

The Doctor's Wealth Preservation Guide

Table of Contents

(Due to the fact that many physicians are too busy to read this entire book cover to cover, I have bolded the sections of the book that I believe are the most important to read first)

	Page
Forward.....	viii
Acknowledgements.....	xiv
Total Financial Independence (TFI)*	xv

Chapter One Asset Protection

Introduction.....	23
<u>Section 1</u>	
Why a Physician Should Protect his/her Assets?.....	23
What Assets Should a Physician Protect	29
<u>Section 2</u>	
Asset Protection Planning	30
<u>Section 3</u>	
Fraudulent Transfers.....	35
<u>Section 4</u>	
Existing Laws Help Protect Your Assets.....	39
<u>Section 5</u>	
Retirement Plans (ERISA Governed Plans)	44
-Non-ERISA Plans and IRAs (the use of the MAXI-IRA).....	45
<u>Section 6</u>	
Typical Asset Protection Solutions (that do not always work).....	48
-Types of Co-Ownership.....	48

Section 7

Corporate Entities	55
- Sole Proprietorships and Partnerships	55
-Corporations (C and S).....	57
- Types of Creditors (inside and outside creditors)	61
-Director and Officer Liability.....	62
-Trustee/Fiduciary Duties.....	62
- Limited Liability Companies (LLCs); Family Limited Liability Companies (FLLCs); and Family Limited Partnerships (FLPs)	64
-The Charging Order	66
-Where to Incorporate.....	71

Section 8

Trusts as Asset Protection Tools.....	72
---------------------------------------	----

Section 9

Offshore Asset Protection Strategies	74
-Offshore Limited Liability Companies (LLCs).....	77
-Offshore Trusts.....	78
- Contempt of Court	80
-Closely Held Insurance Companies (CICs).....	82

Section 10

Protecting the Personal/Marital Residence	84
-Qualified Personal Residence Trust (QPRT).....	86
-LLCs or FLPs.....	88
- Equity Stripping	90

Section 11

Accounts Receivable (Asset Protection)*	93
--	----

Conclusion/Summary on Asset Protection.....	105
---	-----

Chapter Two

Estate Planning

Introduction.....	108
-------------------	-----

Section 1

Wills	109
--------------------	-----

Section 2

Durable Powers of Attorney	111
---	-----

<u>Section 3</u>	
A&B, Marital, or Living Trusts	115
<u>Section 4</u>	
Life Insurance (different types and the ones that are right for you)	119
-Term Life Insurance	119
- Return of Premium Term Life Insurance*	120
-Whole Life Insurance	123
-Variable Life Insurance	124
-Universal Life	126
- The “New” Equity Indexed Life Insurance Policy (EILIP)	128
<u>Section 5</u>	
Irrevocable Life Insurance Trusts (ILIT)	130
<u>Section 6</u>	
Leveraged Life	133
<u>Section 7</u>	
Life Settlements	136
<u>Section 8</u>	
Disability Insurance (What You Need to Know Before You Buy)	140
How to Purchase More than \$15,000 a Month in Coverage*	144
<u>Section 9</u>	
Divorce Protection	146
<u>Section 10</u>	
Generation Skipping Tax	148
<u>Section 11</u>	
Charitable Planning	150
- Charitable Gift Annuities*	150
<u>Section 12</u>	
Long Term Care Insurance (LTCI)	156
<u>Section 13</u>	
Family Limited Liability Companies to Lower Estate Taxes	158
<u>Section 14</u>	
Other Estate Planning Tools	165
-Grantor Retained Annuity Trust (GRAT)	165
-Defective Grantor Trust (DGT).....	165
-Qualified Personal Residence Trusts (QPRT).....	165

Section 15
Capital Gains Reduction/Avoidance..... 166

Section 16
Mitigating the 70-80% Tax Trap..... 166

Chapter Three **Income Tax Reduction**

Section 1
Introduction and Traditional Solutions 175
 -401(k) Plan 175
 -Profit Sharing Plan..... 175
 -Money Purchase Plan 176
 -**New Comparability Plan**..... 176
 -Defined Benefit Plan 176
 -IRA 177
 -Simplified Employee Pension (SEP-IRA)..... 177
 -Savings Incentive Match Plan for Employees IRA (SIMPLE-IRA)..... 177

