **92% switched their investment advisor after inheriting**
- **62% switched their accountant after inheriting**
- **94% switched their estate lawyer after inheriting**
- **AND**



**82 PERCENT OF THE NEW  
FINANCIAL ADVISOR AND  
ATTORNEY REFERRALS  
CAME FROM EITHER THEIR  
OLD (IF RETAINED) OR NEW  
ACCOUNTANT**




**“Perhaps the best advice to those who want to win business from the newly rich is this: Be ready to demonstrate that you have experience working with the wealthy, understand the challenges they face, and can access the exclusive products and services designed for the affluent.”**

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- 1. YOU MUST SET YOURSELF APART FROM YOUR COMPETITORS BY PROVIDING A UNIQUE ATMOSPHERE.**
  - 2. SHOW THAT YOU ARE KNOWLEDGEABLE IN MANY DIFFERENT FINANCIAL AREAS.**
  - 3. NOT THAT YOU CAN DO EVERYTHING,**
  - 4. BUT SHOW THAT YOU CAN BRING TO BEAR THE PEOPLE AND RESOURCES THAT ARE NECESSARY TO SOLVE PROBLEMS PRESENTED BY THE CLIENT AND PROBLEMS THAT YOU SPOT.**



# HOW CAN YOU BECOME UNIQUE AND KNOWLEDGEABLE?

**“PROFESSIONAL ADVISORS MUST  
DIFFERENTIATE THEMSELVES FROM THEIR  
COMPETITORS. AND THE POWER TO  
DIFFERENTIATE ... LIES WITH THOSE WHO CAN  
BEST MARSHAL INFORMATION AND USE THEIR  
IMAGINATION TO ENVISION NEW, CUSTOMIZED,  
CLIENT SOLUTIONS.”**




**HOW DO YOU ACQUIRE  
“CUTTING EDGE”  
SOLUTIONS TO CLIENT  
PROBLEMS AND  
BECOME THE “GO TO  
PERSON”?**

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# TOTAL TEAM EFFORT

- **TODAY, THE BEST WAY TO KEEP ABREAST OF CUTTING DEVELOPMENTS IS THROUGH THE USE OF PROFESSIONAL NETWORKS.**

- 
- **TO ATTRACT AND RETAIN CLIENTS WE MUST DEVELOP AND MAINTAIN A NETWORK OF PROFESSIONALS UPON WHOM WE MAY RELY, AS MEMBERS OF A TEAM, FOR PROFESSIONAL ADVICE, EDUCATION AND REFERRALS.**



- **The key to any team is maintaining relationships:**
  - **With other team members**
  - **With our clients**
  - **We accomplish this with our series of courses for financial professionals called the Wealth Management Roundtable.**



Recent courses included updates on the recent major Medicaid changes.

- Medicaid changes – DRA of 2005
  - ...lookback penalty period expansion
  - ...long term care insurance




# UPDATES IN THE GIFTS AND ESTATE TAX AREAS

## ■ Annual Gift Exclusion

- \$11,000 – 2005
- \$12,000 – 2006

## ■ Unified Credit

- \$1.5 million – 2005
- \$2 million – 2006
- Unlimited – 2010
- \$1 million – 2011



# THE PRACTICAL AND ETHICAL ASPECTS OF DURABLE POWERS OF ATTORNEY, HEALTHCARE POWERS OF ATTORNEY AND LIVING WILLS

- 85% of our clients will at some point in their life will become incapacitated or disabled and will benefit from...
  - Current living will/ healthcare power of attorney
    - HIPAA changes
  - Living Trust estate and disability planning
  - Current financial power of attorney



# ASSET PROTECTION PLANNING

■ **In attracting new clients, the wealthy are most concerned with...**

- Asset Protection**
- Wealth preservation**
- Charitable giving**
- Wealth enhancement**




# WHAT IS ASSET PROTECTION PLANNING?


**IT IS THE DELIBERATE AND LEGAL  
ARRANGEMENT OF BUSINESS AND  
PERSONAL ASSETS SO AS TO PLACE  
THEM BEYOND THE REACH OF  
CREDITORS.**



# **WHY SHOULD WE USE ASSET PROTECTION PLANNING?**

- 1. THERE ARE 12,000 LAWSUITS FILED EACH DAY, AND AS BUSINESSMEN OR BUSINESS COUNSELORS KNOW, THE COST OF LITIGATION IS STAGGERING, AND THE AWARDS ARE PREPOSTEROUS.
- 2. BUSINESSES ARE VERY HEAVILY REGULATED, AND RUNNING AFOUL OF A REGULATION CAN SPELL FINANCIAL AND PERSONAL RUIN.

