

FAQ: What is asset protection and how do Trusts provide that protection?

Asset protection consists of various planning methods to protect assets from liabilities of a beneficiary not arising from, or with respect to, those assets. Since a Trust can be a legal entity separate and apart from its beneficiaries, it may in many circumstances be structured to protect its assets from the claims of creditors of the Trust beneficiaries. An increasingly common instance of this type of planning involves creating a Trust for the benefit of the Trust grantor's children or grandchildren, which can serve, in effect, as a prenuptial agreement for the children/grandchildren's inherited property.