



International Trusts as Vehicles for Asset Protection Structures

**Washington D.C.
April 26, 2007**



Why are International Structures preferred?

- **Asset Protection**
- **International Investments**
- **Estate Planning**
- **Anonymity**



Asset Protection

Why Asset Protection?

- **Potential Litigation**
- **Divorce**
- **Forced Heirship Rules (Mainly Latin American and European clients)**
- **Protection against spending and bad investments.**



Asset Protection

Where?

- **Belize**
- **Isle of Man**
(Heginbotham: Manx Fraudulent Transfer Law Does Not Apply to Potential Future Creditors)
- **Cook Islands**
(Anderson Case?)
- **Nevis**



Asset Protection

Where?

- Statute of Elisabeth (Assets safe x years after transfer)

Belize, Isle of Man, Cook Islands und Nevis have no statute of Elisabeth

Cayman: 6 years

Barbados: 3 years

Bahamas: 2 years

Panama: No Cutoff

BVI: Not strictly determined



Asset Protection

Disadvantages of international structure vs. national structure?

Long Distance

No Direct Contact with banker

Account Traceability

Solutions

Swift Wire Transaction

**Visit from the Bankers
(Direct Contact to one representative)**

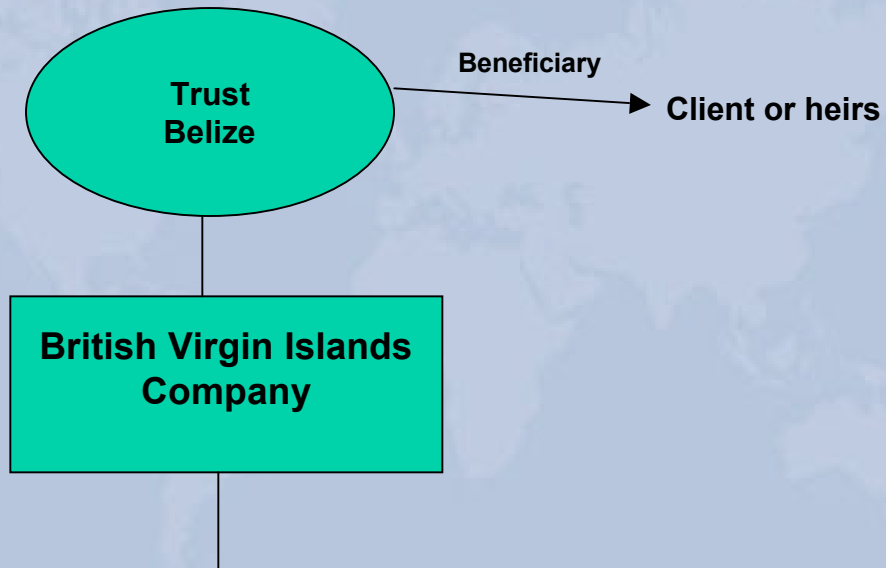
Online Account



Simple Structure

Asset Protection

Trustee: Nevis or Belize



Bank account i.e. Switzerland; other international assets



International Investments

Asset Protection & Tax Deferral

Investment in International Annuity Contract

**Transfer of US Funds to Foreign Annuity
i.e. Bermuda or Isle of Man**

Payment of 1% excise tax on transferred funds

Filing of Form 720

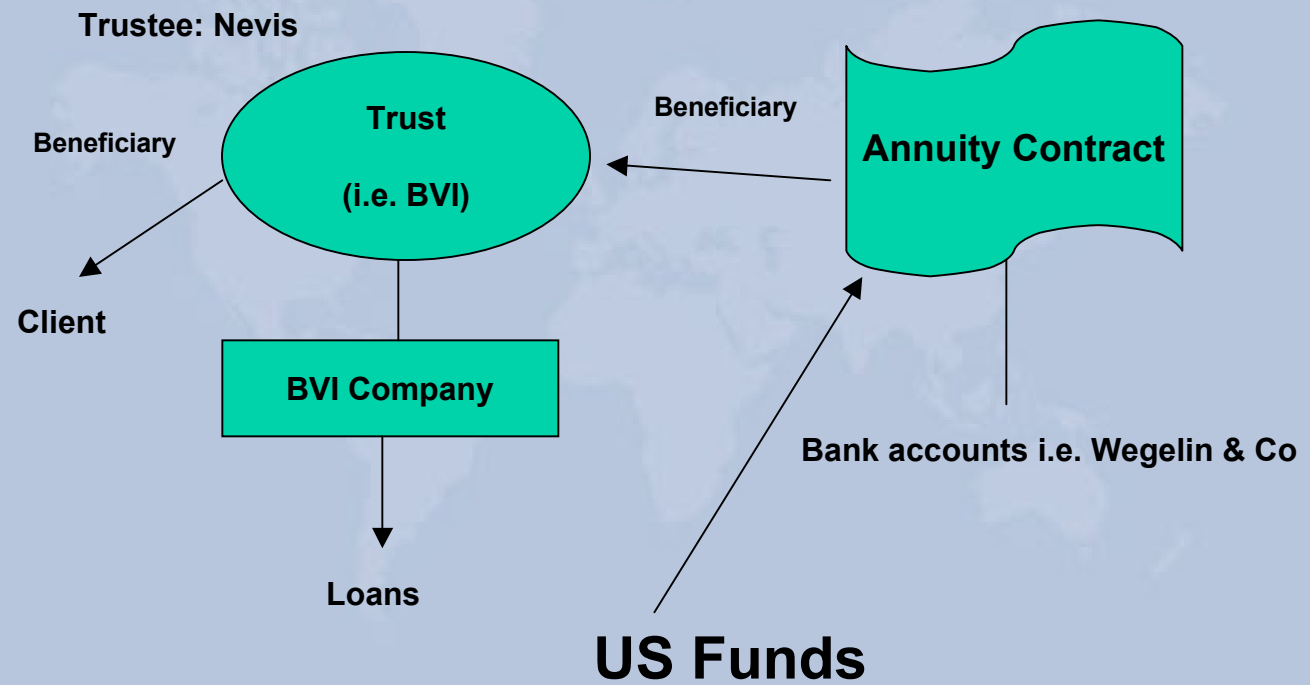
Income compounds free of US tax

Repatriation without penalty after 59 _ years



Simple Structure

Asset Protection & Tax Deferral





Asset Protection

Income Tax Issues

Trust will not provide tax advantages or disadvantages for the client.

Client will file US Tax Forms for the Income generated by a US Grantor Trust.

Gift Tax Issues

Trust Deed must give some testamentary powers to grantor. This will avoid gift tax issues when triggering event happens and client becomes excluded beneficiary