- 
- Having your assets in a protected position allows you to deal more effectively with creditors. Being asset protected keeps creditors, and their attorneys, from thinking you are ripe for the picking and instead induces a mood of settlement, say for the amount of your insurance. It puts you in the settlement driver's seat.



# COMMON EXAMPLES OF ASSET PROTECTION PLANNING

- **TENANCY BY THE ENTIRETIES IN PA: holding property jointly as husband and wife.**
- **CREATING A CORPORATION OR LIMITED LIABILITY COMPANY.**
- **STRUCTURED INDEBTEDNESS OF STRATEGIC ASSETS.**
- **DOMESTIC AND FOREIGN ASSET PROTECTION TRUSTS.**
- **PRIVATE ANNUITIES.**
- **INSURANCE.**



# WHAT AREAS ARE APPROPRIATE FOR ASSET PROTECTION PLANNING?

- Protection of **PERSONAL** Assets
- Protection of **BUSINESS** Assets
- Protection of **ESTATE** Assets
- Protection of **RETIREMENT** Assets



# Asset Protection in Estate Plans:

- Protecting the next generation by keeping inheritances in trust...
  - Lifetime protective trust shares can protect against:
    - Addiction
    - Divorce
    - Disability
    - Creditors



# **U.S. Compliant Offshore Planning: Foster & Dunhill Ltd. Freeport, Bahamas**

- **Offshore planning strategies have been used for many years by the wealthiest families in the U.S.**



# **Most common objectives for Using an Offshore Plan:**

- **Asset Protection**
- **Income Tax Reduction**
- **Income Tax Deductions**
- **Estate Tax Reduction**



# Offshore Planning **IS** Legal:

- **One Must Comply with the Reporting Requirements of the I.R.S. and the U.S. Treasury Department:**

- Form 3520**
- Form 3520A**
- TDF 90-22.1**



# Will You be Audited by the IRS?

- Having An Offshore Trust Does Not Invite Heightened Scrutiny by the I.R.S.
- Foster & Dunhill, Ltd. Has Never Had a Change on Audit
  - **Affiliates Administer over 3000 Offshore Trusts**



# Loss of Capital or Assets?

- We Do Not Relocate Assets Offshore, All We Do is Change Title
- Custody of Assets remain in U.S. with You, the Trusted Advisor



# **What is an Offshore Asset Protection Trust?**

- **Placing the ownership of your assets in a foreign grantor trust whose trustee is not required to honor U.S. judgments.**

