

1. ASSET-PROTECTION

No matter what type of business you are in there exists the potential for a lawsuit. The most common sources of lawsuits for small business owners are employees, customers and vendors. If you don't deal with any of these categories you don't need to incorporate. However, if you are a typical business you deal with some or all of these. As a sole proprietorship or a partnership your personal assets are at risk in a lawsuit. If you incorporate or form an LLC your personal assets are generally protected.

2. RETIREMENT SAVINGS

In 2010 IRA has limit of \$5,000 for individuals age 49 and under, and \$6,000 for 50 and above. 401k has limit of \$16,500. In addition, you are entitled to "catch-up" an additional \$5,500 if you did not contribute in 2009. There are other benefits that your CPA or financial advisor can explain that enable even larger contributions.

3. CREDIBILITY

If you add INC. or LLC to your name it makes your business seem more substantial.

4. CREDIT

Many credit card companies check the Secretary of State's office for new filings. They send invitations to most new companies to apply for corporate credit.

5. TAX BENEFITS

Your CPA can advise you of certain automobile, home office, and equipment write-offs that are not available to individuals