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Estate Planning for Business Owners

If you are the owner of a business or professional practice, it is important that your estate planning documents are complete and up-to-date. You should develop an ownership transition plan so that your family and your business will be protected in the event of your death or incapacity. It is also important to consider the books and records that you maintain in connection with your business. Whether your business is structured as a corporation or an LLC (limited liability company), to ensure that you will benefit from the protection which the corporate structure is designed to afford, it is necessary to keep current and follow the guidelines as required.

One of the primary benefits associated with forming a separate entity to conduct your business is to shield your personal assets from the debts and liabilities of your company. The goal is to limit your personal liability. If you fail to update your minutes and records, however, potential litigants may make the argument that your business is not actually conducting business as a corporation. This is known as “piercing the corporate veil.” Although you may have followed all the rules with respect to establishing your entity, that is not enough. Corporations are required to conduct annual meetings and maintain a record of the meeting’s minutes. Although LLCs are not required to conduct annual meetings, it is strongly recommended that you do so in order to protect yourself from attempts of adverse parties to “pierce the LLC veil.”

Your annual minutes should document the various business transactions that have taken place throughout the year. You should include information about loan applications, lease renewals, contracts and other important business decisions that have been made. If proper records are not maintained, you risk jeopardizing the protection afforded by doing business as a separate entity. If you are interested in updating your business records and books, please contact our office and we will be happy to assist you.