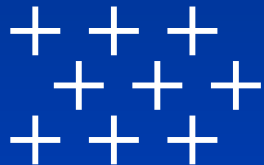


Getting Out of the Liability Loop: Asset-Protection Strategies for Today's Self-Storage Owner

Presented by:

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Skabelund PLLC



Education: April 7-10, 2026 · **Exhibits:** April 8-9, 2026
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Overtime With the Experts

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This will help us clear the stage and set the room for the next presenter. Plus, you’ll have 30 minutes to converse in an open, roundtable format.

THANK YOU!

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Disclaimer

To ensure compliance with ethical requirements of the State Bar, I inform you that we aren't creating an attorney-client relationship unless we meet privately to discuss your personal situation. None of the information contained in this presentation is intended to be specific to you or your situation. You should always consult with competent legal counsel about your particular assets, circumstances and goals.

In other words, the material presented today is general in nature and may or may not apply to you. It should not be relied upon until you have met with competent legal counsel first.

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Why Do You Need Asset Protection?

- Wrongful sales/auction
- Personal injury
- Theft/burglary
- Mother Nature
- Mold
- Roof maintenance and construction accidents
- ADA claims
- Water claims
- Car accident
- Defamation lawsuit
- Partnership dispute
- Employee liability

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Key Concepts

- Bifurcate risk whenever possible (i.e., one egg in its own basket).
- **Privacy:** Avoid being a target to a lawsuit.
- **Layers:** Make it difficult to reach assets.
- **Leverage:** Incentivize a settlement to accept insurance proceeds rather than sue.
- **Team:** Implement the tax strategy within the asset-protection plan.

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What Is Asset Protection?

A revocable living trust (RLT) is a **vital component** of a great estate plan.

- Avoid incapacity issues
- Avoid probate
- Protect your children/beneficiaries after you die

BUT: RLTs do not provide asset protection for the creator.

- RLTs are disregarded for tax purposes (which is good).
- You can change anything and everything about most RLT plans to address family circumstances over time.
- Therefore, RLTs provide you no protection from a liability event.

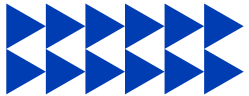
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What Is Asset Protection?

- Estate planning is death planning whereas asset protection is “net-worth insurance.”
- Asset protection is moving assets to a safer place.
- Asset protection isn’t to defraud anyone.
- Asset protection isn’t to make you illiquid.
- No one can make you completely 100% judgement-proof.



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Timing Is Everything

- Asset protection must be in place prior to any liability events.
- Trying to hide assets from past liability events is fraud.



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Inside Risk vs. Outside Risk

Inside risk: A lawsuit stemming from your self-storage facility or another asset you own



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Inside Risk vs. Outside Risk

Outside risk: A lawsuit against you personally stemming from your acts or acts of your dependents

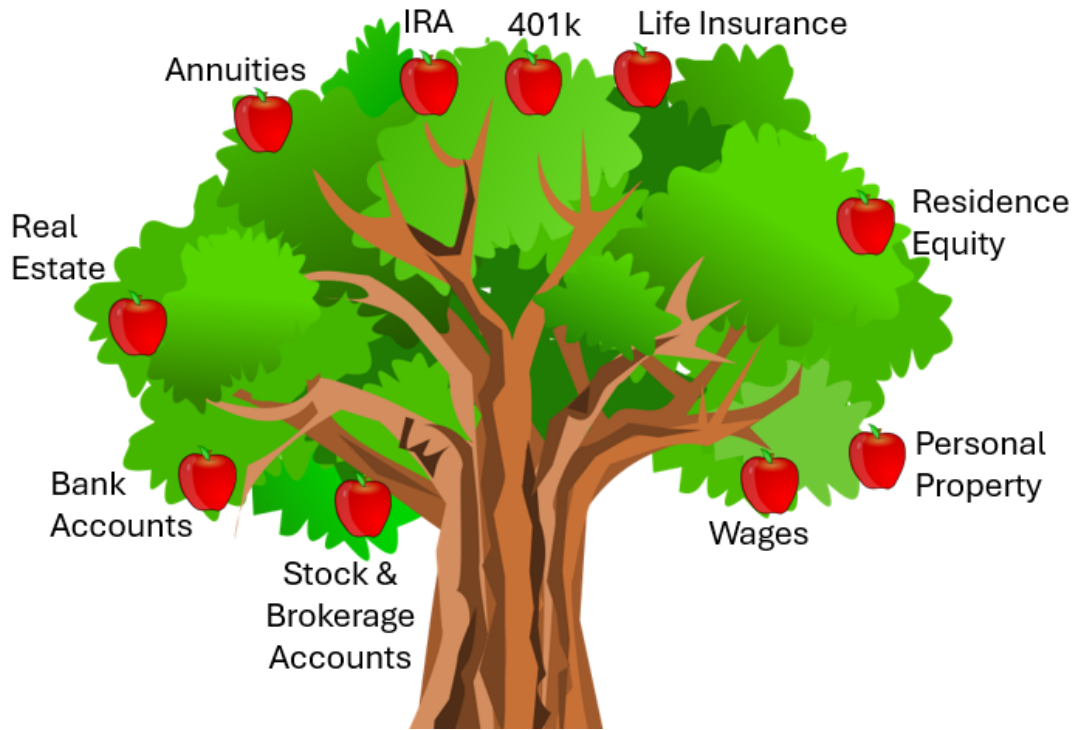


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Lawsuit Analysis

Protect more than just your self-storage facility.



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Use Insurance Policies as Leverage



First: Primary Insurance

Second: Umbrella

Third:

LLCs

Limited Partnerships

Irrevocable Trusts

Insurance (\$1M Increments)

Auto and Homeowners

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Self-Storage Ownership Options



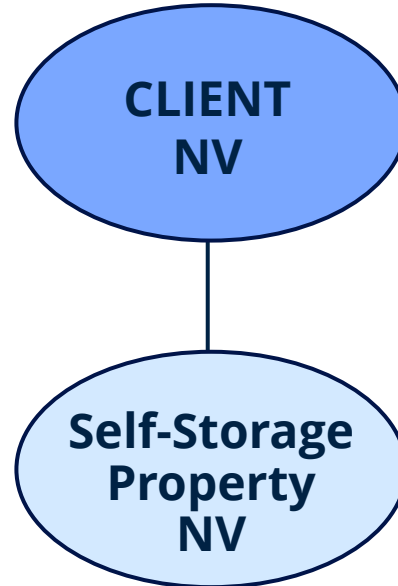
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Property Owned Directly by Client

Pros:

- Simple tax filing



Cons:

- No asset protection (property equity and rent at risk in lawsuit)
- Probate
- No privacy (potential plaintiffs may assume you have deep pockets)
- Audit risk