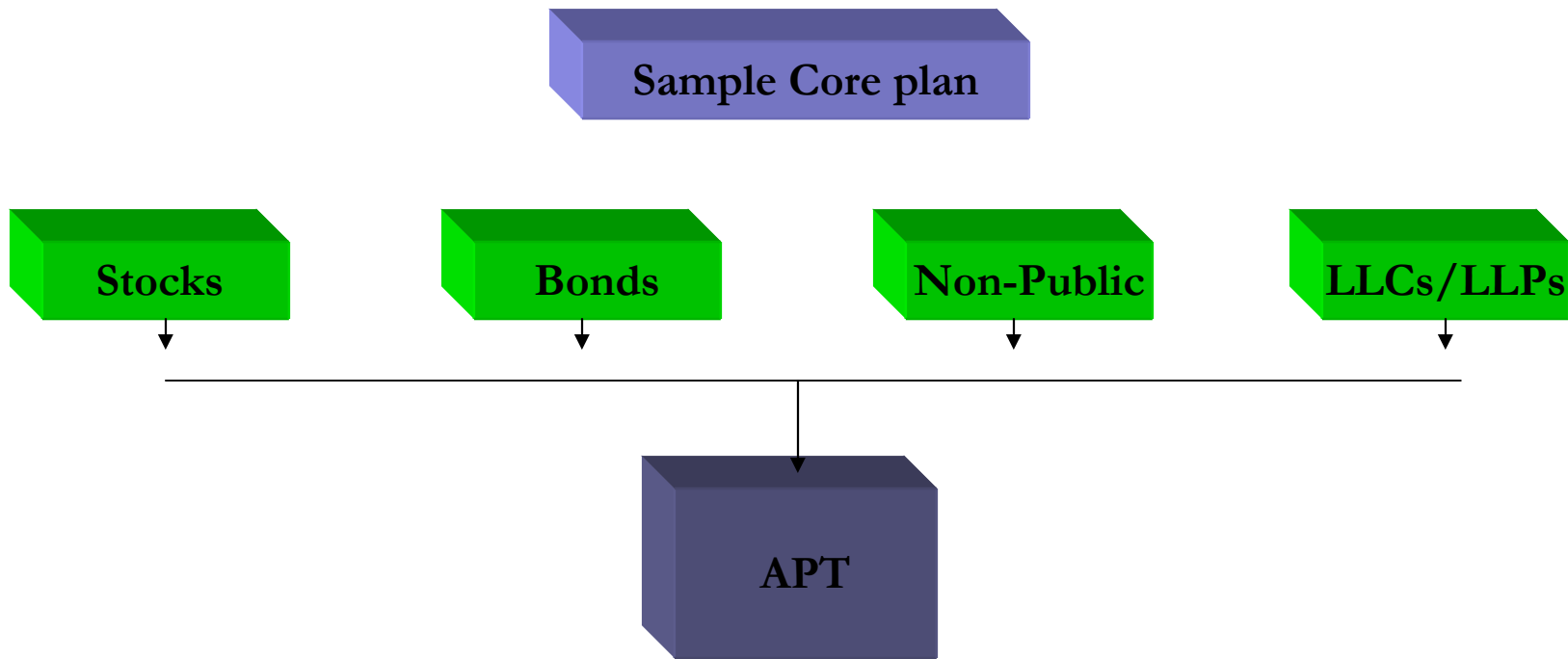


# Jurisdictions:

- Where would you place this trust?
- Is one country as good as another?



<b>Offshore Asset Protection Trusts - Comparison of Jurisdictions</b>									
<b>Country</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
	Statutory certainty regarding non-recognition of foreign judgments	"Beyond reasonable doubt" standard of proof required in establishing fraudulent intent	SOL for challenging an APT	Statutory certainty that settlor can be a beneficiary	Statutory certainty that settlor can retain some degree of control	Burden of proving fraudulent intent is always on creditor	Posting of bond required before litigation can commence	Statutory certainty that trust remains valid if fraudulent transfers determined to have taken place	Presumption against fraudulent intent if transferor remains solvent following transfers
Bahamas			X	X	X	X		X	
Belize	X			X	X				
Bermuda			X			X		X	
Cayman			X			X		X	
Cook Islands	X	X	X	X	X	X		X	X
Cyprus			X	X		X			
Gibraltar			X					X	X
Labuan	X	X	X	X	X	X		X	X
Mauritius		X	X	X		X			
<b>Nevis</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
St. Vincent and the Grenadines	X	X	X	X	X	X		X	X
Seychelles		X	X	X		X			
Turks & Caicos			X			X			X
** Nonspecific treatment in the law.									
Alaska			X	X	X			X	
Colorado			X	X					
Delaware			X	X	X			X	
Nevada			X	X	X				