ESTATE PLANNING

International Assets

Proper Planning Eliminates several auxiliary estates

Avoidance of Forced Heirship Rules

Avoidance of Estate Taxes in Several Jurisdictions

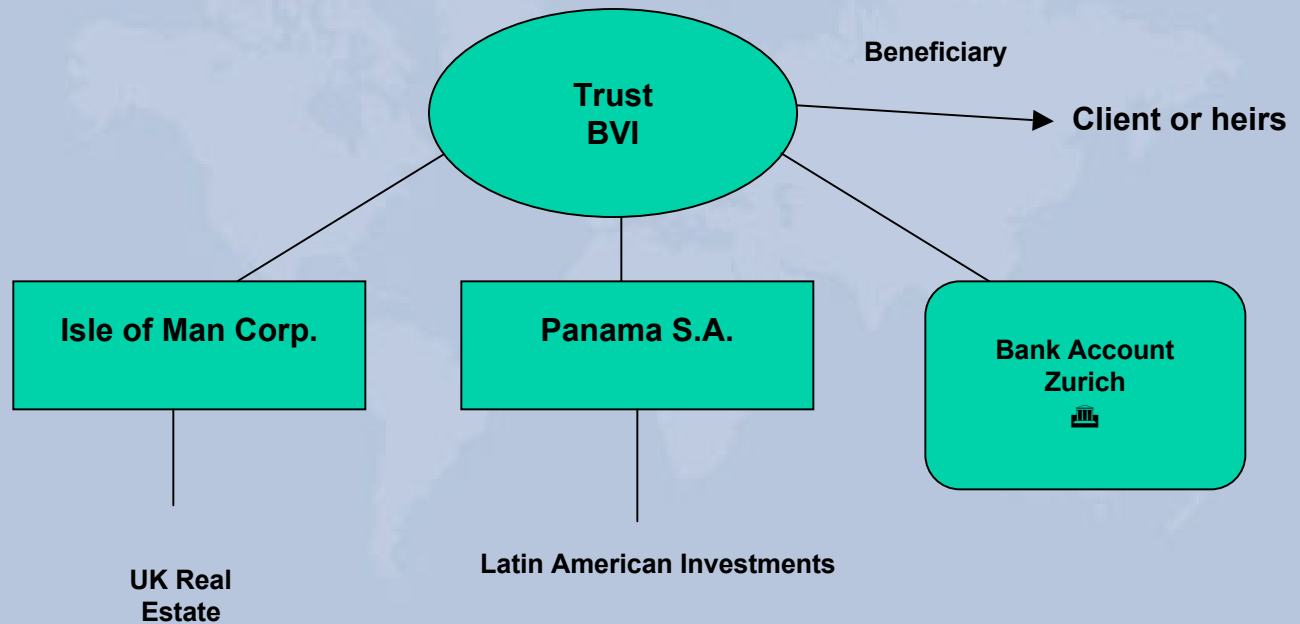
Simple Administrative Proceedings

Direct Distribution to beneficiary without US or other probate proceedings



Simple Structure

International Estate Planning

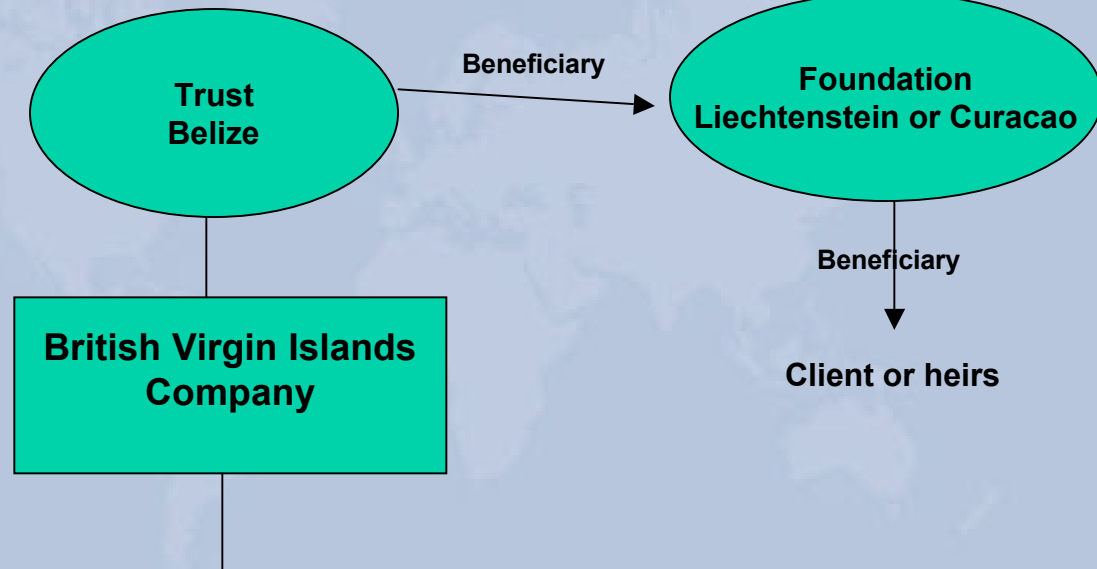




Simple Structure

Asset Protection Civil and Common Law combined

Trustee: Nevis or Belize



Bank account i.e. Switzerland; other international assets



Questions:

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