



## **Proper Planning helps Pennsylvanians reap economic benefits of Marcellus Shale drilling**

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As Marcellus Shale drilling kicks into high gear in Pennsylvania, the economic effects already are being felt across the Commonwealth. Landowners' royalty checks will continue to rise in 2011 and the project will positively impact the state's employment numbers, economic output, and personal incomes, according to 2008 research from Penn State University's Workforce Education and Development Initiative and *Economic and Workforce Brief*.

The question is, are we ready?

Local farmers and businesses who will receive direct income from the natural gas drilling, are faced with a myriad of financial variables that can become land mines if not properly navigated. The sudden and potential "gas rush" windfalls can cause significant stress and, worse, insolvency if not properly managed. The key to success is to prudently manage these potential financial benefits to ensure they'll last long after the shale is gone.

There are several actions potential drilling beneficiaries can take to maintain good fiscal health. Landowners with an opportunity to lease drilling rights and businesses with potential supplier contracts should consult a team of experienced legal and tax professionals before signing on the dotted line. This team should provide advice on lease terms and addendums, fair pricing, legal and environmental protections, and funds management.

It is also important to speak with a qualified financial professional who can help create a strategy to protect and grow the assets generated from these drilling opportunities. This discussion must be deeper than a recommendation on where to invest anticipated bonus and royalty payments. This discussion must focus on a development plan that will efficiently manage income and protect it for future generations.

During times of great opportunity, many people focus on increasing their financial resources but give little attention to protecting those assets and as we know from recent economic events, that is shortsighted. Fortunately, there are some simple and inexpensive ways to help protect assets long term.

Don't be afraid to ask solid bottom line questions of an advisory team:

- Are life insurance death benefits and cash values exempt (in whole or in part) from claims of creditors?
- Does state law protect assets in qualified retirement plans?
- What are the protections for a primary residence?

A solid legal and financial team will be able to provide guidance regarding Pennsylvania laws concerning these and other relevant matters.

Marcellus Shale drilling is creating unique opportunities for many of us. Successful asset protection planning is complex and should be guided by legal and financial professionals to help ensure Pennsylvanians benefit now and in the future.

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CRN201303-144216