C-Corporation

Pros:

- Inside risk asset protection
- Audit risk reduced



Cons:

- Probate
- Privacy
- Corporate stock can be taken in a lawsuit
- Double taxation

S-Corporation

Pros:

- Inside risk asset protection
- Audit risk reduced
- Avoidance of self-employment tax



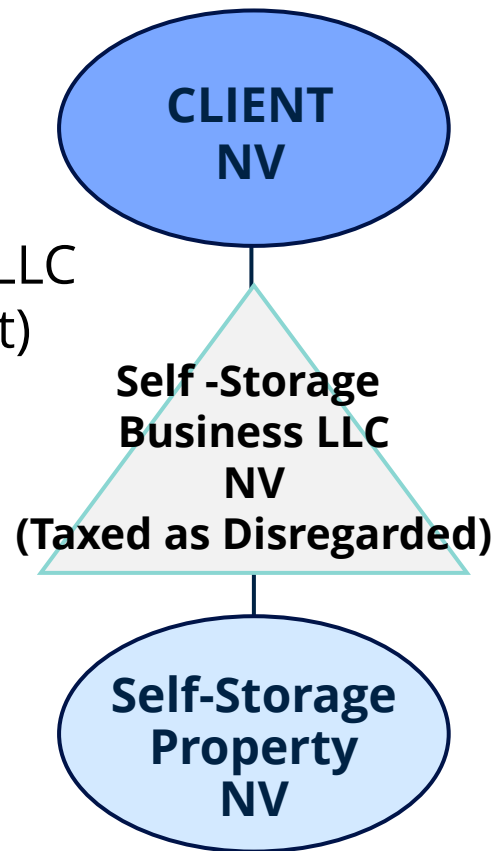
Cons:

- Probate
- Audit risk
- Privacy
- Corporate stock can be taken in a lawsuit
- Entity doesn't allow full use of depreciation and losses
- IRS deemed sale of appreciated property when transferred (triggers capital gains even if no cash changes hands)

Limited-Liability Corporation (LLC)

Pros:

- Increased asset protection
- Poison pills (in your LLC operating agreement)



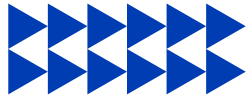
Cons:

- Probate
- Privacy
- Audit risk (LLC doesn't file a separate tax return, thus self-storage income information shows up on individual's 1040 Schedule E form, which increases the risk of an audit)



Operating Agreements

- The operating agreement determines the rules for owners, manager and creditors.
- Without an operating agreement, the state's statutes are the default rules for the LLC.
- **Well-drafted operating agreements** contain **poison pills** making the LLC undesirable to a plaintiff.



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Examples

- You'll always be the manager even if they get the LLC. As manager of the LLC:
 - You have no requirement to distribute income or assets to the plaintiff.
 - You may demand the plaintiff to contribute cash to the company.
 - You can create phantom income to the plaintiff making the plaintiff pay all the taxes for the LLC.

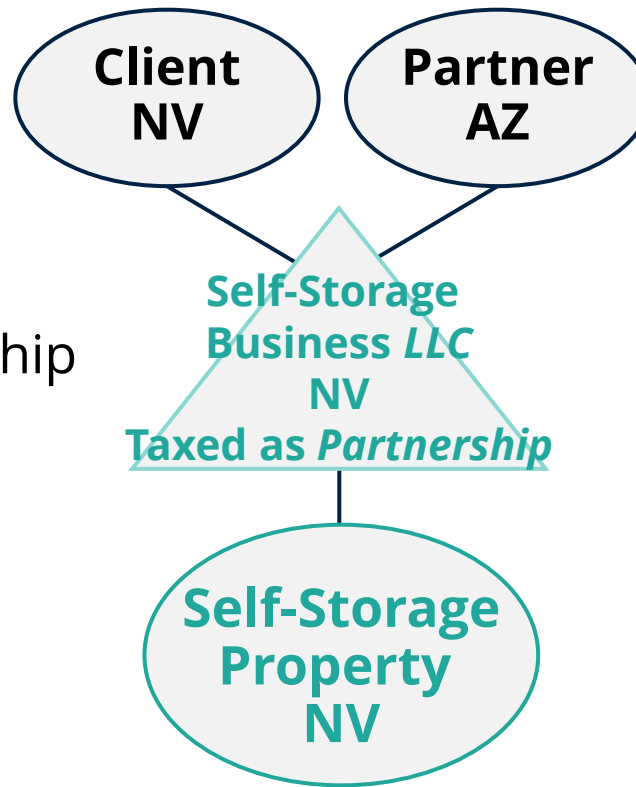
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Multi-Member LLC

Pros:

- Increased asset protection
- Reduced audit risk due to partnership tax return (partnership files separate tax return, issues K-1, which reduces audit risk)



Cons:

- Probate
- Privacy
- Less than full ownership
- Business disputes
- Death of partner
- Divorce of partner

Trust-Owned LLC

Pros:

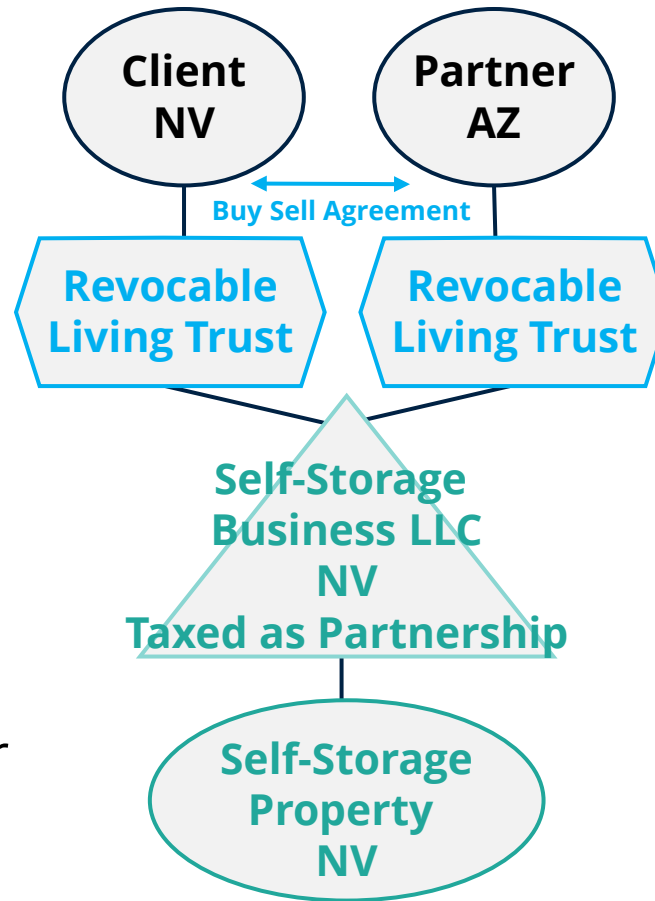
- Asset protection
- Reduced audit risk
- Probate avoidance (trust continues when client dies, thus, avoiding probate)
- Trust provisions can change as family circumstances and goals change.
- Simple tax filing



