

Financial Pentagon®

5 Key Areas To An Abundant Retirement

“Protection”

By Dan Hagler

As we review and “Assess” your current situation in phase II of *The Protected Retirement Process®*, the first place we start is with reviewing your current protection planning. We conduct an MRI or stress test to see how your planning stands up to the wealth predators: litigation, creditors, divorce, lifestyle risk, business risk, taxes, bad decision making or just life’s uncertainties.

- Litigation – today in the United States over 50,000 law suits are filed every day. The question is do you have the right type of trust in place? Let’s review an example. Marie received an inheritance from her parents who thought they did it the right way, \$3 million dollars was placed into a trust which they thought was protected. So Marie was on her way home from work one day, she was hit by a drunk driver, both cars spun into a school bus. As result both were sued. They sued Marie and they sued the drunk driver. As a result the court determined that Marie was 10% liable and the drunk driver was 90% liable of the \$10 million dollars awarded in the law suit. Many people would think Marie would owe \$1 million dollars which is 10%. However, in a joint and several liability environment Marie owed the entire \$10 million dollars since the drunk driver had no money. Her entire \$3 million dollars was unprotected since it was in the wrong trust.
- Divorce – There is a one in two chance that divorce will occur. How many of you would be ok if your children or grandchildren get divorced and half of their inheritance goes out the door? Nobody is going to be happy with that right? So divorce in an issue!
- Bad Decision Making – Bad decisions include everything from business decisions, financial decisions-making, personal decisions. Knowledge or financial blind spots are usually at the root

of these problems and owners of large IRA's, Trusts and Estates are especially at risk. For example a small mistake made on a small amount of money is a small problem, however that same small mistake on a large amount of money is a very large financial mistake. So the devil is in the details.

So after conducting the MRI and stress test on your Protection needs it may be necessary to construct a protective barrier, like a moat. In the old days when you built a Castle you always surrounded it with tall walls and moat. And if you didn't, you lost everything to raiding marauders. So what we want we to do is make sure we build strong walls and a deep moat to protect your wealth.

In our next article we will continue with a review of Retirement Income planning which is the second of the 5 Key Areas of the Financial Pentagon®.