



Frequently Asked Questions

1) What is an Entity?

The term "business entity" describes any organization formed to conduct business. Most businesses operate under one of four primary business structures: sole proprietorships, partnerships, corporations or limited liability companies (LLCs). At PRIME, we always recommend setting up an LLC when you are just getting started.

2) Why should I setup an LLC?

Forming an LLC not only legalizes the business, but also creates separation and protection from your personal life. This is commonly referred to as the "corporate veil of protection." The LLC separates and protects you and all of your personal assets from any type of liability associated with the business. In simplest terms, you can't be sued personally for something that happens with the business.

Forming an LLC also opens the door to more than 250 tax deductions and allows you to write-off any investments made for the business. This means you have the potential to save THOUSANDS in taxes and keep more of the hard-earned money you make!

3) When should I setup an LLC? What if I already have an LLC?

The moment you start to pursue something and have formally made an intent to be a business owner! You don't have to make an income to form an LLC.

If you already have an LLC, PRIME recommends you schedule a complimentary business assessment to ensure it is still active and functioning correctly for your business.

4) Can I set an LLC up myself?

We don't recommend it! Part of the LLC setup requires an operating agreement, which must be drafted by a lawyer. The operating agreement is the legal structure of the LLC and should be drafted specifically for your business and industry. The operating agreement is also how you obtain your legal tax status. This is important because not all industries are taxed the same.

5) Why is it beneficial for PRIME to setup my Entity?

PRIME offers a one hour complimentary business consultation to assess your unique situation. Our team will handle all LLC setup, draft an operating agreement and ensure your business is structured the correct way without charging you attorney fees! In addition, PRIME offers lifelong email and phone support for your LLC. Every customer is assigned a corporate advisor to lead them every step of the way.

6) What's a registered agent and why should I use it?

When setting up an LLC, you must designate a physical headquarters for the business. PRIME always recommends using the registered agent address in your state for the sake of privacy, rather than your home address. You can still receive mail, bank/credit card statements, vehicle registration and other utilities at your home. This is just the address listed on the public record.

7) What is a tax deduction?

A tax deduction lowers your taxable income and reduces your tax liability. You subtract the amount of the tax deduction from your income, making your taxable income lower.

Once you have an LLC formed, you become eligible for more than 250 tax deductions. Every business is different but common deductions include your internet bills, phone bills, a portion of your rent/mortgage, vehicle mileage, gas, home office equipment and so much more! You can apply all deductions against your overall gross taxable income, including your personal income.

PRIME's team of tax experts can help you understand how deductions work and save you thousands of dollars come tax time, ensuring you keep more of the hard-earned money you make. We always recommend you track your expenses and hire a professional to do your taxes.

8) Can I write off my business investments?

Yes! With the LLC put in place and legal tax status defined in your operating agreement, your initial investment is now 100% tax deductible as a legal business startup expense. Our corporate advisors will help you understand how any initial investments made with PRIME, or any other training and education programs, can also be written off.

9) What is business credit and why is it helpful?

Business credit is a company's ability to buy something now and pay for it later. By establishing a good business credit rating, it's easier to borrow money when your company needs it. It's important to note there is a difference between personal credit and business credit.

Most entrepreneurs starting out have little or nothing to fund their business. It's common for entrepreneurs to use personal credit to fund their business but unfortunately, that's how most businesses fail.

So how do you build business credit? Schedule a complimentary business assessment with PRIME to learn more about our Corporate Financial Program and how we can help fund your business!

10) What are the four components of an Estate Plan and why do I need one?

Without an estate plan, everything you have worked hard to build, earn and save could be at risk. PRIME offers a comprehensive estate plan to protect your assets and your family. Without all four components, you could be at risk.

- 1) Will - Legal document that allows you to designate beneficiaries and administrators and to avoid default probate laws
- 2) Living Will - The document legally communicates your desires in case of a life or death situation where artificial life support is needed.
- 3) Trust - A document that allows you to avoid the cost and expense of probate.
- 4) Power of Attorney - Legal authorization that gives a designated person the power to act for another person when aging and illnesses may prevent them from doing it themselves.