

105 S. York St, Suite 450
Elmhurst, IL 60126
Voice: (630) 530-1191
Fax: (630) 530-1442

MENTOR
C A P I T A L

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Wealth Management Team: John Davis, CFP - Dan Carey, CFP

Administrative Staff: Tammy Prim

Mentor Monthly Missive

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YOU CAN'T TAKE THAT AWAY FROM ME!

Prepared with the assistance of John Howlett, Attorney at Law, Howlett & Associates, Ltd.

Protecting your assets from creditors is a little like poker. Winners take their chips off the table when they're ahead. Losers wait until it's too late.

Asset protection isn't about cheating existing creditors. It's about putting your affairs in order well before an issue arises. When you have signed a personal guarantee that pledges all of your assets for a loan, incurred a significant liability, or a serious accident has occurred, the time for asset protection has passed.

There are two main issues with protecting assets. First is the existence of fraudulent-transfer laws that will nullify gifts and other transactions. Second, fraudulent conversion laws limit a debtor's attempt to put their money into exempt assets.

The statute of limitations for fraudulent transfers and conversions is usually four (4) years, depending on state law (Illinois is four years). This means that any transfer or conversion made within the last four years might be targeted by a creditor to be set aside. Therefore, if you are in financial trouble now and are thinking about asset protection, you are probably too late.

There are countless ways to protect your assets. Each way is not only specific to the asset it protects, but also is in accordance with state law. For instance, states such as Florida, Oklahoma and Texas offer either unlimited or nearly unlimited homestead protection. This allows a debtor to protect literally millions of dollars in his or her personal residence.

But what about Illinois? Here are some ways to protect your personal assets:

1. If you own a business, incorporate. In the event of a business-related lawsuit, only the business assets are at risk in the event of a judgment, not your personal assets. If you own the real estate on which and in which your business operates, the real estate should be owned by a limited liability company controlled by you, which leases the property to your corporation. Such ownership will keep the real estate from exposure to a judgment against your corporation and vice versa.
2. If you own investment real estate, the real estate should be held by a Limited Liability Company, which allows the tax advantages of investment real estate to pass to you personally. In the event of a judgment arising from a lawsuit involving the real estate, only the assets of the Limited Liability Company are at risk, not your personal assets.
3. If you and your spouse own a home, you should hold the property (primary residence) as tenants by the entirety. This has the surviving-spouse benefits of joint tenancy but protects the asset for one spouse if collection proceedings are entered against the other.

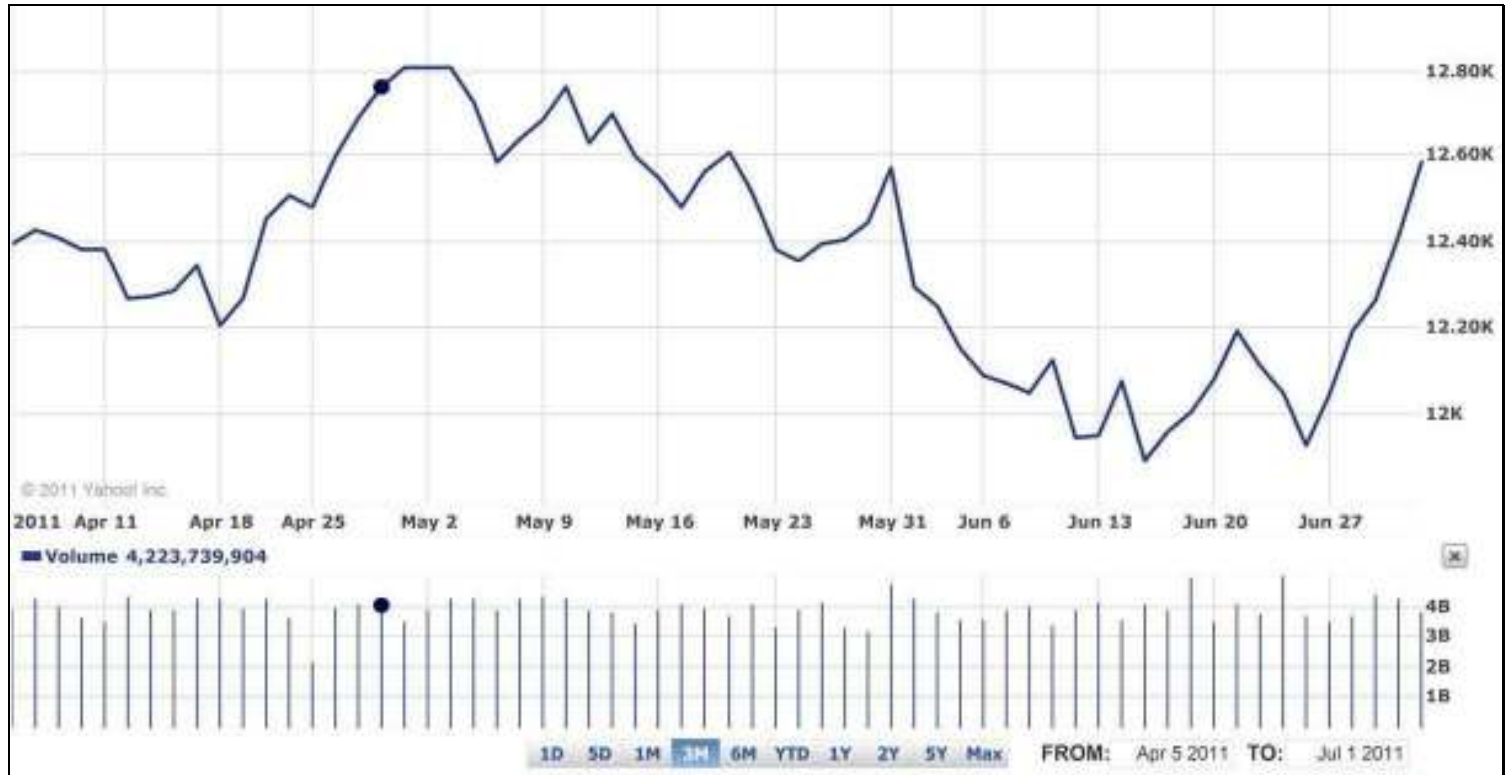
There are numerous other ways to protect assets through the use of trust instruments. As always, consult with your financial advisor and attorney before creating and operating any of these business entities.



Q2 2011 market commentary

Greek Debt Crisis Sends U.S. Stocks Plunging!

Greek Rescue Plan sends U.S. Stocks Soaring!



A rip-roaring time: Dow Jones Industrial Average, from Greek crisis to Greek bailout.

If anyone doubted that we live in a world-connected economy, events of May and June in Europe seem to have settled it. That Greece, whose economy is smaller than those of 13 American states, can have such an impact on the U.S. stock market (taken down 7%, then boosted 6%, all in less than two months) points out two important facts:

First, goings-on across the globe that seem to have little to do with goings-on here can indeed have unpredictable impacts, and there is nothing we can do about it.

Second, and this is a corollary to the first point: Because events in far-flung spots can indeed have impacts here at home, trying to predict which way the markets will move in the short-term is increasingly futile.

From volcanoes in Iceland to earthquakes in Japan, from floating the Chinese Yuan to whether the Federal Reserve will continue buying Treasuries, it's an increasingly complex world. But most of it turns out to be just noise. Interesting, but of little impact in the greater scheme.



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