

Basic Forms

- Sole proprietorship
- Partnerships
 - General
 - Limited
 - Family limited
- Limited liability partnership
- Limited liability company (LLC)

Basic Forms

- Corporations
 - Subchapter C
 - Subchapter S
 - Professional
 - Nonprofit
 - Family foundations
- Cooperatives
- Trusts
- Estates
 - Probate
 - Bankruptcy

Sole proprietorship

- One owner
- Owner and entity not distinct
- Operate as one wishes within the law

General partnership

- Two or more owners
- Partnership agreement
 - Express or implied
 - Written or oral
- Presumption of equal rights of management
- Presumption of equal allocation of profits & losses
- Presumption of agency

General partnership

- Distinct legal entity (except for taxes)
- Personal liability
- Quasi-fiduciary obligation to partners
- Terminates upon death or withdrawal of one partner
- Decedent's estate or withdrawing partner entitled to distribution

Limited partnership

- One or more general partners
- One or more limited partners
- Managed by general partner
- Liability of partners
 - General -- unlimited
 - Limited – investment
- Family limited partnership

Limited liability partnership

- Jointly and severally liable for the acts and obligations of the partnership
- Not liable for professional malpractice of another partner if no supervision or direction, and no involvement in activity

Limited liability company (LLC)

- Hybrid between a partnership & a corporation
- One or more owners
- Limited liability
- Taxes – partnership, S, or C treatment
- No perpetual existence

LLC estate planning benefits

- Orderly transfer of business
- Control
- Business continuity

Corporation

- Distinct legal entity (legal person)
- Created and operated under state laws
- Shareholders have limited liability
- Perpetual existence
- Multiple classes of stock
- Separate taxable entity
- Shareholder rights limited

Corporation

- Governance
 - By directors
 - Operated by officers
 - Directors elected by shareholders
 - Fiduciary obligations of officers and directors
- Close corporations
 - Minority rights
 - Oppression
- Formalities

S corporation

- Created under state law; same as C corporation
- Limitations of IRC
 - Number & nature of shareholders
 - Partnership tax treatment