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Think Putting Assets in Your Spouse's Name is Asset Protection?

Think Again

For decades, many professionals have put their assets in their spouse's name in what was believed to be solid asset protection planning. Unfortunately, this has never been a wise approach, and is more risky today than ever before. Here's why:

- **Legal ownership.** Just because your house or portfolio is in the name of your spouse does not guarantee that a judge will see it that way. If you are the sole bread-winner, and you are making the mortgage payments or yearly contributions to purchase stock, aren't you still the owner? Some courts might think so.
- **Divorce.** What happens if you get divorced? We all know the divorce rate hovers near 50% these days. Depending on your state's laws, having your spouse own all your significant assets solely in his/her name could be extremely detrimental to your financial health in a divorce proceeding. Is this a risk you want to take?
- **Both at risk.** While the risk of a potential lawsuit is likely greater for the professional spouse, nothing guarantees the other spouse will not get sued. What happens if your spouse gets into a traffic accident and seriously injures one or more people? What if your child does something to injure another person, and your state law holds the parents financially responsible?
- **Estate Tax Implications.** By keeping all of your assets in one spouse's name, you could be losing out on significant estate tax savings when that spouse dies. Asset protection planning is generally done along with estate planning in order to avoid such pitfalls.

In today's extremely litigious society, and time of large jury awards, protecting your assets is as necessary as having a will. There are a number of different asset protection strategies which you should discuss with a trained professional, before deciding which combination of solutions works best for you and your family.

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