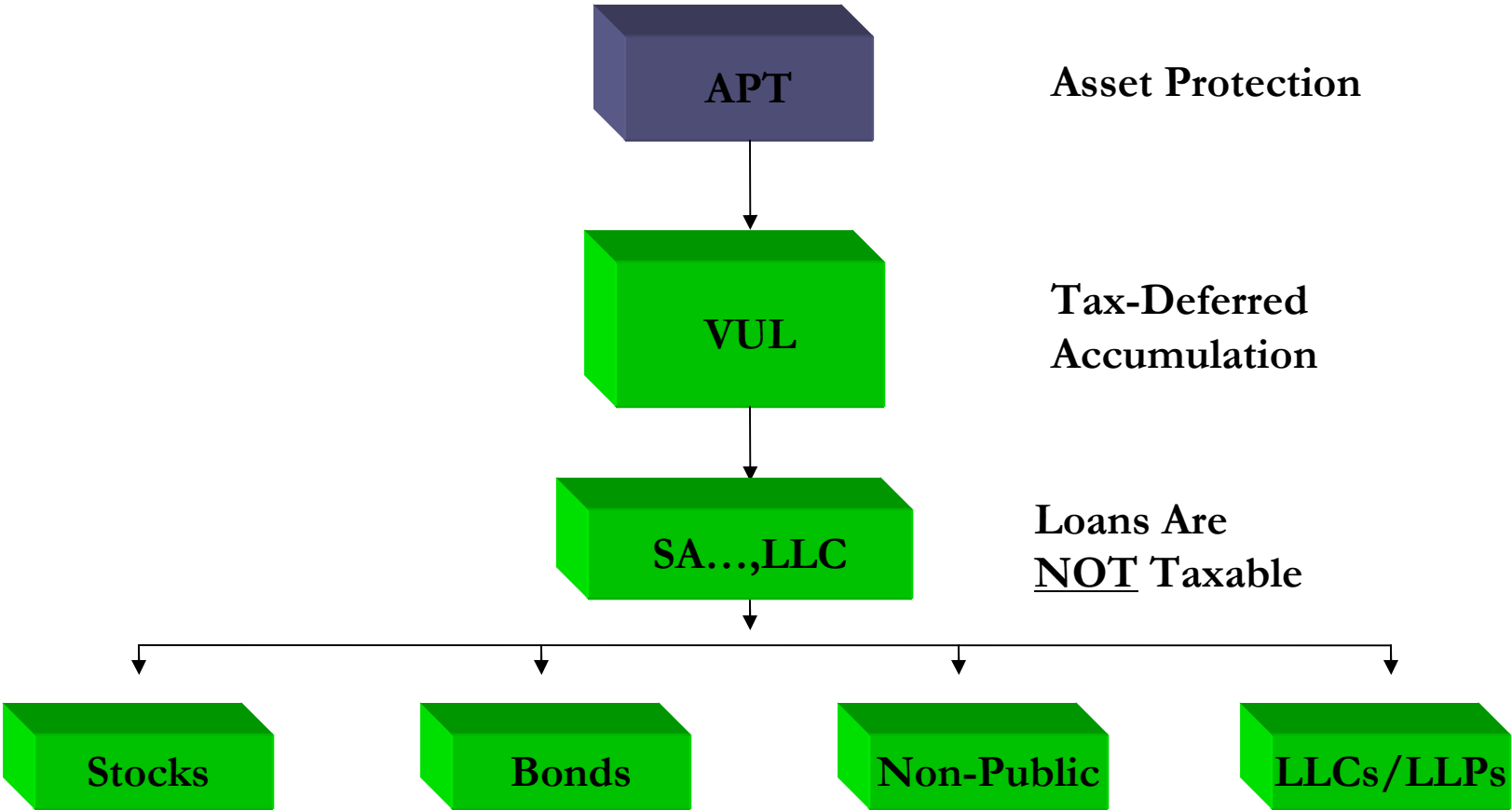


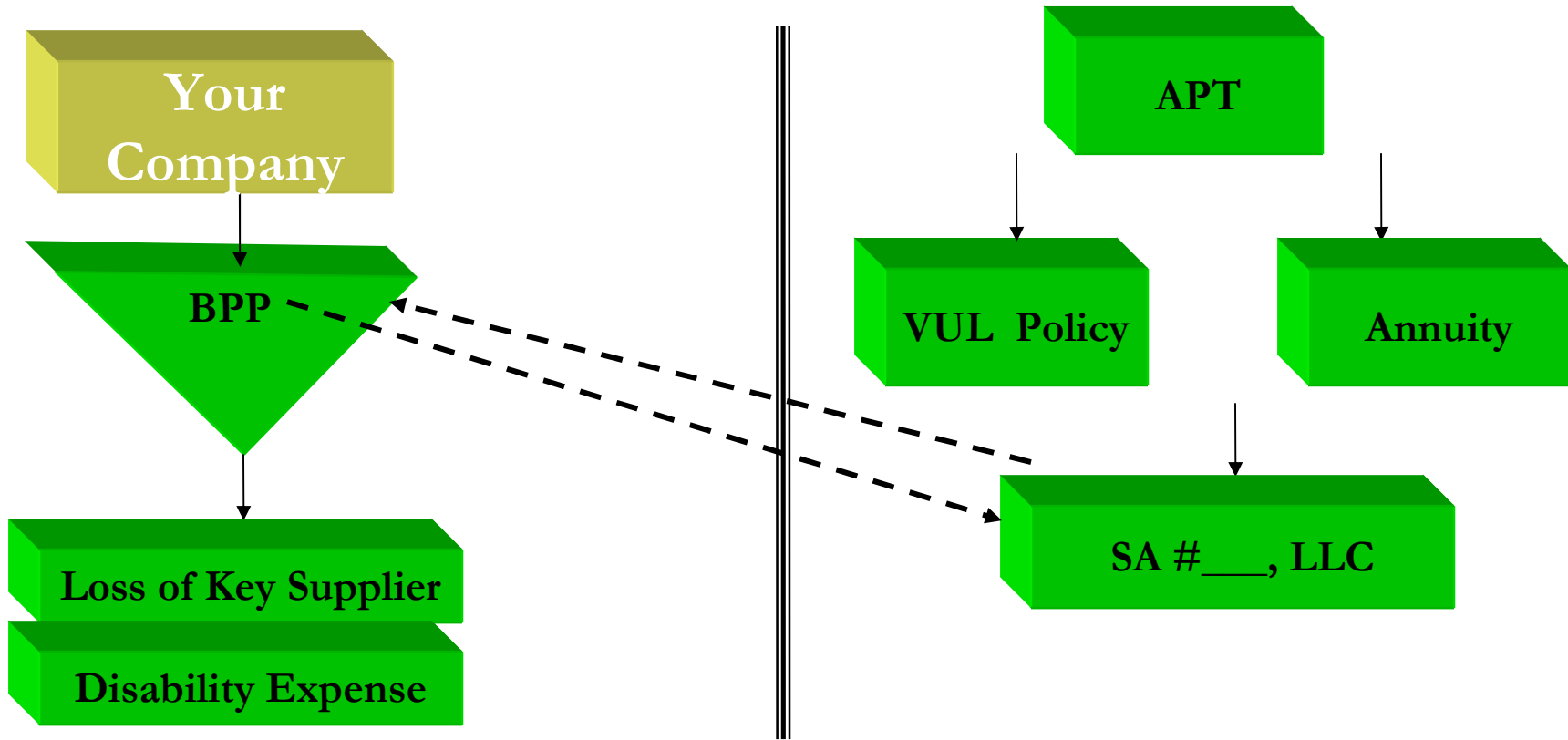
# **Income Tax Advantages:**

- **As U.S. citizens, you are the only people in the world taxed on your worldwide income.**
- **It is illegal to hide money offshore. You need to use IRS approved structures to bring about tax savings.**
- **The only offshore tax strategies supported by the tax code are insurance strategies.**
- **Sections 72, 7702 and 817h of the IRC give you the ability to hold your U.S. investments in a foreign insurance structure.**



**Advanced Core Plan – Structured With Life Insurance**





The BPP policy's reinsurer enters into an underwriting agreement with an entity in which the VUL premiums are invested to pledge the VUL Cash Value as a Claims Reserve for a portion of the BPP risk on a 4:1 basis.

Under this agreement, in consideration for placing the VUL's separate account assets at risk, the Cash Value account is entitled to receive 85% of the Business Protection Policy premium as a guaranty fee, plus CD interest, minus excise taxes ranging from 1% to 4%, minus any claims made by the client under the BPP.

