



**Blurb:** Is forming an LLC the right business structure for your small business? Here are the benefits and drawbacks of forming an LLC for your practice.

## So, Should I Create an LLC for my Business?

You love what you do and want the best for you and your business. A friend or colleague recently mentioned you might want to consider “an LLC”, but didn’t give you much context. Sound familiar?

Things like business structure and finance are really important, but no one teaches you about this in school! We’re here to help. We’ll cover why an LLC might be a good decision for you, potential drawbacks and things to think about to determine if an LLC is right for you.

TLDR; LLC’s can serve as security and protection as you run and grow your business. LLCs can also professionalize your business in the eyes of clients. The only drawback? Small annual fees and a small amount of paperwork (but we got you covered here!). Read on to learn more.

### What is an LLC?

An [LLC](#) (Limited Liability Company) is simply a way to set up your business that gives your business certain legal protections. This means if your business faces debt or a lawsuit, your personal assets like your house and savings are safe. That is where the “limited liability” comes from. Here are some benefits and disadvantages of forming an LLC, which might help you decide if it’s the best fit for your business.

### Benefits of Forming an LLC

#### 1. Security and Legal Protection

One of the most important benefits of an LLC is the protection it offers to your personal assets. If your business faces [legal issues](#) or debts, your personal assets—like your home and savings—are generally protected.

#### 2. Enhanced Credibility

Having "LLC" in your business name can increase your company's credibility and professionalism. This can be very advantageous when doing business with prospective clients, partners, and suppliers.

### 3. **Easy Setup and Maintenance**

Compared to other business structures, an LLC is straightforward and affordable to form and maintain. State requirements vary, but the process generally involves filing [articles of organization](#) and paying a small filing fee. [Soundboard](#) can help with sorting out the filing process and get you on the road to an LLC.

## **Drawbacks of Forming an LLC**

### 1. **Initial and Ongoing Costs**

While forming an LLC is usually less expensive than forming a corporation, it still involves initial [filing fees and ongoing costs](#) such as annual reports and annual franchise taxes, which depends on your state. The filing fees vary widely, but can be under \$100 per year. If you need help, reach out to our team and we can help you with the assessment.

### 2. **Annual Paperwork**

With an LLC, you have to file an annual report and keep track of documentation. If this is the only reason holding you back, we're happy to help.

## **Key Considerations**

### 1. **State-Specific Requirements**

LLC regulations and fees [vary by state](#), so it's important to research your state's specific requirements. Some states have more favorable regulations for LLCs than others.

### 2. **Long-Term Business Goals**

Consider your long-term business goals when choosing your business structure. If you predict rapid growth for your company and plan to fundraise, an LLC might not be the right structure for you. Speak to a professional to help determine the best approach for you in the short and long term.

### 3. **Type of Industry**

Some businesses are better fits for this type of structure than others. For example, a doctor might need more legal protections due to the kind of work they do, while if you are a virtual tutor, you might not *need* the same level of legal protection - but it can still be important to protect yourself.

### 4. **Professional Advice**

Consulting with a legal or financial advisor can give you personalized guidance based on your business's unique needs and circumstances. You can figure out how forming an LLC will affect your finances by speaking to financial services like [Soundboard](#), who can help your small business navigate financial complexity.

## **Conclusion**

Forming an LLC has many benefits for small business owners and solopreneurs, including legal protection, easy maintenance, and more credibility. However, it's important to compare these benefits against potential complications such as cost and paperwork. By considering your small business's unique needs and seeking professional advice, you can make an informed decision about whether an LLC is the right choice for you!

## **Need more help with your small business's finances and entrepreneurial advice?**

Talk to the team at [Soundboard](#), who specializes in bringing tax filing and financial peace of mind for solopreneurs and small business owners like you. We understand how much of a pain having to deal with self employment taxes are, and how much of a barrier finances can be to running your business the way you want to. We know you're busy - so leave the complicated tax stuff to us. Talk to the Soundboard team and find out how we can help you and your business thrive!

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