

Title:

Got Wealth?

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Summary:

The last ten years has seen massive wealth growth in the United States. This brings up the issue of wealth planning, particularly from a tax perspective.

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Article Body:

The last ten years has seen massive wealth growth in the United States. This brings up the issue of wealth planning, particularly from a tax perspective.

Got Wealth?

There is little doubt that the overall wealth of a significant percentage of Americans has grown like a weed in your garden over the last 10 years. There are a variety of reasons for this growth. Real estate appreciation has set historical records. Stock options are creating massive paper wealth, while also creating tax nightmares. Demographically, a bulge in our population, the baby boomers, are reaching retirement age. Regardless of the reason, wealth planning is becoming a big issue for many people.

Wealth planning strategies tend to be very detail oriented. They also tend to be an option only for certain situations. As a result, you need to speak with a professional regarding each particular strategy to determine if they are of assistance to your situation. These techniques are not universal solutions like stuffing money into a 401k, so don't take them as such. Let's take a look at one popular strategy.

Once wealth planning strategy that is very popular deals with real estate. The strategy focuses on making a fixed asset, the equity in your home, grow. Many homeowners do not realize that the equity in their home is not growing. Instead, it is the value of your home that grows, which creates ADDITIONAL equity. Let's look at an example.

Assume I own a home worth \$1,000,000 and have \$500,000 in equity. The equity is

just sitting there. It does not grow. If the value of the home drops to \$900,000, I still have the same amount of equity. If the home appreciates by \$100,000, I get an additional \$100,000 in equity because the house increased in value, not because my original \$500,000 grew in any way. If you can get your mind around this concept, you will realize the problem.

The strategy for this situation involves turning the equity in your home into a growing asset without taking on any additional risk. The process is very simple, but a masterful one. You refinance the home to remove as much of the equity as possible. The equity is then put into no risk custom life insurance product. It grows tax free in the product, which is based on the performance of the stock market. If the stock market has a negative annual return, the insurance policy is tailored to eliminate the risk by setting your annual gain or loss at zero. Put another way, if the market loses 10 percent this year, you lose nothing.

This simple strategy is a tremendous way to double the wealth you gain on your home. Instead of just being happy with the appreciation, you get both appreciation and the tax free gains in the insurance policy. In laymen's terms, this lets you leverage your property for double gains.

Wealth planning strategies are very subject specific. The above one works with real estate, but no other subject. To identify the best solutions for your situation, you should consult with a top tax attorney, financial planner or accountant.