

# Practical Asset Protection Planning For CPAs

## **What CPAs Can Do for Their Clients**

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# Positioning the CPA in Asset Protection

- Asset protection as a holistic risk management continuum
- CPAs uniquely positioned to identify vulnerabilities early
- Rising litigation, malpractice, family law, and fiduciary risks
- Defining asset protection using enterprise-based frameworks

# Foundational Due Diligence CPAs Must Implement

- Mandatory due diligence before asset protection engagement
  - Background searches: Google, lien, judgment databases
  - Client-signed, CPA-verified balance sheet
- Review solvency, liquidity, and transaction timing
- Identify fraudulent transfer risks
- Engagement considerations
  - Engagement letters, disclaimers, documentation
  - Privilege planning and Kovel collaboration with counsel

# The Asset Protection Continuum

- Systematic framework from least to most sophisticated
- Low-Cost / High-Impact Steps
  - Insurance review: liability, umbrella, malpractice
  - Titling strategies: TBE, homestead
  - Entity hygiene and operational compliance
- Intermediate Measures
  - LLCs for businesses and investment real estate
  - Segregation of risky vs. safe assets
  - Guarantee limitation and buy/sell review
- Advanced Measures
  - Domestic Asset Protection Trusts (DAPTs)
  - Foreign APTs and compliance burdens
  - Entity layering, FLPs, hybrid structures
  - Impact of recent case law (e.g., Delaware CES 2007 Trust)

# Trusts in Asset Protection

- Key trust structures CPAs must understand
  - Irrevocable completed gift trusts
  - SLATs and insurance trusts
  - DAPTs and state law variations
- Review and update outdated trusts
- Maintaining formalities
  - No commingling; strict title discipline
  - No personal expenses from trust or LLC accounts
  - Periodic CPA compliance audits
- Grantor vs. non-grantor tax implications

# CPA-Led Risk Assessment Using the Balance Sheet

- Balance sheet as central diagnostic tool
- Risk assessment by asset class
  - Real estate
  - Professional practices
  - Brokerage accounts
  - Life insurance and retirement assets
  - Digital assets and crypto custody
- Exempt vs. non-exempt asset analysis
- Building a risk matrix to prioritize planning

# Fraudulent Transfer Rules and CPA Responsibilities

- When transfers become problematic
- Solvency certificates and cash flow testing
- Contemporaneous documentation
- CPA role in pre- and post-transfer compliance

# International, Multistate, and HNW Considerations

- DAPT jurisdiction competition
  - Delaware
  - Nevada
  - Alaska
- CPA complexities
  - State income tax sourcing
  - Cross-border reporting
  - FBAR and FATCA issues

# CPA Implementation Tools

- What CPAs can actually implement
- Annual entity and trust compliance checklists
- Recurring planning meetings
- Cash flow mapping
- Coordinating with attorneys
  - Kovel arrangements
  - Draft review for tax consistency

# Case Studies

- Physician with high malpractice exposure
  - LLC segregation, DAPT, insurance layering
- Real estate investor
  - Entity stacking and separate banking
- Business owner planning presale
  - Fraudulent transfer avoidance and solvency testing
- Marital dissolution risk
  - Pre/post-nuptial planning and SLAT stress testing

# Building an Asset Protection Practice as a CPA

- Ethics and defensive practice
- Avoiding malpractice traps
- Engagement management
- Integrating asset protection into tax planning
- Best practices coordinating with attorneys

# Q&A and Closing

- Enterprise resources and webinar materials
- Recommended reading for CPAs
  - Trust administration
  - Trust continuum management
  - DAPT-focused articles