

Florida LLCs for Asset Protection, Privacy, & Tax Advantages

The limited liability company is a relatively recent invention that is better than a corporation, and offers more benefits than most people realize. It protects you from liability in two ways, it can hide your ownership, and it lets you choose what type of taxation works best for you.

Asset Protection. While a corporation can protect you from liabilities of your business, the LLC offers double asset protection, since your business assets are also protected from your own personal liabilities. For example, if you hurt someone in a car accident they can take your S corporation, but they can't take your LLC if you have an innocent partner in the business.

Hiding Ownership. LLCs are owned by their members and controlled by their managers. You do not need to list the member/owners on the secretary of state's web site. You must list a manager, but that manager can be set up as a trust. And if you call your trust/manager the Goldman, Holland & Morgan Trust, someone looking you up might think a lawsuit against you might not be so easy!

Taxes. The IRS lets you choose how your LLC is taxed. Most people use pass-through taxation and just put the income on their personal tax return because that is easiest. But you can also be taxed like an S corporation if that is to your advantage, or like a C corporation. If your LLC is taxed like a C corporation, it files its own return and none of its income shows on your return unless you decide to take money out as a dividend. And it can pay some of your expenses like health insurance.

LLC Requirements

To set up an LLC in Florida, there are a few basic legal requirements:

Registered Agent. An LLC must have a registered agent who will be at a Florida street address Monday through Friday to accept any lawsuits that are filed against the LLC. You can be your own registered agent if you are not concerned about your name showing, but if you'd like to keep your name off, we offer a registered agent service for \$100 a year.

Company Street Address. The company must have a street address. This cannot be a PO box, but it can be your home or a private mailbox company like a *UPS Store* or a *Mailboxes, Etc.* office. It can be in another state or country.

Company Mailing Address. This can be the same as the street address or it can be a PO box.

Members. The members of an LLC are the owners. If an LLC has 2 or more owners then their interests in the LLC can be protected from their separate creditors. The members are not listed anywhere except in the company records.

Successors. You can name someone in your LLC papers to inherit your LLC in case of your death. This can save time and thousands of dollars in probate fees, but most people who set up LLCs don't know this, and neither do most attorneys!

Manager. The members of an LLC can manage it themselves, but then their names need to be listed. For privacy, they can list a manager. The manager can be a member, or a non-member, or you can use a trust for a manager. We can set up such a trust for you for \$200. If you name your trust something that sounds like a big scary law firm, or a religious group, like the "St. Thomas Trust" then you might avoid frivolous claims.

Capital. Each company needs to start with some money. Some businesses like lawn service might not need much capital other than a lawn mower, but other businesses like real estate investments would need more capital. If a business is undercapitalized the owners could be liable for its debts. Check with your financial advisor as to whether your capital is reasonable for the type of business you are starting.

Profits and Losses. While a corporation must divide profits exactly according to ownership, an LLC has an advantage in that it can divide profits and losses more creatively among members. So you could make a relative a part owner (for asset protection purposes) but not allocate the same amount of income to him or her. This is something that you need a good LLC accountant to set up for you. Not all tax advisors know this.

Taxation. You can choose to have your LLC taxed as a disregarded entity, or as an S corporation, or as a C corporation. The decision is best made with your tax advisor. A single-member LLC could put the income on the owner's 1040 using either Schedule C for business, or Schedule E for rental property, or it could file the S corp. return (1120-S) or the C corp. return (1120). A multi-member LLC would file form 1065 (as a partnership between the members) if it is disregarded, or 1120 or 1120-S if it opts to be taxed as a corporation.

Tax Identification Number. A single member disregarded LLC can use the owner's social security number, but for bank accounts and privacy it is good to get a separate TIN using IRS Form SS-4. We include this when we set up an LLC for you. When applying for the TIN the IRS wants to know which forms to send you so they ask how many employees you expect to have in the first year. For real estate investments this is usually none.

