



turning point
FINANCIAL LIFE PLANNING

I'm not an Attorney!!



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What's the Point?

- Liability Shield
- Income Tax Flexibility
- Home for Brand & Assets (easier to sell)



What is a Business Entity?

- Entity that owns assets and through which you conduct your business
- Some are a separate legal “person”
 - Can take actions & incur liabilities
 - You are an authorized representative acting on behalf of the business entity
 - NEVER shields you from professional liability (e.g. malpractice claims)
- Created under State Law
 - 51 different set of rules
 - Interstate moves... 🤪



Flavors of Business Entities

Sole Proprietor

- Automatically happens
- No distinction between you & your business

Partnership

- Automatically happens
- No legal distinction between you & the business
- Liable for your own actions AND those of your partners
- Limited Liability Partnership only protects you against the actions of your partners
- Complex taxation

LLC

- Separate legal entity
- Formation requires completing legal documents and state filings
- Annual filing fees apply
- Simplest business entity

Professional LLC

- Not allowed in California!

Corporation

- Separate legal entity
- Formation requires completing legal documents and state filings
- Annual filing fees apply
- More complex than LLC
- Double taxation

Professional Corporation



LLC & Corporations: Piercing the Corporate Veil

- Separate financial accounts are CRITICAL
- Don't intermingle personal & professional
- Use business entity name on all client agreements and contracts
- Use LLC or Corporate designation most everywhere
- Perform corporate housekeeping
- Carry appropriate liability insurance