



LAWYER FOR *Life*

KEEPING YOUR FAMILY HEALTHY, WEALTHY & WISE



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THE IMPORTANCE OF BUSINESS PLANNING



If you want to start a business of your own, or are in the early stages of doing so, you are no doubt feeling a certain amount of stress. Your business will require a great deal of time, money and “sweat,” and it will probably represent one of your most valuable assets. This is why you need an effective business plan, and in particular, a solid formation strategy.

Your formation strategy must take into account the possibility of rapid growth while at the same time provide protection against potential short and long-term losses. It must also shield personal and family assets from any losses associated with the business itself. Finally, your plan must protect your business from a wide range of potential threats, including lawsuits, the inability of loved ones to access assets if

you become incapacitated, the manner and timing of your exit from the business, tax minimization, and problematic partners and employees.

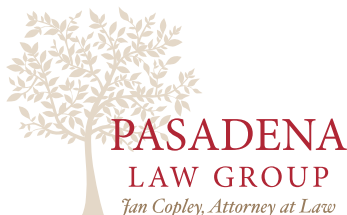
All of this makes choosing the right business entity extremely important. What is the ideal entity for you? Here is a short introduction to some of the most common approaches.



(CONT.)



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THE IMPORTANCE OF BUSINESS PLANNING (CONT.)



Sole Proprietorship

Sole Proprietorships are generally suitable for self-employed people who have not formally organized their business.

Partnership

Partnerships can be informal or formal agreements between individuals who agree to work together and share both profits and losses. Partnerships can be General, wherein all parties share profits, losses and liability. There are also Limited Partnerships, in which one (or more) of the partners contributes capital, shares in profit or loss, but is not actively involved in running the business.

Corporation

A Corporation is the most common type of business organization. It provides many important legal rights to owners, including limited liability, the ability to issue shares of transferable stock and greater flexibility in managing overall ownership structure. Through incorporation, owners have separate legal standing from the company and are protected against personal liability if the corporation itself is sued.



Limited Liability Company

Limited Liability Companies combine the flexibility of Partnership with the protection of limited liability for owners, much like that inherent in a Corporation. Another benefit of an LLC is that it is considerably easier to create and register than a Corporation.

Given the importance that the success of your business will have on the overall well-being of your family, it is essential to choose the right business entity and have a properly designed plan in place for the future. We are here to help you every step of the way.



ESTATE PLANNING FUNDAMENTALS



Clients often ask us about the estate planning tools we use and what each of them can accomplish. Here is a list of the most commonly used tools and brief descriptions of their purpose.

Last Will and Testament. This allows you to specify “who gets what” when you pass away. Without your own Last Will and Testament, your assets will be distributed according to state guidelines. A Will also allows you to name guardians for your minor children. This is important because if something happens to you and your spouse, the state will decide who will have legal authority over your minor children. This could very well be a person or institution you would never have chosen to have such authority.

Durable Powers of Attorney. These allow you to name people of your own choosing to make decisions for you in the event of incapacity. A power of attorney for healthcare lets you designate a person you trust to make decisions about your medical care, while a power of attorney for finances lets you name the person you want to make financial and legal decisions on your behalf.

Advance Directives. An advance healthcare directive, also known as a living will, allows you to choose, in advance, the types of medical treatments you want (or don't want) in an end-of-life situation.

HIPAA Authorization. The Health Insurance Portability and Accountability Act (HIPAA) established national standards to protect the privacy of patients' health care information by regulating the use and disclosure of “protected health information.” A HIPAA Authorization ensures your loved ones and decision makers can gain access to medical information about your condition when they need it.

Trusts. There are many types of trusts, capable of helping you accomplish a variety of goals. However, when most people think about trusts, a revocable living trust is the one they have in mind. remain the same even as the benefit amount increases.

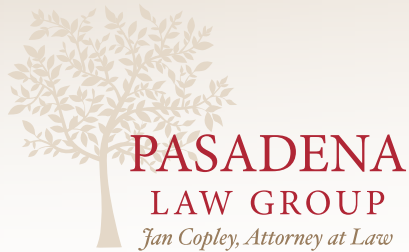
A revocable living trust allows you to maintain complete control over your assets while you are alive and after you have passed away. You don't have to transfer your assets to the trust all at once, you can do so over time and even add to the trust as you acquire new assets.

Other benefits of a revocable living trust include:

- Avoiding probate. The probate process is time-consuming, needlessly expensive and exposes your assets and estate to public scrutiny
- It can be changed over time, to compensate for changes in your financial and family situation
- Basic wills can lead to disagreements among family members. A revocable living trust can help eliminate challenges to the will and ensure beneficiaries receive what you have intended for them
- It allows for ongoing financial management. As your wealth accumulates, so too will assets in the trust

Contact us today to discuss additional estate planning tools and strategies that can help you achieve your particular goals.





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A PERSONAL NOTE FROM JAN

Welcome to our first newsletter of 2017!

I thought I would start the year with a brief review of the basics of business structures and estate planning.

Our first article, “*The Fundamentals of Business Planning*,” sets out different types of ownership structures for businesses. What works best for you depends upon the type of business you have, if you own it with someone else, and your plans for the business. Another factor may be regulations affecting how a business may be structured — for instance, California law prevents me from operating my law practice as a limited liability company.

Of course, our job at the Pasadena Law Group is to work with you to create a business structure that protects your assets and helps you pursue your business goals.

Our second article, “*Estate Planning Fundamentals*,” is about the basic tools of estate planning.

We discuss all of these tools with our clients. Unfortunately, we throw so much information at people that it may be hard for them to absorb everything we say. I hope that this article gives you a nice refresher about the tools we have used to help you achieve your estate planning goals.

A new administration in Washington, D.C. has come into being since the last Pasadena Law Group newsletter. So far, no new laws has been enacted that amend the estate tax laws or the rules governing public benefits for the elderly, but changes are coming! We’ll keep you informed when we know what the changes are.

Have a wonderful Spring. Of course, if you have questions about any of this, please give me a call.

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