Cons:

- Privacy
- Death of partner
- Divorce of partner

Buy-Sell Agreement With Partner



Pros:

- Asset protection
- Probate avoidance
- Reduced audit risk
- Buy-out provisions if partner dies/ gets divorced under buy-sell agreement

Cons:

- Privacy
- Not recommended for owning multiple properties

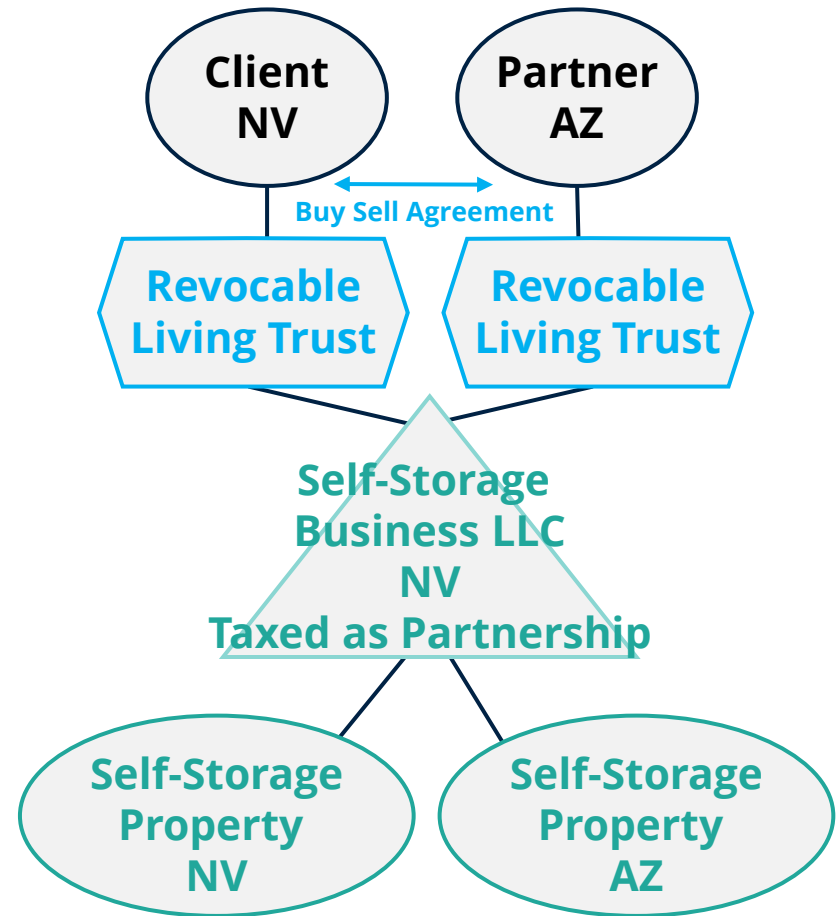
Multiple Properties Under Single LLC

Pros:

- Asset protection (better than owning properties directly)
- Probate avoidance
- Reduced audit risk

Cons:

- No privacy
- No bifurcation of risk (rent and profits from one property are at risk to the liability events of another property)



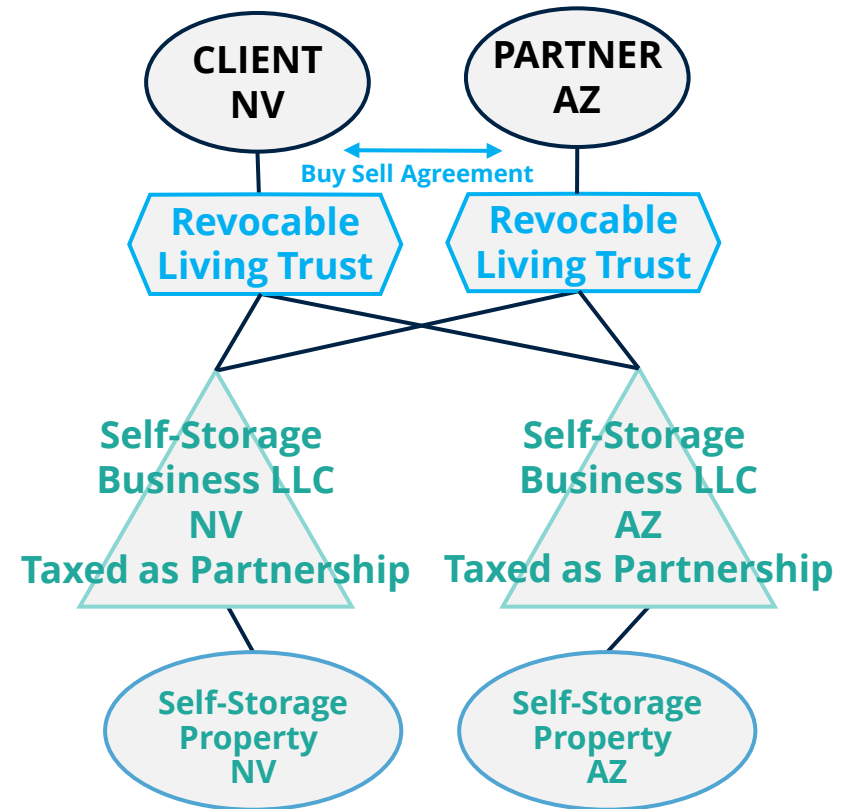
Separate LLCs for Each Property

Pros:

