

Asset Protection

Sometimes it is difficult to see the connection between our legal system and your finances.

The connections have to do with the protection of your assets and the cost of battling to protect rights. We've all heard of road rage. Getting caught up in legal rage can really deplete your coffers.



For example, what if you were arrested for not having your 3 year old and five year old grandchildren in seat belts? The case of *Atwater v City of Lago Vista* ended up going all the way to the US Supreme court – where the driver lost the case. Now that must have cost a pretty penny. By the way, that case

determined that it was not unreasonable to arrest someone for a seatbelt violation. Parents beware!

Could a jury make you a pauper? A more direct assault on your financial security is a lawsuit where you lose and have to pay damages beyond your insurance coverage. It happens a lot. Are your assets properly protected? Even if the lawsuit is undeserved and you were in the right – you have to prove it – and pay the legal costs to defend yourself. Your insurance may cover – or may not depending on fault. If the other side is lying but makes a better case than you – you're out of luck. Protecting assets by owning adequate insurance and some of the investments that are protected in NYS– can help you regain your financial equilibrium.

Many parents and grandparents are beginning to use 529 plans to save for college educations. How do those fare in NY in protection from a lawsuit? NY – as with most states – has no specific laws dealing with protection of college assets in the event of lawsuit. NY does prohibit 529 plan assets being used as collateral for a loan. That can help. I guess the plans are too new for more complex protections.

I know I've said this before, but are you aware that the cost for insurance to cover these kinds of legal financial terrors is tiny, miniscule and very affordable? 5 million of coverage is less than \$500 a year and a million may be as little as \$70-120.

Things like this have happened to people I know well.

Don't think it can't happen to you.