2026 · WHAT ISSUES SHOULD I CONSIDER WHEN STARTING A BUSINESS?

PFW ADVISORS
Private Family Wealth Advisors

PERSONAL CASH FLOW ISSUES	YES	NO
Will your personal cash flow needs change as a result of this new business? If so, consider how you will structure your compensation (e.g., salary, distributions) to optimize your net income.	☐	☐
Will you need to use personal assets to start the business? If so, consider which accounts will most efficiently fund your initial investment, and how much of your personal net worth you feel comfortable investing in the future.	☐	☐
Will your risk tolerance change for your investment and retirement accounts?	☐	☐
Do you need to review your emergency fund to ensure that you have adequate liquidity?	☐	☐
Do you need a contingency plan if the business does not grow as expected?	☐	☐
Do you intend for the business to be your sole source of income?	☐	☐

BUSINESS CASH FLOW ISSUES	YES	NO
Do you need to research the amount necessary to launch or run the business? If so, consider the initial costs to start the business (tax and legal fees at formation), and the expected average overhead costs (fixed and variable).	☐	☐
Will you need cash or financing to cover costs until you become profitable? If so, consider the availability of traditional bank loans, government loans or grants, strategies for raising capital from friends, family, and other third-party investors, or funding with your personal assets or debt.	☐	☐
Do you expect income to fluctuate based on sales or consulting agreements (as opposed to predictable revenue)? If so, consider opening a line of credit to cover cash flow interruptions and short-term needs.	☐	☐

LEGAL & BUSINESS FORMATION ISSUES	YES	NO
Do you need assistance with deciding the legal structure of the business? If so, consider the following options: ■ A sole proprietorship is the default and simplest structure for a single owner. Business assets and liabilities are not separate from personal. ■ A partnership is a pass-through entity, and is the default and simplest structure for two or more owners. General partners have unlimited personal liability, but in an LP or LLP, limited partners can limit their liability. ■ A C-corporation is a separate legal entity, and is the most formal structure offering the strongest protection to owners. As a separate taxpayer, business profits are subject to double taxation (corporate and shareholder level). ■ An S-corporation is a corporation that elects to be treated as a pass-through entity, (no double taxation). Eligibility restrictions apply, including limits regarding stock classes (one) and the identity and number of shareholders (100 or fewer, with family aggregation). ■ A Limited Liability Company (LLC) is a separate legal entity that shares corporate characteristics (e.g., limited liability), but is unincorporated. An LLC can elect to be taxed as a corporation (S or C), partnership, or disregarded entity.	☐	☐
Do you need to create an organized system to track transactions and other business activity? If so, consider appropriate methods to establish and maintain proper bookkeeping and recordkeeping practices (e.g., separate business credit and checking accounts, receipt management, accounting software, etc.).	☐	☐
Do you need assistance choosing where to form the business? If so, consider whether there are reasons to look beyond your home state to form your entity (e.g., state-specific legal and tax advantages).	☐	☐
Will the business have employees? If so, consider the following: ■ Clearly outline employment terms and job descriptions, your duties as an employer, and policies to avoid potential HR issues. ■ You may need to register with state agencies, Workers Compensation Insurance and/or Unemployment Insurance. (continue on next page)	☐	☐

© fpPathfinder.com. Licensed for the sole use of Scott MacKenzie, MBA, CFP®, CIMA®, CLU® of Private Family Wealth Advisors. All rights reserved. Used with permission. Updated 12/15

2026 · WHAT ISSUES SHOULD I CONSIDER WHEN STARTING A BUSINESS?

PFW ADVISORS
Private Family Wealth Advisors

LEGAL & BUSINESS FORMATION ISSUES (CONTINUED)	YES	NO
■ Having employees may impact which retirement plan you should implement. See the "Should I Set Up A Traditional 401(k) For My Business?" flowchart for details.		
Will you have business partners? If so, implement appropriate business agreements to formalize your relationships and ownership structure, and be sure to discuss the effect of triggering events, such as death, disability, divorce, disaster, or disagreement.	☐	☐
Do you need a business succession plan? If so, consider the following: ■ If you have business partners, a Buy-Sell Agreement can set a course for a smooth transfer of ownership. ■ If you are planning to bring your children into the business, include tax-efficient ownership transfer strategies in your annual gifting plan and your estate plan.	☐	☐
Do you have intellectual property to protect? If so, consult an attorney regarding trademarks, copyrights, patents, etc.	☐	☐

TAX PLANNING ISSUES	YES	NO
Will your personal tax situation change? If so, consider the following: ■ Understand how your choice of entity and your operations will affect your exposure to personal tax, self-employment tax, and/or corporate tax. ■ You may be able to deduct certain start-up costs, home office expenses, health insurance costs, and other business expenses, depending upon your circumstances. ■ You may need to begin making quarterly estimated tax payments to avoid underpayment penalties.	☐	☐
Will you need assistance in reviewing your business tax return?	☐	☐
Will the business have to collect and pay sales tax? If your business sells physical products or even certain services, it may be required to collect and pay sales tax.	☐	☐
Do you need help determining if you will be eligible for a Qualified Business Income deduction? If so, see the "Am I Eligible For A Qualified Business Income Deduction?" flowchart for details.	☐	☐

OTHER ISSUES	YES	NO
Do you need business insurance? If so, consider insuring against common risks such as business interruption, injuries at the business, professional liability, and data breach.	☐	☐
Will your business need a license or permit to operate? If so, ensure that all required city, county, state, and federal licenses and permits are in place. The Small Business Administration can provide additional guidance.	☐	☐
Will your health insurance needs change? If so, consider what provider and coverage will best suit your needs (and your employees' needs, if applicable).	☐	☐
Do you need to reevaluate your life insurance needs? If so, consider the following: ■ Personally, you may need to increase coverage in order to provide liquidity for your estate and/or enable your heirs to maintain the business. ■ If you have a Buy-Sell Agreement, life insurance can be used to fund purchase obligations. ■ If you have key employees, key person life insurance can help to ensure business continuity in the event of their death.	☐	☐
Do you need to review your estate plan? If so, consider aligning with any succession planning, directing the management and transfer of business interests under your Will or Trust, and updating your Powers of Attorney.	☐	☐
Will your business be minority-owned, woman-owned, veteran-owned, or LGBT-owned? If so, consider whether your business is eligible for and would benefit from certification (e.g., tax benefits, grants, loans, business opportunities).	☐	☐
Do you need to outline your exit strategy? If so, consider whether your ultimate plan involves a merger or being acquired, transfer to the next generation, sale to a partner/investor/ESOP, or liquidation, etc., and how this will affect your retirement.	☐	☐

© fpPathfinder.com. Licensed for the sole use of Scott MacKenzie, MBA, CFP®, CIMA®, CLU® of Private Family Wealth Advisors. All rights reserved. Used with permission. Updated 12/15