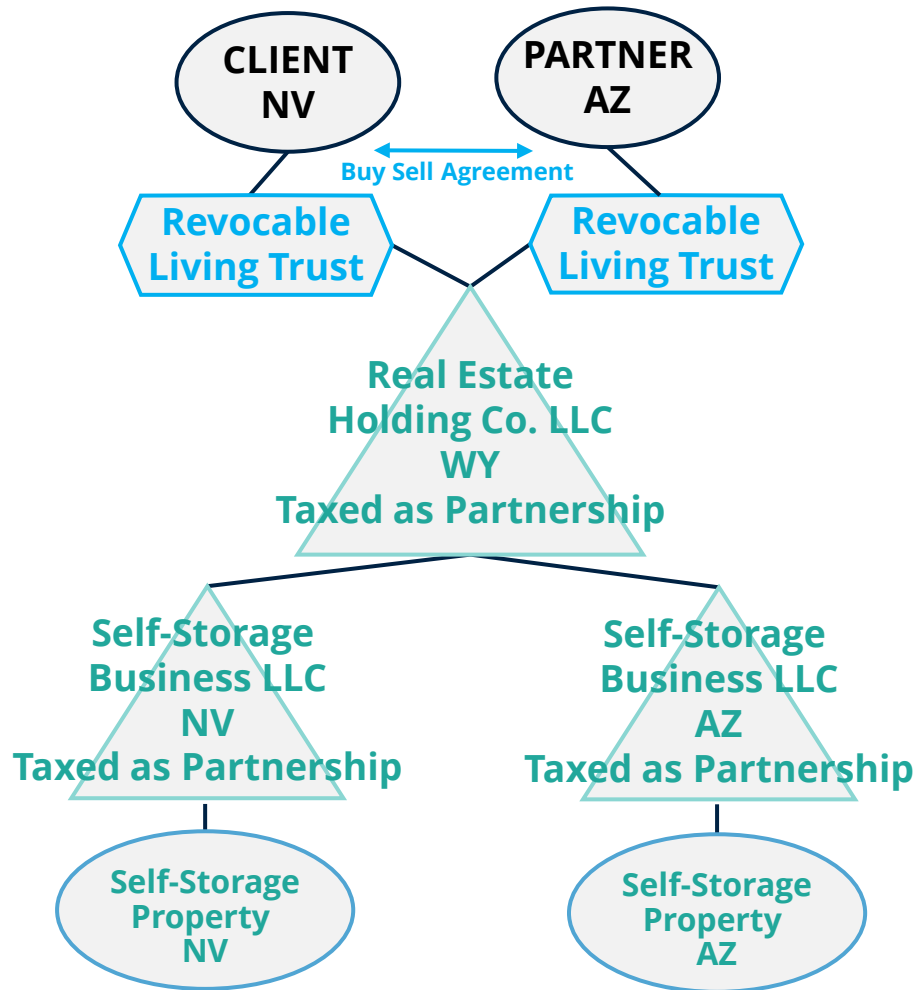
- Asset protection
- Bifurcation of risk
- No foreign registration of entity owning the property

Cons:

- No privacy
- Multiple partnership tax returns



Wyoming Holding Company LLC





Wyoming Holding Company LLC

Pros:

- Asset protection
- Privacy in Wyoming (state doesn't require disclosure of owners or managers, thus, affording privacy)
- No foreign registration of entity owning the property
- Single partnership tax return (not in Wyoming)

Cons

- Less than full ownership
- Business disputes

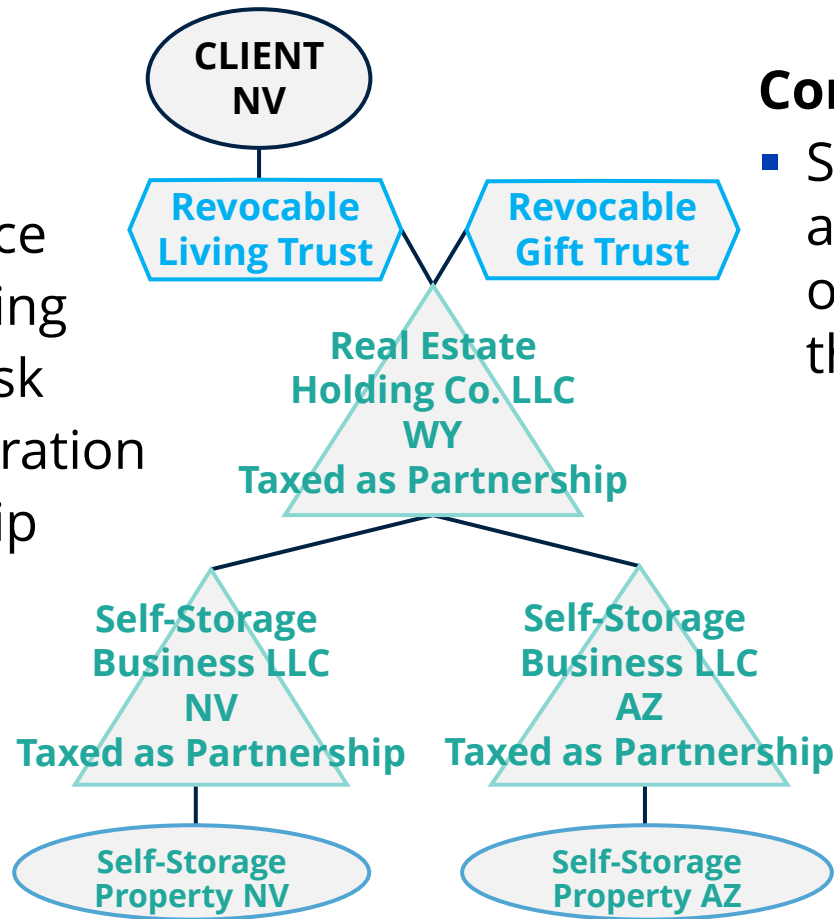
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Gift Trust Partial Ownership

Pros:

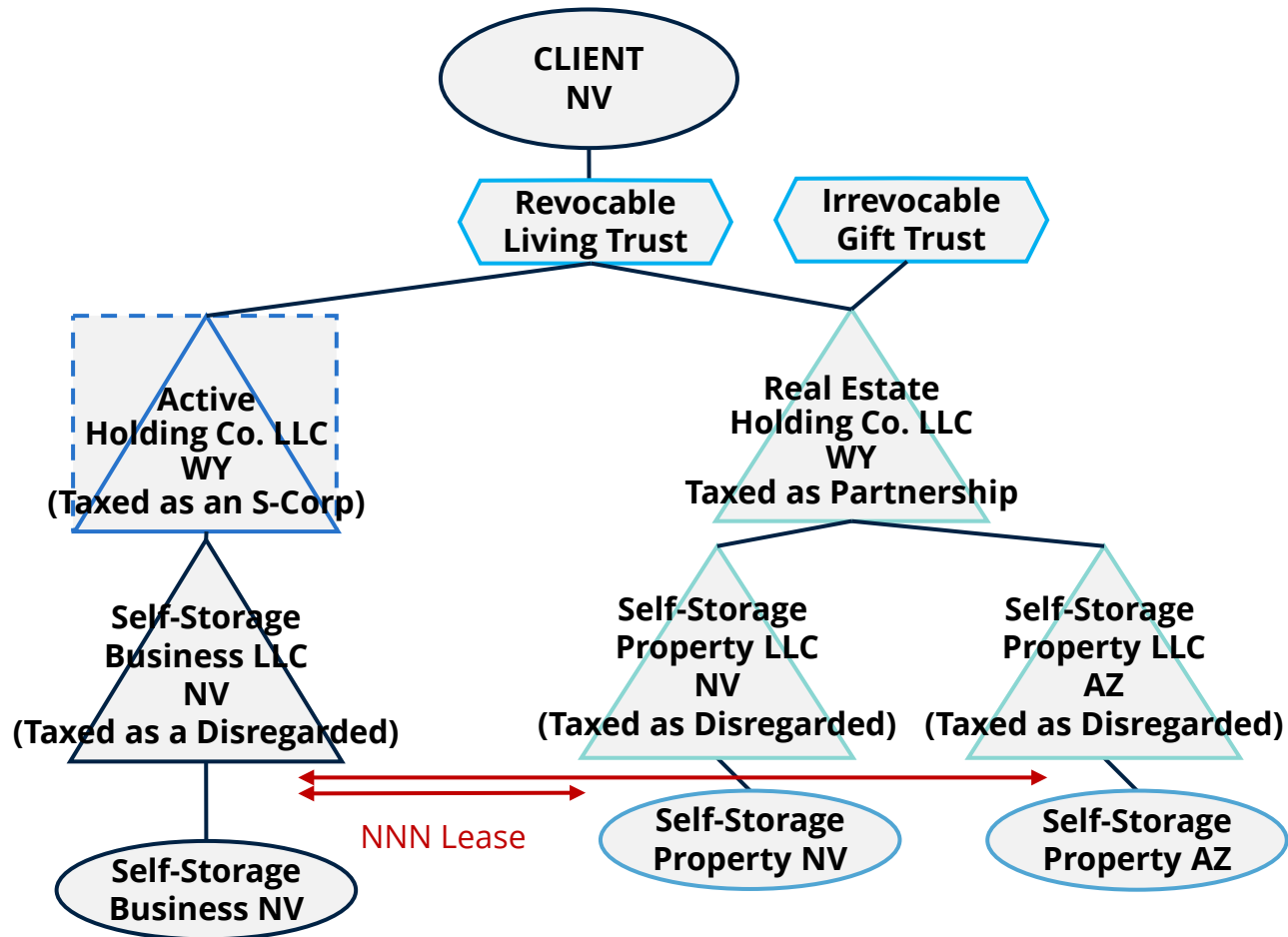
- Asset protection
- Probate avoidance
- Privacy in Wyoming
- Reduced audit risk
- No foreign registration
- Single partnership tax return
- Full ownership



Cons:

- Storage unit business and property ownership through the **same entity**

Separate Self-Storage Business LLC



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Separate Self-Storage Business LLC

Pros:

- Asset protection
- Probate avoidance
- Privacy in Wyoming
- Reduced audit risk
- Storage-unit business and property ownership bifurcated

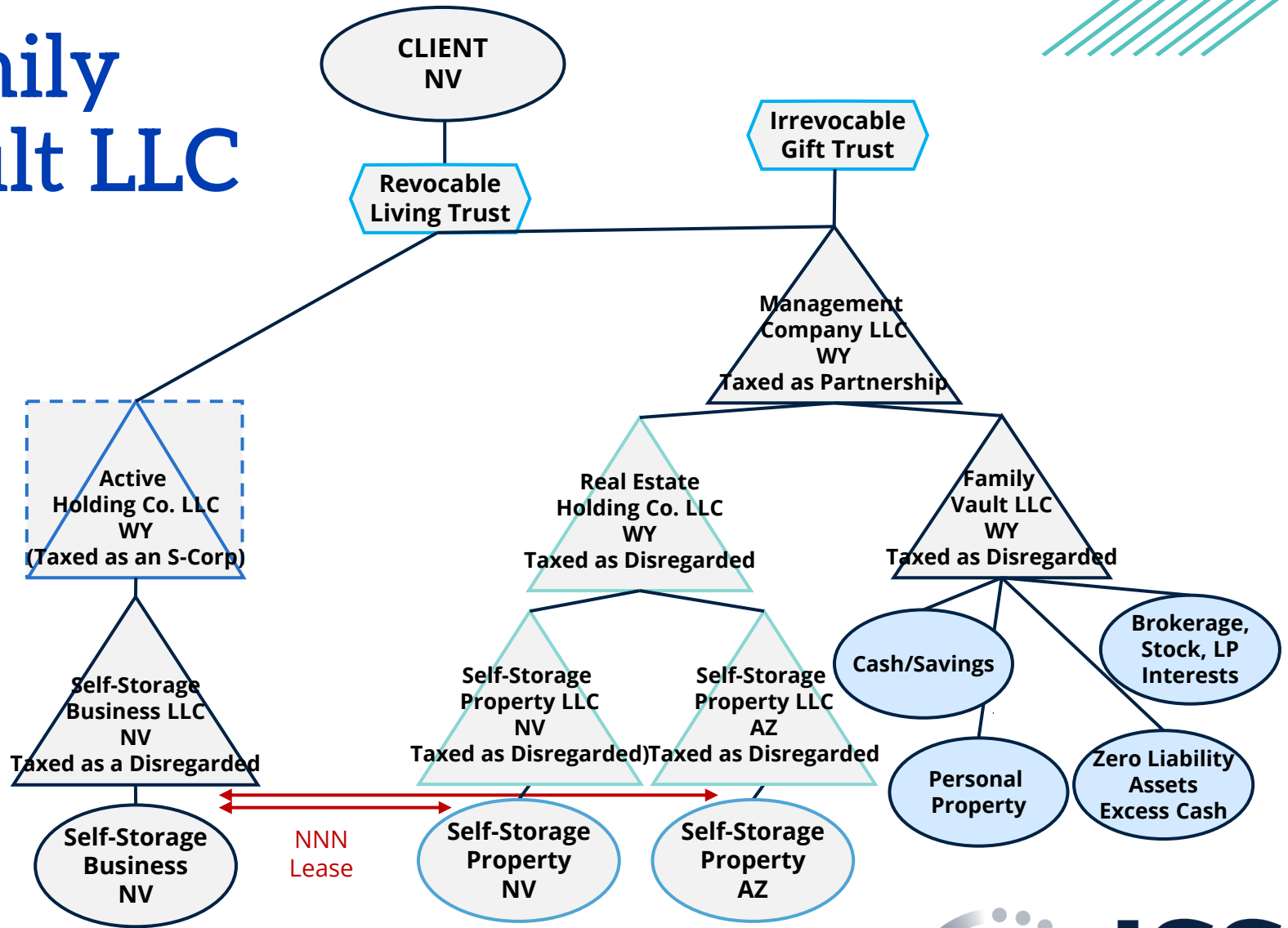
Cons:

- No protection of excess cash, stock or other investments owned by you directly

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Family Vault LLC



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Family Vault LLC

Pros:

- Asset protection
- Probate avoidance
- Privacy through Wyoming
- Reduced audit risk
- Storage unit business and property ownership bifurcated
- Family Vault LLC protects excess cash, stock and personal property
- Management company reduces total number of tax returns required