<b>BPP Analysis - 40% Combined Federal and State Tax Rate</b>									
<b>\$250,000 Annual Deductible Premium / 0% Return</b>									
<b>Current Situation</b>				<b>Using Business Protection Package</b>					
<b>End of Yr</b>	<b>Salary</b>	<b>Net after 40%</b>	<b>Balance in your account*</b>	<b>Outlay</b>	<b>Policy Fee</b>	<b>Excise Tax 2%**</b>	<b>Less Claims</b>	<b>Balance in your account</b>	<b>Gain thru BPP</b>
1	\$ 250,000	\$ 150,000	\$ 150,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 207,500	\$ 57,500
2	\$ 250,000	\$ 150,000	\$ 282,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ 18,000	\$ 397,000	\$ 115,000
3	\$ 250,000	\$ 150,000	\$ 432,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 604,500	\$ 172,500
4	\$ 250,000	\$ 150,000	\$ 582,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 812,000	\$ 230,000
5	\$ 250,000	\$ 150,000	\$ 732,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 1,019,500	\$ 287,500
6	\$ 250,000	\$ 150,000	\$ 878,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ 4,000	\$ 1,223,000	\$ 345,000
7	\$ 250,000	\$ 150,000	\$ 1,028,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 1,430,500	\$ 402,500
8	\$ 250,000	\$ 150,000	\$ 1,178,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 1,638,000	\$ 460,000
9	\$ 250,000	\$ 150,000	\$ 1,306,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ 22,000	\$ 1,823,500	\$ 517,500
10	\$ 250,000	\$ 150,000	\$ 1,456,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 2,031,000	\$ 575,000
11	\$ 250,000	\$ 150,000	\$ 1,606,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 2,238,500	\$ 632,500
12	\$ 250,000	\$ 150,000	\$ 1,756,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 2,446,000	\$ 690,000
13	\$ 250,000	\$ 150,000	\$ 1,891,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ 15,000	\$ 2,638,500	\$ 747,500
14	\$ 250,000	\$ 150,000	\$ 2,041,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 2,846,000	\$ 805,000
15	\$ 250,000	\$ 150,000	\$ 2,191,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 3,053,500	\$ 862,500
16	\$ 250,000	\$ 150,000	\$ 2,341,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 3,261,000	\$ 920,000
17	\$ 250,000	\$ 150,000	\$ 2,491,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 3,468,500	\$ 977,500
18	\$ 250,000	\$ 150,000	\$ 2,635,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ 6,000	\$ 3,670,000	\$ 1,035,000
19	\$ 250,000	\$ 150,000	\$ 2,785,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 3,877,500	\$ 1,092,500
20	\$ 250,000	\$ 150,000	\$ 2,935,000	\$ 250,000	\$ 37,500	\$ 5,000	\$ -	\$ 4,085,000	\$ 1,150,000

\* After uninsured losses

\*\* U.S. Excise Tax ranges from 1% - 4% depending on the type of coverage.

