

Title: **Putting Your Entertainment or Sports Client's Nest Egg in Florida:
Legal Ways to Preserve Wealth**

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Putting Your Entertainment or Sports Client's Nest Egg in Florida: Legal Ways to Preserve Wealth

by James W. Martin, St. Petersburg

The word is out on Florida: sunny skies, sandy beaches, water all around, the world's best airports, the arts, culture, sports, state-wide cell phone coverage, high speed Internet access. What a great place to work and live!

What's not as well-known is that Florida is a great place to preserve wealth. Whether or not the next Great Depression is around the corner, it makes sense for artists, athletes and entertainers to move their nest egg to Florida. Unexpected claims come out of nowhere. Even if your client has a manager to handle the finances, a single auto claim exceeding liability policy limits could wipe out a fortune.

So tell your entertainment and sports clients all they need is Florida residency, and here is what they get to keep:

(1) Florida Homestead (Florida Constitution Article X Section 4): The home where you live is your homestead. The Florida Constitution says that no one can take it from you no matter how much it's worth — even if it is worth a million dollars or more.

Homestead is limited not by dollar amount but by quantity of land. If located within a city, the homestead can be up to half an acre — enough land for a really big house. If located outside a city, it can be up to 160 acres — enough land for a really, really big house...and some cows, pigs and horses.

One caveat: If you mortgage your house, the lender can take your home through foreclosure if you default. If you fail to pay contractors who work on your home, they can foreclose, too. And the government can take your home if you fail to pay taxes, of course. But no other creditors can reach your Florida homestead.

(2) Florida Wages (Florida Statutes Section 222.11): No one can take your salary and wages in Florida. That rule is without limit as long as you are head of a family who provides

more than half the support for a child or other dependent. And the wages remain exempt from creditors while in your bank account for up to six months.

Hint: You can live in Florida and commute anywhere in the world, and your wages are safe because you are a Florida resident. This includes salary, bonus, commission, the works.

(3) Cash Value of Life Insurance and Annuities (Florida Statutes Section 222.14): No one can take the cash value of life insurance or annuities issued on your life, no matter how valuable. You can have a million dollar cash value life insurance policy or annuity, and a creditor cannot reach it. You must be both the owner of the policy or annuity, and it must be on your life. And, of course, you must be a resident of Florida.

Hint: You don't need to wait for cash value to build up through annual premiums. Your life insurance agent would be happy to sell you a policy or annuity that has just one up-front cash premium payment. It's like putting money in the bank, except that it's not government-insured and might not pay as much interest, but it's your nest egg and it's safe from creditors in case of the Big Crash (by car or by stock market).

Those are the top three exemptions that Florida residents enjoy, and they are the kind needed to protect a nest egg from the unexpected. Other states are not so generous to their residents when it comes to keeping assets away from creditors. Congress is considering bankruptcy reform that could affect Florida's exemptions. Until something passes, if ever, Florida remains the place to tell your clients to live. So, tell your clients to preserve their wealth and move to Florida where they can keep their nest egg in their big brick house and away from the Big Bad Wolf.

James W. Martin has practiced corporate, real estate and estate plan-

ning law since 1974, has counseled the Salvador Dali Museum since 1980, and has authored West's Legal Forms since 1984. Web: www.jamesmartinpa.com; Email: jamesmartinpa@msn.com; Tel 1-727-821-0904; Toll Free 1-866-821-0904. This article is not intended to be legal advice on a specific factual situation. Before relying on this article, obtain legal advice to update and apply the law to your specific facts. Copyright 2000-2001 James W. Martin, St. Petersburg, Florida.