Our LLC Services

When we first started offering land trust services we wanted to limit ourselves to land trusts, but then one client went to a lawyer who set up his LLC using the wrong forms and charged \$800. So considering how useful LLCs have become we decided to offer them to clients using the correct forms for a more reasonable fee. Since different clients have different needs for their LLCs, we offer the services a la carte:

If you know exactly what you want and need, you can just request the LLC setup using the forms on the attached pages. If you are not sure what is best and would like to discuss the options before starting, you can schedule a consultation. The fee is \$100 per half hour.

A basic LLC is \$300 plus the \$125 filing fee. This includes Articles of Organization, Operating Agreement, new Taxpayer Identification Number, IRS Form 8832 Entity Selection, Form 2553 if you want S corp taxation, and a ring binder with your papers. This would be used if you understand LLCs and your needs.

Many people act as their own registered agent but if you would prefer to keep your name off the public records, you can use our company as your registered agent at our street address for \$100 per year.

If you would like us to set up a trust to be your company manager so that your name does not need to appear on the Secretary of State's sunbiz.org web site, the fee is \$200.

So so the total for us filing the LLC and keeping your name off everything is \$725, not including a consultation.

If you are not sure what is best for you and you would like to discuss the advantages and disadvantages of the various ways of setting it up, we should first have a consultation either by phone or in our office. The fee for this is \$100 per half an hour. See the last page of this document for consultation request form.

If you have simple questions about setting up your LLC with us, you can email us at: mark@warda.net, or if you would like to discuss the advantages and disadvantages of different setups, you can set up a consultation by phone or in our office.

Advantages of having us do your LLC:

1. Our name instead of your name will be listed online as the person who started the LLC.
2. We provide an Operating Agreement which is required for an LLC.
3. You don't worry if you did something wrong or missed a step by doing it yourself.

Land Trust Service Corporation
Post Office Box 186
Lake Wales, FL 33859

Phone 863-678-0011

Fax 863-678-0155

Florida Limited Liability Company Setup Instructions

Attach additional sheets if necessary

Would you like to schedule a phone consultation before starting? Yes (include request form) No

Proposed name of the LLC _____

Second choice (if 1st unavailable) _____

Address of LLC (no PO Box) _____

County in which business is located _____

Mailing address if different _____

Your email address _____

Member(s) names, addresses and Tax ID numbers:

Member 1: _____ SS# _____

Member 2: _____ SS# _____

Would you like your interests to pass to someone on death without probate? If so, whom?

Member 1 successor: _____

Member 2 successor: _____

Name and Florida street address (no PO Box) of registered agent:

We want to use L.T.S.C., LLC as our Registered Agent for \$100 a year. (Include Reg. Agt. Agreement)
If the LLC will be managed by less than all of the members, who will the manager(s) be?

Do you want your name as manager listed on the Sunbiz web site? Yes No

We will be using a Trust as Manager. Name: _____

We would like you to set up the Trust Manager for \$200. (Include LLC Manager Trust Setup Form)

Capital contributions of each member:

\$ _____ \$ _____

How will profits and losses be divided among members?

_____ % _____ %

Principal business activity: _____

Which member will be designated to handle tax matters with the IRS:

Name: _____ Soc. Sec. # _____ - _____ - _____

Do you want to be taxed like a disregarded entity (single member - income goes on member's return)
or like a C corporation or an S corporation or a partnership

On what date do you expect to first pay wages? _____ No wages to be paid

During your first 12 months what is the highest number of employees you expect? _____ None

Contact person _____ Phone _____ Fax _____

Address for mailing ring binder _____

I authorize you to set up the above LLC with the Florida Secretary of State, to sign my name to registered agent's acceptance, and charge to the following credit card your \$300 setup fee (plus RA fee and PPT fee if those boxes are checked above) plus the \$125 filing fee. I appoint Land Trust Service Corp. to file my IRS SS-4 form.