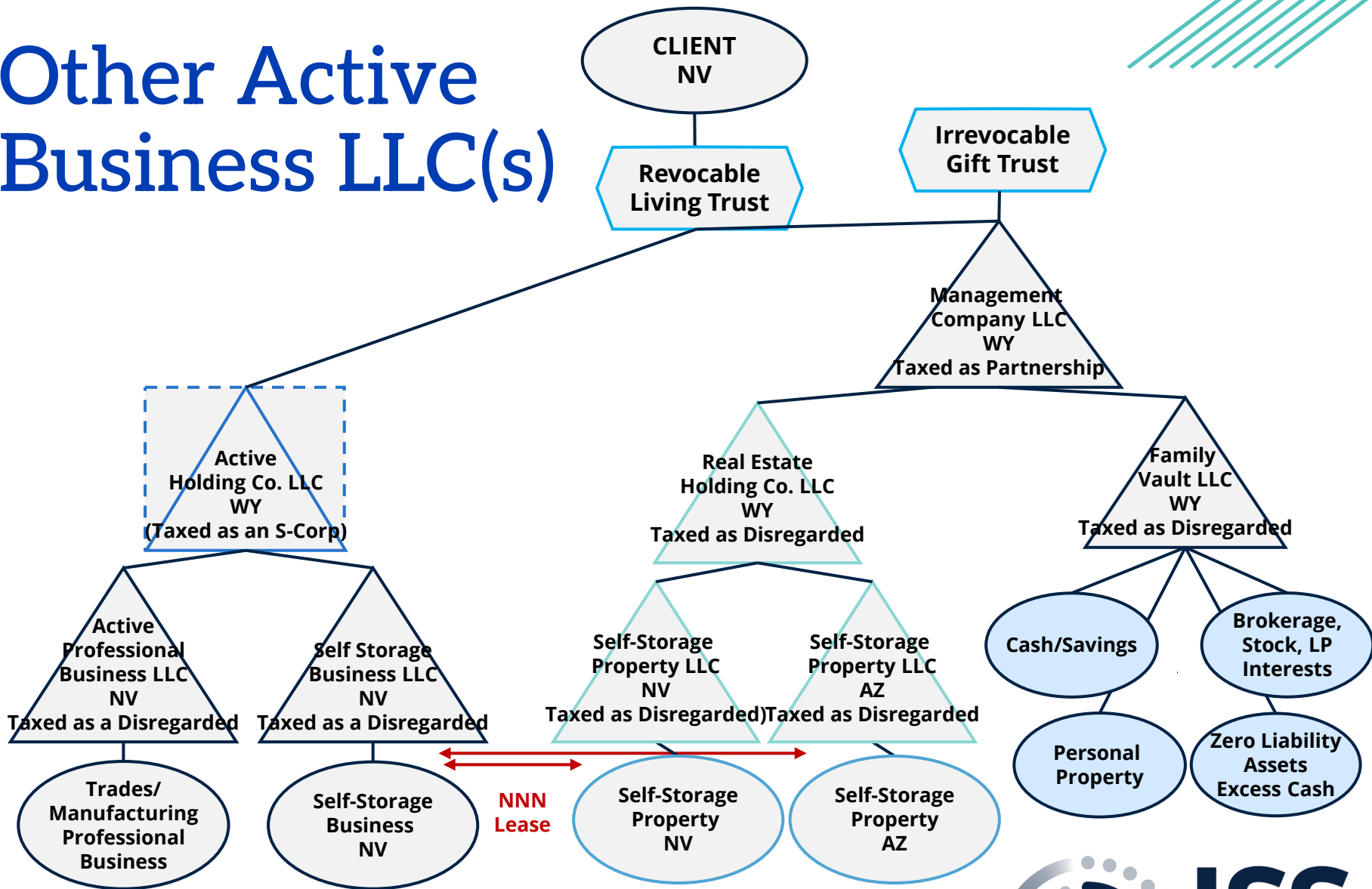
Cons:

- No privacy for other businesses

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Other Active Business LLC(s)



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Other Active Business LLC(s)

Pros:

- Reduces number of S-Corp tax returns required
- Increases privacy for all active businesses

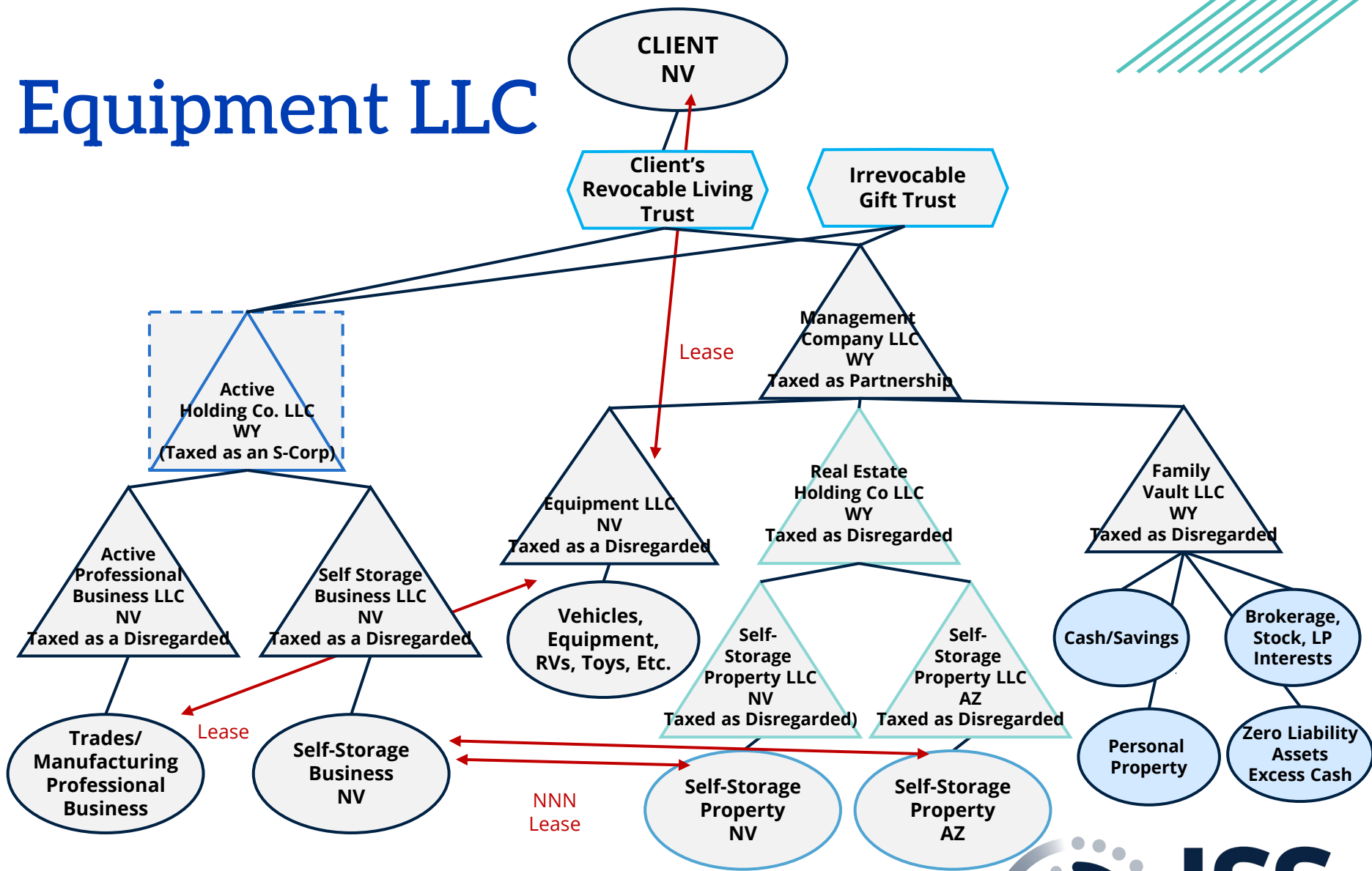
Cons:

- Business equipment and toys exposed

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Equipment LLC



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Equipment LLC

Pros:

- Bifurcate risk: Protect equity in equipment and vehicles from the risk of business or personal lawsuits.

Cons:

- State tax on personal and equipment leases

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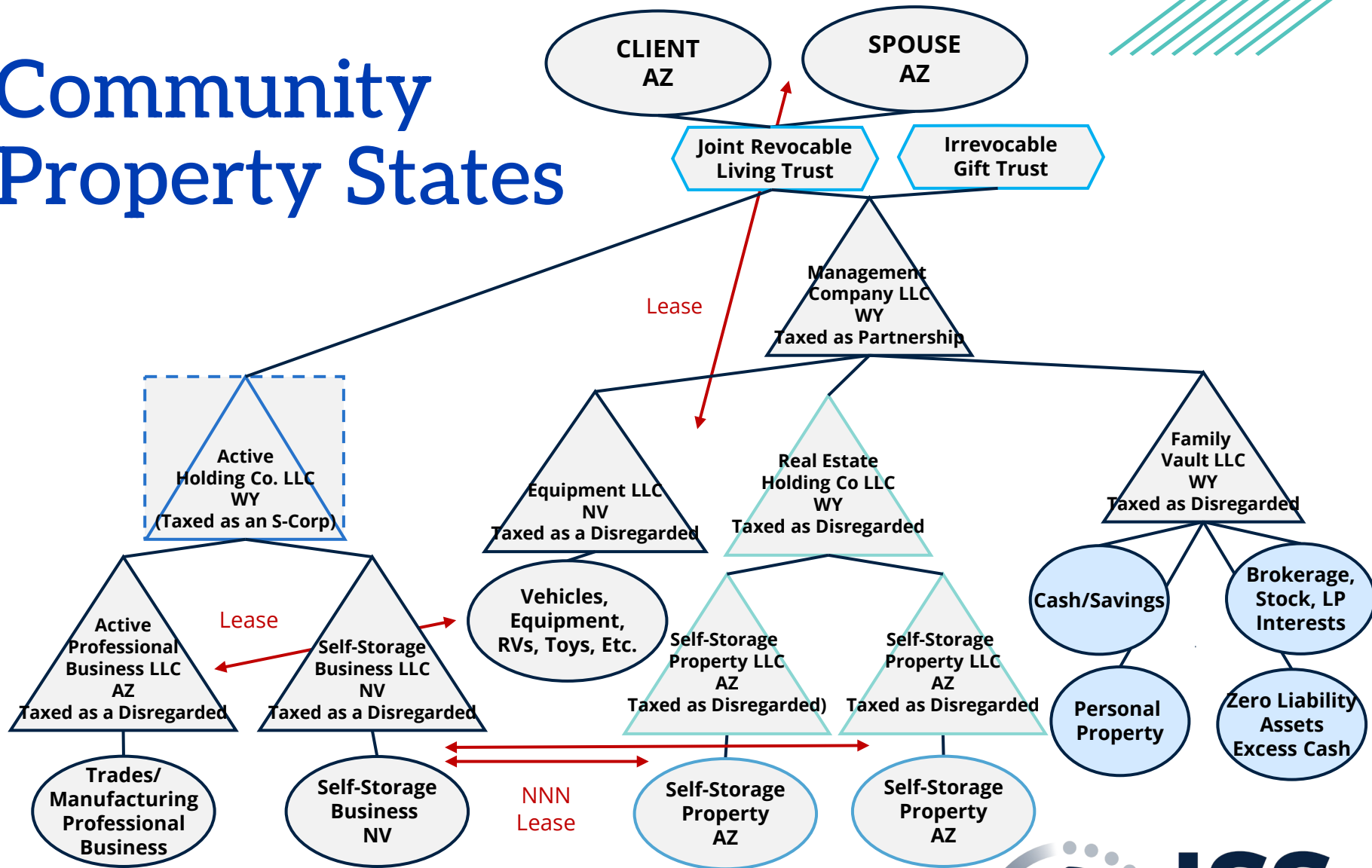
Community Property States

- Alaska
- Arizona
- California
- Florida
- Idaho
- Kentucky
- Louisiana
- Nevada
- New Mexico
- South Dakota
- Texas
- Tennessee
- Washington
- Wisconsin

