



# Entity Selection Chart

ENTITY TYPE	LIABILITY	TAXATION	FORMATION	MAINTENANCE	RESTRICTIONS
<b>Sole Proprietorship</b>	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.
<b>General Partnership</b>	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.
<b>Limited Partnership</b>	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.
<b>Limited Liability Company (LLC)</b>	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.
<b>C-Corporation (C-Corp)</b>	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.
<b>S-Corporation (S-Corp)</b>	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.
<b>Non-Profit Corporation</b>	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.

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