Section 2
Non-Qualified Deferred Compensation Plans (NQDC) 182

Section 3
The ABC Plan* 186

Section 4
Accounts Receivable (A/R) Factoring 191

Section 5
Accounts Receivable (A/R) Leveraging 195

Section 6
412(i) Defined Benefit Plans 196
 -**The Perfect Retirement Plan** 196
 -**Legally Discriminate with “Carve Out” Planning** 201

Section 7
Section 79 Plan 205

Section 8
Closely Held Insurance Companies (CIC)..... 209

Section 9
Long Term Care Insurance (LTCI) 213
 -**“Free” LTCI**..... 215

Section 10

Welfare Benefit Plans (419A(f)6 and 419E Plans);
Voluntary Employee Benefit Plans (VEBAs) (Post 2002 IRS Regulations)..... 217
 -Create a Union in Your Medical Office?..... 220

Section 11

Other Income Tax Reduction Plans
 -The Worst of the Rest..... 222
 -Employee Stock Ownership Plan (ESOP)..... 222
 -Irish Leasing Companies 223

Summary and Thoughts on Income Tax Reduction..... 224

Chapter Four

Personal Finances

(Understanding Your Investments and if there are Better Options Available)

Introduction..... 226

Section 1

Section 529 Plans..... 226

Section 2

Life Insurance 229

Section 3

Annuities..... 230
 -Fixed Annuity 231
 -Variable Annuity 232
 -**Guaranteed Equity Indexed Annuities (EIAs)*** 235

Section 4

The “Maximizer” 241

Section 5

Equity Harvesting..... 247
 -1% Cash Flow Arm Mortgage 248

Section 6

Capital Gains Reduction/Avoidance 252
 -**Private Annuity Trust** 252

Section 7

Principal Guaranteed Investment Products..... 255

<u>Section 8</u> Stock Protection Strategy (How to hedge the downside risk of individual stocks).....	258
<u>Section 9</u> Private Placement Life Insurance (PPLI)	266
<u>Section 10</u> Hedge Funds	270
<u>Section 11</u> Ponzi Schemes	272

Chapter Five

Medical Office Management

(Ways to Run a More Efficient and Financially Sound Medical Practice)

Introduction.....	278
<u>Section 1</u> Choice of Entity —(Should your office be a C or S Corp or LLC or P.C.?)	278
<u>Section 2</u> The Perfect Medical Office Corporate Structure	283
<u>Section 3</u> Health Insurance	286
-Why Costs are Rising	286
-COBRA	286
-Health Insurance Strategies	290
-Fully Insured Plans	290
-Partially Self-Funded	291
-Section 125 Plans.....	292
-Health Savings Accounts (HSAs).....	293
<u>Section 4</u> Professional Employer Organizations (PEO)	296
<u>Section 5</u> Malpractice Insurance	
-A Necessary Evil to Protect Your Assets	299
- Avoid the Bull’s Eye on your Back	299
- Do you have the right type of malpractice insurance? (Occurrence Coverage vs. Claims Made Coverage)	303
-Secondary Malpractice Insurance Market	308
- Captive Insurance Company (CIC)	309

Section 6

Qualified Retirement Plans	312
-Does your Office have the Right Pension Plan?.....	312
-Defined Benefit Plan	320
Pitfalls to Avoid When Funding Your 401(k) or Profit Sharing Plan	321
412(i) Defined Benefit Plans	322

Section 7

Collections (with forms)—How to collect more money quicker from your patients; how to protect yourself from non-payment after a letter of protection is signed by a patient being represented by a personal injury attorney	322
--	-----

Section 8

Office Supply Purchasing (Save Money and Time by Outsourcing)	331
---	-----

Section 9

Employee Handbooks	333
--------------------------	-----

Section 10

Does Your Office Need a Full-Time Office Manager?	341
---	-----

Chapter Six

Reaching Total Financial Independence (TFI)

Examples of what your asset protection, estate plan, and income tax reduction plan should look like if you are a:

1) Physician just leaving residency	343
2) Physician who has been in practice for <u>five</u> years	344
3) Physician who has been in practice for <u>fifteen</u> years	347
4) Physician that is <u>sixty</u> years old	350

Help from the Author

Help from the Author	355
----------------------------	-----

<u>Loss Test</u> (how much you are losing in taxes by not planning correctly).....	356
---	-----

Client Questionnaire	357
----------------------------	-----