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Community Property States



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Community Property States

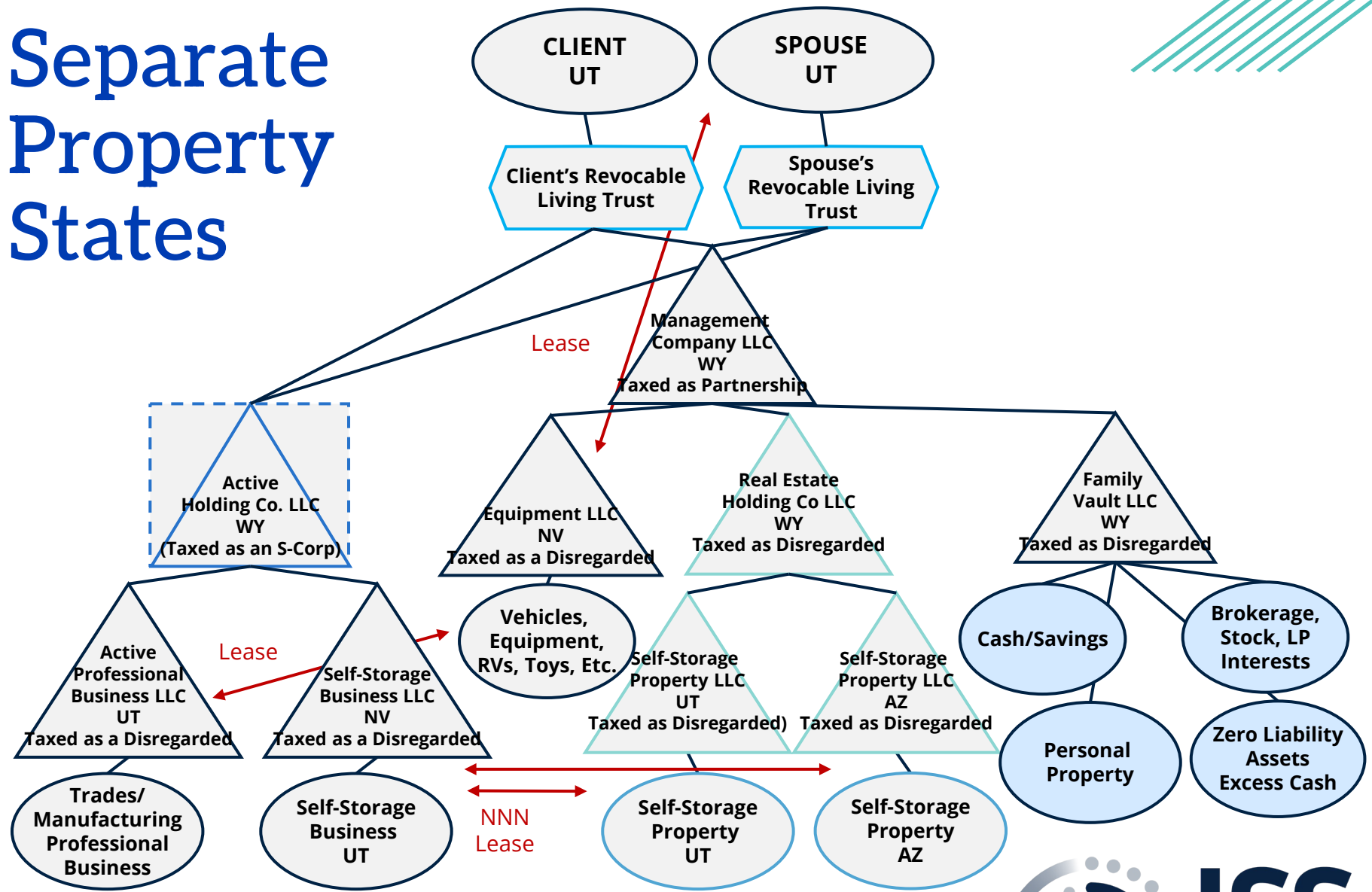
- Joint trust
- A gift trust is still required to for management company to be a multi-member entity.



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Separate Property States



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Separate Property States

- Separate trusts allow holding companies to be multimember (better asset protection).
- Eliminates need for gift trust (holding companies are multi-member)



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Other Exposure Areas

Home equity:

- Homestead exemptions vary.
- Excess equity at risk in a personal lawsuit (if not covered by insurance)

State	Homestead Exemption	Joint Homestead Exemption
Alabama	\$ 15,000.00	\$ 30,000.00
Alaska	\$ 72,900.00	
Arizona	\$ 425,000.00	
Arkansas	Unlimited	
California	\$361,000 - \$722,500	
Colorado	\$ 75,000.00	\$ 150,000.00
Connecticut	\$ 250,000.00	
Delaware	\$ 125,000.00	
Florida	Unlimited	
Georgia	\$ 21,500.00	\$ 43,000.00
Hawaii	\$ 30,000.00	
Idaho	\$ 125,000.00	
Illinois	\$ 50,000.00	\$ 100,000.00
Indiana	\$ 19,300.00	\$ 38,600.00
Iowa	Unlimited	
Kansas	Unlimited	
Kentucky	\$ 5,000.00	
Louisiana	\$ 35,000.00	
Maine	\$ 47,500.00	
Maryland	\$ 25,150.00	
Massachusetts	1,000,000 if Declared	Declaration links: https://www.mass.gov/info-details/homestead-exemption
Michigan	\$ 40,475.00	
Minnesota	\$ 510,000.00	
Mississippi	\$ 75,000.00	
Missouri	\$ 15,000.00	

State	Homestead Exemption	Joint Homestead Exemption
Montana	\$ 250,000.00	
Nebraska	\$ 60,000.00	
Nevada	\$ 605,000.00	
New Hampshire	\$ 120,000.00	\$ 240,000.00
New Jersey	\$ -	
New Mexico	\$ 60,000.00	\$ 120,000.00
New York	\$102k/170.7k/204,825	\$204k/341.4k/409,650
North Carolina	\$ 35,000.00	\$ 70,000.00
North Dakota	\$ 150,000.00	
Ohio	\$ 161,375.00	\$ 332,750.00
Oklahoma	Unlimited	
Oregon	\$ 40,000.00	
Pennsylvania	\$ -	
Rhode Island	\$ 500,000.00	
South Carolina	\$ 63,250.00	\$ 126,500.00
South Dakota	Unlimited	
Tennessee	\$ 35,000.00	\$ 52,500.00
Texas	Unlimited	
Utah	\$ 42,000.00	\$ 84,000.00
Vermont	\$ 125,000.00	\$ 250,000.00
Virginia	\$ 50,000.00	
Washington	\$197k-\$968k	
West Virginia	\$ 25,000.00	\$ 50,000.00
Wisconsin	\$ 75,000.00	\$ 150,000.00
Wyoming	\$ 20,000.00	\$ 40,000.00
Washington D.C.	Unlimited	

Other Exposure Areas

- **Federal estate taxes:**

- Some states have their own estate taxes.
- Applies at death
 - 40% tax on assets above \$15 million per person
 - 40% tax on assets above \$30 million per married couple

- **Excess property equity:**

- May still be appealing to predator plaintiffs

- **Self-settled domestic asset protection trusts:**

- State-specific protection created in one state may not protect assets in other states.

- **Offshore trusts:**

- Expensive, foreign trust-reporting requirements



The Right Type of Asset Protection

Some law firms:

- Big marketing budgets
- Few direct consultations with attorney
- Difficult to get time with your attorney
- Future **interactions only with staff**
- **Expensive** annual maintenance costs
- Hourly billing
- Are you **completely anonymous**?

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The Right Type of Asset Protection

The right approach:

- **Flat fees**
- **Team approach** with your CPA
- CPA's tax strategy works in the asset-protection plan
- **Regular access** to and counsel from your attorney
- Annual meeting with attorney
- **Low annual-maintenance costs**
- Plans that grow with you as your assets and net worth grows
- **Complete anonymity**

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