



Entity Selection Chart

ENTITY TYPE	LIABILITY	TAXATION	FORMATION	MAINTENANCE	RESTRICTIONS
Sole Proprietorship	Owner personally liable for business debts.	Pass-through taxation; income and losses reported on owner's personal tax return.	Simple and inexpensive to create. No formal filing required.	No formal maintenance requirements.	None.
General Partnership	Owners (Partners) personally liable for business debts.	Pass-through taxation; income and losses reported on partners' personal tax returns.	Easy to form, often by agreement (written agreement recommended).	Minimal formal requirements; good recordkeeping and agreement management advised.	None.
Limited Partnership	General partner has personal liability; limited partners have limited liability if not involved in management.	Pass-through taxation; income and losses reported on partners' personal tax returns.	Requires state filing and formal partnership agreement.	Moderate; must maintain proper partner roles and records.	Requires at least one general partner with unlimited liability.
Limited Liability Company (LLC)	Owners (members) generally have limited personal liability for business debts.	Pass-through by default; can elect S-Corp or C-Corp taxation.	Requires state filing (Articles of Organization).	Moderate; fewer formalities than corporations, but operating agreement and records recommended.	Must maintain separation between personal and business finances to preserve liability protection.
C-Corporation (C-Corp)	Owners (shareholders) have limited personal liability for business debts.	Taxed at corporate level; shareholders taxed on dividends (double taxation).	Requires state incorporation and formal setup.	High; ongoing requirements include meetings, minutes, and filings.	Subject to retained earnings tax.
S-Corporation (S-Corp)	Owners have limited personal liability for business debts.	Pass-through taxation; income split between salary and distributions.	Formed as corporation or LLC, then elects S-Corp status with IRS.	Moderate to high; must meet IRS rules and maintain payroll and compliance.	Limited to 100 shareholders (must be U.S. citizens). Limited to one class of stock.
Non-Profit Corporation	Directors and officers generally have limited personal liability.	Generally exempt from federal and state income tax if qualified; must meet IRS requirements.	Requires state incorporation and IRS approval for tax-exempt status.	High; strict governance, reporting, and operational requirements.	Subject to unrelated business income tax.

For more information, please contact your financial representative.

Neither Western & Southern Financial Group, Inc. nor its member companies provide legal or tax advice. The information provided is general and educational in nature and should not be relied upon as such. Tax laws are complex and subject to change. No guarantees, representations or warranties are made regarding the accuracy or completeness of this information, and no liability is assumed for its use. Clients are advised to consult an attorney or tax professional regarding their specific situation.

©2026 Columbus Life Insurance Company. All rights reserved.

SH-00263-CL-2604