## Building Net Worth through After-Tax Savings

## Building Net Worth through Insurance Structures

Yr	Age	After-Tax Deposits	Opening Balance	After-Tax Return	Withdrawals After-Tax	Closing Balance	Underwriting Profits	Withdrawals After-Tax	VUL Balance	Offshore Gain
1	52	\$ 300,000	\$ 2,000,000	\$ 102,000	\$ -	\$ 2,402,000	\$ 425,000	\$ -	\$ 2,490,852	\$ 88,852
2	53	\$ 300,000	\$ 2,402,000	\$ 122,502	\$ -	\$ 2,824,502	\$ 425,000	\$ -	\$ 3,071,487	\$ 246,985
3	54	\$ 300,000	\$ 2,824,502	\$ 144,050	\$ -	\$ 3,268,552	\$ 425,000	\$ -	\$ 3,697,546	\$ 428,994
4	55	\$ 300,000	\$ 3,268,552	\$ 166,696	\$ -	\$ 3,735,248	\$ 425,000	\$ -	\$ 4,374,262	\$ 639,014
5	56	\$ 300,000	\$ 3,735,248	\$ 190,498	\$ -	\$ 4,225,745	\$ 425,000	\$ -	\$ 5,106,337	\$ 880,592
6	57	\$ 300,000	\$ 4,225,745	\$ 215,513	\$ -	\$ 4,741,258	\$ 425,000	\$ -	\$ 5,900,725	\$ 1,159,467
7	58	\$ 300,000	\$ 4,741,258	\$ 241,804	\$ -	\$ 5,283,063	\$ 425,000	\$ -	\$ 6,763,509	\$ 1,480,446
8	59	\$ 300,000	\$ 5,283,063	\$ 269,436	\$ -	\$ 5,852,499	\$ 425,000	\$ -	\$ 7,733,667	\$ 1,881,168
9	60	\$ 300,000	\$ 5,852,499	\$ 298,477	\$ -	\$ 6,450,976	\$ 425,000	\$ -	\$ 8,785,662	\$ 2,334,686
10	61	\$ 300,000	\$ 6,450,976	\$ 329,000	\$ -	\$ 7,079,976	\$ 425,000	\$ -	\$ 9,918,423	\$ 2,838,447
11	62	\$ 300,000	\$ 7,079,976	\$ 361,079	\$ -	\$ 7,741,055	\$ 425,000	\$ -	\$ 11,143,290	\$ 3,402,235
12	63	\$ 300,000	\$ 7,741,055	\$ 394,794	\$ -	\$ 8,435,849	\$ 425,000	\$ -	\$ 12,461,817	\$ 4,025,968
13	64	\$ 300,000	\$ 8,435,849	\$ 430,228	\$ -	\$ 9,166,077	\$ 425,000	\$ -	\$ 13,889,372	\$ 4,723,295
14	65	\$ -	\$ 9,166,077	\$ 467,470	\$ (990,884)	\$ 8,642,663	\$ -	\$ (990,884)	\$ 13,913,829	\$ 5,271,166
15	66	\$ -	\$ 8,642,663	\$ 440,776	\$ (990,884)	\$ 8,092,555	\$ -	\$ (990,884)	\$ 13,939,009	\$ 5,846,454
16	67	\$ -	\$ 8,092,555	\$ 412,720	\$ (990,884)	\$ 7,514,391	\$ -	\$ (990,884)	\$ 13,945,705	\$ 6,431,314
17	68	\$ -	\$ 7,514,391	\$ 383,234	\$ (990,884)	\$ 6,906,741	\$ -	\$ (990,884)	\$ 13,943,839	\$ 7,037,098
18	69	\$ -	\$ 6,906,741	\$ 352,244	\$ (990,884)	\$ 6,268,101	\$ -	\$ (990,884)	\$ 13,943,100	\$ 7,674,999
19	70	\$ -	\$ 6,268,101	\$ 319,673	\$ (990,884)	\$ 5,596,890	\$ -	\$ (990,884)	\$ 13,938,835	\$ 8,341,945
20	71	\$ -	\$ 5,596,890	\$ 285,441	\$ (990,884)	\$ 4,891,447	\$ -	\$ (990,884)	\$ 13,923,412	\$ 9,031,965
21	72	\$ -	\$ 4,891,447	\$ 249,464	\$ (990,884)	\$ 4,150,027	\$ -	\$ (990,884)	\$ 13,911,974	\$ 9,761,947
22	73	\$ -	\$ 4,150,027	\$ 211,651	\$ (990,884)	\$ 3,370,794	\$ -	\$ (990,884)	\$ 13,894,312	\$ 10,523,518
23	74	\$ -	\$ 3,370,794	\$ 171,911	\$ (990,884)	\$ 2,551,821	\$ -	\$ (990,884)	\$ 13,886,084	\$ 11,334,263
24	75	\$ -	\$ 2,551,821	\$ 130,143	\$ (990,884)	\$ 1,691,080	\$ -	\$ (990,884)	\$ 13,879,812	\$ 12,188,732
25	76	\$ -	\$ 1,691,080	\$ 86,245	\$ (990,884)	\$ 786,441	\$ -	\$ (990,884)	\$ 13,882,927	\$ 13,096,486
26	77	\$ -	\$ 786,441	\$ 40,108	\$ (990,884)	\$ (164,335)	\$ -	\$ (990,884)	\$ 13,853,372	\$ 14,017,707



# Summary of Advantages:

- **Asset protection in the event of judgments**
- **Tax deductible insurance coverage based on IRC and supported by formal tax opinion of respected U.S. tax law firm**
- **Underwriting profits earned without taxation**
- **Tax free access to funds through VUL policy loans**




# Summary of Advantages:

- Highest hurdles for real asset protection.
- Greater net worth through deferral or elimination of taxation.
- Invest without timing for long-term capital gains.
- Effectively accumulate 85% of each dollar instead of 60% - 40% increase in new investments.
- Tax-free access to funds through policy loans.



# Total Team Effort

- **Foster & Dunhill, Ltd. Is a Part of Our Team, Facilitating One Part of Our Practice.**
- **This is One Aspect of Sophisticated Asset Protection We Provide.**
- **We Incorporate Asset Protection Into All Other Areas of Our Practice, from Taxpayer Collection Representation to Sophisticated Business, Tax and Estate Planning.**

- 
- **Thank you for this opportunity to be here today.**
  - **If you are interested in learning more about our services or partnering with us and our Wealth Management Roundtable®, stop by our table.**
  - **We look forward to meeting you.**