

ROTARY ANCHOR



2009/2010 Rotary Theme

New London Rotary Club
District 7980 Club 6741
 P.O. Box 654 New London, CT 06320
 www.newlondonrotary.org

Meeting Thursday June 3, 2010

****Installation Dinner July 8th!****

New London AM Group Celebration!

Kids Make New London Great!! Celebrating New London's children and their families. NL Rotary is scooping single dip ice cream cones. Wed. June 23 from 4PM till 7PM at Thames River Greenery. Donation \$1 per cone.



June 3 Springfest 2010 Recap-Phil Turner

June 10 Club Service Assembly, Chair Dave Goebel

Reporters:	June 3	Alan Messier
	June 10	Alan Mayer
Greeter:	June 3	Michel Belt
	June 10	Angel Diaz
Song Leader:	June 3	Helen Sandalls
	June 10	Millie Devine
Birthdays	June 3	Ann Connolly Todd Gipstein
	June 6	Angel Diaz
Anniversaries	June 4	Bill Miner & Judy
	June 5	Tom Hogsten
	June 6	Rick Lombardi & Rena Carl Astor & Sharon
	June 7	Chris Stoer & Kathy
	June 8	Roger Hassard & Martha

Rotary Program May 6, 2010

By: Julia Kushigian-Secor

Joseph Barnes, attorney and past president of the Milford Rotary Club, presented a talk on "Asset Protection for the Middle Class." Atty. Barnes described asset protection as an effort to protect one's family from losing everything you work a lifetime to build. He detailed a variety of financial vehicles such as insurance policies, trusts, and LLCs, but spoke of their limits. For example, he explained, trusts are limited vehicles where you can maintain control over your assets (revocable trusts) or you can have asset protection (irrevocable trust). Neither offers both asset protection and control. LLCs do not offer legal protections and open one up to potential lawsuits when employees, rather than you, are at fault. He recommended adequate insurance because failure to properly insure oneself, and any legal entities created, can go to the issue of undercapitalization, piercing the corporate veil, fraudulent conveyance, or just making a judge angry, none of which is desirable. Typically, he concluded, a \$300,000 policy is plenty, and \$100,000 may be enough. Umbrella policies can boost coverage to \$1 million or more very cost effectively. He recommended one not get too much or rely just on insurance for their corporate or family's financial safety.



The vehicle Atty. Barnes recommends in the state of Connecticut is the "Family Limited Partnership" (FLP) where potentially Mom & Dad or Grandmother & Grandfather, can control the assets. The benefits in this example accrue when one is sued and there is a "charge award" made if one loses the suit. This award gives the plaintiff the right to distributions made to you, but given that the partners do not have to make awards to you, and the tax burden is passed on to the winner of the suit who must pay taxes on money not received. The isolating of monies in this fashion acts as a deterrent against nuisance suits. In the case of Middle Class investors, he recommends they separate all of their assets into partnerships that enables them to pass these assets on to their children with almost no liability (no probate, estate or conveyance taxes). The one caveat he offered is to protect oneself against long-term care losses.

That is, once you go into long-term care and you gift your assets, you are penalized for anything given away during the previous five years. His recommendation is to assess your situation, know your needs, and separate your assets into multiple legal entities. For example, by assessing the risk you are willing to take, you may decide to create one entity with stock certificates, keep your car and house in a separate plan and health plans and educational plans in yet another entity. Atty. Barnes suggested Rotarians visit his blog, ctassetpro.blogspot.com, for further information and discussion of these timely recommendations.

Atty. Barnes was asked in the question-and-answer period if there were a moral imperative against protecting one's family from a "valid claim". His answer was that it was our responsibility to protect our families from bogus claims. He recommends setting up a family limited partnership (FLP) to hold all safe assets and some mildly "dangerous" assets like a real estate trust for your house. You can isolate liabilities, firewall assets, shift income, use tax code advantages. His final words to us: "Review your whole situation and PLAN."

Welcome to Rotary Helen Sandalls

Helen joins us in the classification of **Law—Medical Professional**. Helen lives in New London was sponsored by Ann Stewart. She has a legal practice where she represents hospital medical staff (patient protection). She is a volunteer with New London Main Street; volunteer with Hygienic; former educator in Massachusetts and California; and started the Arizona Clean Air Coalition. She brings a wealth of knowledge to our community. We look forward to her contributions to our club and to New London.



Student of the Year: St. Joseph's School

Zachary Kuwalanka

Zachary, an 8th grader, is an honor roll student, the class treasurer, and a 3 year member for the Student Council. He is also an altar server at St. Joseph Church and a volunteer for the Juvenile Diabetes Research Foundation. Congratulations of Zachary and his very proud family.