Card number _____ Exp. Date _____ Security code _____

Card address _____ Zip code _____

We also accept Zelle to mark@floridalandtrust.com

LLC Setup/SS-4 signature

Card signature

Registered agent's signature

Land Trust Service Corporation
Post Office Box 186
Lake Wales, FL 33859
mark@floridalandtrust.com

Registered Agent Agreement

THIS AGREEMENT is made between L.T.S.C., LLC, a Florida limited liability company ("Agent"), whose address is 28 West Park Avenue, Lake Wales, FL 33853, and _____, a Florida limited liability company ("Company") whose address is _____, as follows:

WHEREAS Company is required to have a Registered Agent at a registered office in the State of Florida, and
WHEREAS Agent is willing to serve as such Agent,
THEREFORE it is agreed as follows:

1. Agent will serve as Florida Registered Agent for Company beginning on formation of the Company.
2. Company will pay Agent the following fees:
 - \$100 per year or fraction thereof payable in advance
 - \$5 per month late fee if annual fee is over 30 days late
 - \$25 for forwarding, by certified mail, any lawsuits, subpoenas or other legal documents which are served by sheriff or process server on the Agent
 - \$10 for forwarding certified mail sent to the Agent for the Company.
3. Company will at all times keep Agent informed of its mailing and physical addresses.
4. Either party may terminate this agreement at any time.

IN WITNESS WHEREOF the parties have signed this agreement this _____ day of _____, 20_____.

Company:

Agent:

L.T.S.C., LLC

By: Land Trust Service Corporation, Manager

[Print name of Company]

By: _____
Title: _____

By: _____
Title: _____

Land Trust Service Corporation
Post Office Box 186
Lake Wales, FL 33859
www.floridalandtrust.com
mark@floridalandtrust.com

Phone 863-678-0011

Fax 863-678-0155

Florida LLC Manager Trust Setup Instructions

From: _____

Email address: _____ @ _____

To: Land Trust Service Corporation

We would like you to prepare an LLC Manager Trust for us as follows:

Name of LLC _____

Name of the Trust _____

(You can make up just about any name you want for your trust. Something like "Goldman, Sotomayor & Genovese Trust" or "Morgan, Marshall and Cardozo Trust" might make a potential claimant think he was dealing with a big scary law firm.)

Address to be used by Trust (**Can** be PO Box or mail drop box) _____

Name of the Trustee(s) _____

(Normally the person setting up the LLC, who would sign checks for the LLC would be the trustee. You can use another LLC or a corporation as the trustee, but you will need a human signature for the checks and for the LLC's annual report. Some clients have used co-trustees. For example, the person setting up the LLC would be one co-trustee and would be the one signing checks and filing tax returns. A son or daughter or spouse could be a co-trustee who only signs the annual report.)

Name of Successor Trustee _____

(In case anything happens to you, you should name someone who can take your place as trustee.)

I authorize you to set up the above Personal Property Trust which will not be used for any illegal purpose.

Trustee

**Land Trust Service Corporation
Post Office Box 186
Lake Wales, FL 33859
www.floridalandtrust.com
mark@floridalandtrust.com**

Phone 863-678-0011

Fax 863-678-0155

LAND TRUST SERVICE CORPORATION

28 WEST PARK AVENUE, LAKE WALES, FL 33853
POST OFFICE BOX 186, LAKE WALES, FL 33859
EMAIL: MARK@FLORIDALANDTRUST.COM
PHONE: 863-678-0011
FAX: 863-678-0155

REQUEST FOR PHONE CONSULTATION

To: Mark Warda
Land Trust Service Corporation
Number to call for consultation: **863-678-0011**

From: _____
Email: _____
Phone: _____

Best days are Mon/Wed/Fri
Best times are 11:00 am to 2:30 pm

I/we would like to schedule a phone consultation regarding:

- Land Trusts
- LLCs
- Both
- Other _____

We expect to need:

- ½ hour
- 1 hour
- Other _____

You are authorized to charge the fee of \$100 per ½ hour to my credit or debit card:

Card number: _____
Exp date: _____
CC billing address: _____
_____ Zip: _____
Verification code: _____

Card signature

(You can leave out a few digits, and send those in a separate email.)

You can fax this to 863-678-0155
Or you can email a scan or photo of it to: mark@floridalandtrust.com
We will email or phone you to confirm day and time