

## ESSENTIAL LEGAL AND FINANCIAL PLANNING CHECKLIST FOR BUSINESSES AND MEDICAL PRACTICES

The following is a basic “must have” checklist (in no order) that most of our business owner and physician clients find to be indispensable. Many sources of loss or exposure can be easily planned for and addressed in a proactive manner.

**The days of opening your doors and simply running a cash register are long gone; things are now much more complex. KEEPING your wealth requires an experienced and sophisticated team and in some cases almost as much effort as MAKING it in the first place.**

**Who's on your team? Do they have the skills and professional partners required to do the job or have you and your business outgrown them?**

We see recurring patterns and common needs across many successful businesses. We help clients and their advisors all over the U.S. coordinate all or any of these issues with the team of professionals we have assembled to help maintain their hard earned success. Please review this list to see which areas you need to update or explore. As always, call me with questions.

- 1. Asset Protection Planning** – Think of it as **Net Worth Insurance**. Distancing you from your assets and protecting them from your personal and professional liability. This requires simple, cost effective and pro-active planning today while you still have well defined legal options. There is little or nothing to be done, except paying defense attorneys, if you get caught in a suit before you do something.
- 2. Coordinated Financial Planning** – Making sure the money you make is working as hard for you as you worked for it and that the planning you have in place includes both growth and loss prevention strategies.
- 3. Disability Insurance** – Protecting your cash flow against injury and illness, the times you need it the most. Large amounts of coverage with lots of sophisticated bells and whistles are available. Also, make sure that your cross-purchase or buy-sell agreements are properly funded. If your partner has a stroke or some other debilitating illness, how long will you (or he) be willing and able to make large monthly payments to a non-productive partner?
- 4. Liability Insurance** – Let's make sure it's enough, and then let's have a back-up plan (See item #1 above). This refers to both professional and personal liability coverage. These days we see multi-million dollar exposures from routine events like auto accidents routinely.
- 5. Life insurance** – Making sure you have appropriate amounts to cover estate taxes, generate income for survivors and pay off debts you want settled. We also make sure that you are not paying too much and have the most flexible policy with the greatest number of benefits. Again, cross-purchase and buy-sell agreements must be carefully funded. We routinely see these agreements between our business owner clients that are either unfunded or under-funded. If your partner dies with no coverage or inadequate coverage in place you could easily find yourself across from their family in a courtroom explaining why the business should be liquidated to pay them the deceased's share.

**6. Worker's Comp Coverage** – Making sure that you and your employees are protected against injuries and their rising costs.

**7. Employee Benefits Planning** – From basic benefits like 401K to Executive Compensation planning. There are a number of ways to provide these benefits, some are more advantageous to you, the business owner than others.

**8. Employee Handbook** – Governs their rights and your responsibilities, controls actions in the workplace and your employer policy. If you don't define certain policies the courts (or worse your employee's attorneys) will define them for you. This is one of the highest ROI investments you can make in your business in my opinion.

**9. Employee Dispute Resolution Package** – Prevents employee lawsuits and makes you a hard target – reduces your exposure. Right now they win 75% of the time and the average sexual harassment verdict, as just one example, is at \$530K. Your business is 5 times more likely to be sued by an employee than for any other reason. Have a plan.

**10. Proper Corporate Formation** – Is your formation or lack of it exposing you to liability and taxes? Will it hinder you in the case of sale? Do you have too many eggs in one basket? For example if your practice owns the building it operates from you are needlessly exposing the real estate asset to professional liability. Simple fixes can save you millions if something bad happens.

**11. Professional Accounting Service** – Do you have a good CPA? Taxes & payroll are just the beginning – have a pro. who proactively offers solutions and shows you legal tax avoidance options in addition to administrative and reporting functions we rely upon them for.

**12. Real Estate Depreciation / Property Tax Reduction Study** – Get tax deductions for depreciation NOW when you need them. You can get large current deductions on your investment real estate in a safe and legal way.

**14. Income and Receivables Protection Planning** – Make sure the cash flow you use to fund all these other things is safe. Your income can be "equity-stripped" just like a piece of real estate and the value put within protected structures that grow them in a protected and tax advantaged way.

**15. Tax Reduction and Retirement Income Planning Including Pensions** – Remember – it has to last at least 30 years and account for inflation! Instant lesson, compare the cost of an automobile or a loaf of bread 20 years ago to their costs today and see if inflation made a difference. Imagine dealing with that kind of cost increase on a fixed income 20 years from today.

**16. Estate Planning** – Who gets what, when and at what cost in estate taxes? You can make the Estate Tax exposure number zero in many cases. We do not consider dying in 2010 (when Estate tax will be zero for a very short time) to be a good estate plan. Do you really think our current national debt will allow doing away with this exposure? We and the tax and estate planners we work with don't.

**17. Exit Plan Strategy** – Ok you've been successful – now what? Make sure that

business is an asset when you want to leave and that the planning you have done minimizes your tax exposures on the sale or transfer. A little proactive work here can save you as much as 50% in taxes.

**18. Long Term Care Insurance** - The costs of this kind of care are soaring - can you risk your retirement savings and family's legacy by not having it? Medicare has a 5 year look back and requires that you are nearly destitute before they cover essential daily care.

As always – call or email for help or more info on any of these issues. Neither I nor any other planner can be an expert at everything, but we do have a tremendous list of national partner resources that we use to serve our clients and will be happy to point you to good help in any of these areas.

Yours, Ike Devji, J.D.

### About Ike Devji:

Asset Protection attorney Ike Devji was recently named one of only 24 "Leading Wealth and Legal Advisors" in the country by Worth Magazine and his article "Asset Protection 101" has been selected to be honored and presented by the Academy of Financial Services at their annual meeting this fall.

Ike is the Executive V.P of the Wealthy 100™, a Phoenix based wealth management and wealth strategy firm with a network of advisors across the U.S. Before joining the Wealthy 100, Mr. Devji, a litigator by training, acted as the Managing Attorney of the law firm of Lodmell & Lodmell, one of the nation's leading Asset Protection only law firms, with a client base of over 3,500 clients and over \$5.2 billion in protected assets. Much of the work he does is with and through other professional advisors for their clients.

Mr. Devji currently maintains an of-counsel relationship with the firm and selectively consults and provides Asset Protection services to high-net worth, high liability clients including business owners, developers, C-level executives and professional athletes and entertainers. Ike has spoken on Asset Protection to literally thousands of physicians and other high-net worth clients across the country. He continues to teach continuing legal education on this subject to other attorneys and regularly lectures at the request of leading medical practice management and investment management groups including most recently, MultiFinancial Securities, Greenbook Financial, ING, ING TRUST, Comprehensive Wealth Management, CFO Advisors, numerous banks, and both Lorman and the National Business Institute.

Mr. Devji also consults on a number of other wealth and estate preservation and maximization strategies for qualified individuals including premium financing, real estate depreciation and income and receivables protection strategies.

Ike Devji may be reached at the Wealthy 100 at (602) 343-2272, or by email at [ID@thewealthy100.com](mailto:ID@thewealthy100.com).