

## Mistakes to Avoid as a Small Business Owner: **7 Ways to Protect Your Assets**

- ✓ **Be Informed:** Conduct due diligence on any party you will do business with, including customers, suppliers, employees, and consultants that you hire.
- ✓ **Be Organized:** Liability protection begins with creation of an appropriate business entity. A sole proprietorship provides absolutely no level of protection from liabilities.
- ✓ **Be Advised:** Make sure you have your long-term business contracts reviewed by competent legal counsel and that you have appropriate non-compete provisions in place.
- ✓ **Be Diligent:** Follow the legal procedures and requirements for the entity you have select. Observing the formalities helps to insulate personal assets from the reach of creditors.
- ✓ **Be Prepared:** Have a transfer of ownership agreement in place to maximize stability in the current and future ownership of the business. Protect against the forced sale of business assets by creditors or premature termination of an entity by death, disability, or withdrawal of an owner from the business.
- ✓ **Be Insured:** The appropriate amount and type of business insurance is the first line of defense against any potential business liability. It provides a source of funds to settle liabilities and to pay the cost of defending claims.
- ✓ **Be Maximized:** Maximize the use of qualified retirement plans to protect assets from liabilities of the business and of the individuals participants.

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