

Asset protection with Liechtenstein structures: what is realistic

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Liechtenstein has a long reputation for strong protection of family assets. Some of that reputation is justified, because a properly established foundation or trust separates assets from the founder in a lasting way. Protection depends on timing, structure and honesty, and it has clear limits that every founder should understand before transferring wealth.

1 What a structure can achieve

Once assets have been validly transferred to a foundation or trust, they belong to that entity or to the trustee. Personal creditors of the founder generally cannot reach them directly, provided the founder has given up control and the transfer itself cannot be challenged. Beneficiaries of a discretionary structure usually have no enforceable claim to specific distributions, which makes their interests harder for their own creditors to seize. Such protection is meaningful for long-term family planning, for example against future business risks or the risks of a divorce of a later generation.

2 Creditor challenges

Liechtenstein law, like most legal systems, allows creditors to challenge transfers made to their detriment. The rules distinguish between transfers made with the intention of disadvantaging creditors and gratuitous transfers made within a certain period before enforcement or insolvency. The longer the period between the transfer and the creditor's claim, and the more clearly the founder remained solvent, the stronger the position of the structure. A transfer made when claims are already foreseeable carries a considerable risk of being set aside, and it may also expose the persons involved to liability.

Retained powers also matter. If the founder can revoke the foundation or direct the assets at will, a court may treat the assets as still belonging to the founder.

3 Forced heirship claims from the home country

Many civil-law countries grant children and spouses compulsory shares in an estate, and lifetime gifts can be brought into the calculation. Heirs may try to enforce such claims against the foundation, either in Liechtenstein or in the courts of the founder's home country. Liechtenstein law contains rules limiting such challenges, although the outcome depends on the applicable succession law, the place of the assets and recognition of judgments. Families from countries with strong forced heirship rules should obtain advice on both sides before the structure is set up.

4 No protection for undeclared or criminal assets

Liechtenstein participates in the automatic exchange of financial account information and provides administrative and mutual legal assistance. Assets that are untaxed in the home country are reported there, and assets connected with crime can be frozen and confiscated. Any structure built on concealment will fail and may create criminal exposure for the founder and the advisers.

5 What pays off in practice

- **Transfer early** while the founder is solvent and no disputes are foreseeable.
- **Limit retained powers** to what the family genuinely needs.
- **Regularise tax affairs** before any transfer takes place.

6 How Ressos Legal helps

I advise founders on realistic protection, on succession conflicts across jurisdictions and on clearing up past tax positions before a structure is formed. [Contact me](#) for a first conversation.

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