

**On Your Terms Podcast Episode 9:**  
**How to Register Your Business to Protect Your Personal Assets**

**Sam Vander Wielen:** [00:00:00] Hey, there. Welcome back to the On Your Terms podcast. I am so excited to tell you that today is a very exciting day because I get to invite you to my last live legal workshop of the entire year, which I'm hosting on September 21st and September 22nd. There are three live slots for you to come and join me for my free legal workshop, Five Steps to Legally Protect and Grow Your Online Business.

**Sam Vander Wielen:** [00:00:24] In that live workshop, I'm going to be teaching you for about an hour about how to form your business properly so that you're personally protected, what your website needs in order for it to be legit, how to properly work with people online, how to keep copycats off your content, and more than anything, I'll talk to you about the number one mindset shift that you've got to make if you not only want to legally protect your business, but you want to grow your business, too. So, this is a awesome, free live legal workshop.

**Sam Vander Wielen:** [00:00:52] If you've been trying to figure out the legal stuff on your own, spinning your wheels, maybe putting it off, feeling a little overwhelmed or confused, this live workshop is going to be perfect for you. And the big bonus to coming to this live workshop is that at the end, I'll take your questions live. So, if you have any questions for me at the end of the workshop, I'll be sharing that with you. I'm just so excited for this is my absolute last one for 2021, so I hope you will join us live.

**Sam Vander Wielen:** [00:01:19] If you can't join us live, don't fret. I've got you covered. Sign up for the live workshop anyway. We'll send you the replay link as soon as it's over. I don't want you to miss out. But if you can make it live, I would love for you to come and hang out with me there. So head to [samvanderwielen.com/oyt-live-workshop](https://samvanderwielen.com/oyt-live-workshop), that's [samvanderwielen.com/oyt-live-workshop](https://samvanderwielen.com/oyt-live-workshop), and sign up for a workshop time that works for you. And again, if you can't make any of those times live, just sign up anyway. We'll make sure that we get that live workshop replay in your hands and you'll get the replay even if you do come live. So, I can't wait to see you there on September 21st and September 22nd. I am so excited for this.

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**Sam Vander Wielen:** [00:02:03] Hey, there. And welcome to the On Your Terms podcast. I'm your host, Sam Vander Wielen, an attorney-turned entrepreneur, who helps online coaches and service providers legally protect and grow their businesses using my DIY Legal Templates and my Ultimate Bundle program.

**Sam Vander Wielen:** [00:02:18] In this week's episode, we're talking about how to register your business properly, how to protect yourself personally so that you're not personally on the hook financially or otherwise for whatever happens for your business. Whether it's getting sued or owing money or anything else, I just want to make sure you have this done right so that you're not personally responsible for what happens in your business.

**Sam Vander Wielen:** [00:02:39] When I first left the law or was going to leave the law, I actually flew back. I was on the flight back from Amsterdam back to Philadelphia, and we had a very scary bullying incident, which I won't even bring up here. Just in case you're about to fly any time soon, I won't tell you. So, we had a really scary plane incident. And long story short, within like three days of that plane, of landing back in Philadelphia, I had registered in my business, gotten business insurance, like I did everything, everything that we're going to talk about today I did because I was that motivated to get going and to start my own business.

**Sam Vander Wielen:** [00:03:14] And so, I really believe that this stuff doesn't need to be too hard, too complicated, definitely not as expensive as people make it. I'm hoping that in today's episode, you learn not only just how easy it is, but how much this might have been over-complicated by hearing stuff online or through your friends or something like that. So with that, let's jump right in and learn how to register your business properly so that we properly protect those assets.

**Sam Vander Wielen:** [00:03:44] So, you hear me talk a lot about holistically legally protecting your business and I know sometimes that sounds kind of like fluffy nonsense, but the idea that I have in my mind is that I want you to be protected from all angles, like a little virtual bubble that is like a force field that's all around you and that protects you from all angles. Because sometimes what happens in business is that people will think

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about protecting themselves from one angle or two angles, but they don't think about it all around. And, sometimes people falsely believe that having one or two of those angles is enough when really it's about having the whole enchilada.

**Sam Vander Wielen:** [00:04:20] So, we talked last week about having proper contracts in your business and how that serves as the proof that you need to legally protect yourself. So, that is one piece of protecting yourself is actually being able to provide some proof, right? Because otherwise without it, we don't really have a leg to stand on. The other part of it is learning how to personally protect yourself. And, the final little piece of this triangle is learning how to financially protect yourself, which is with business insurance, which I talked about back in episode 7. If you haven't learned about business insurance yet, you can go back to that episode.

**Sam Vander Wielen:** [00:04:52] But we today are going to focus on personally protecting yourself. Because if you don't register your business properly, then you're not going to be personally protected. When it comes to registering your business, we're just looking to protect you. We want to have it be that you're not responsible for what happens both literally and financially in your business.

**Sam Vander Wielen:** [00:05:15] So, when it comes to business insurance like I mentioned, we're just looking to protect your business's money, right? But what about your money as a person or what about any assets that you have or anything that your name is attached to, or just you personally being financially liable and responsible for something that happens in your business? That's where business registration comes in. So, it's really important that we do this properly because obviously, we don't want you to be responsible.

**Sam Vander Wielen:** [00:05:41] So if you don't register your business properly, people can come after you personally. Meaning that all of your assets or future assets are at risk. So, if someone sues you for \$100,000 and you don't have things set up properly, not only, you know, registering properly but then having the right business insurance because you probably don't have good business insurance or have it set up properly if you haven't registered it properly. Then, that means that somebody can go after you for

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that money. So, a lot of times people will say to me like, "Well, I don't care if I get sued for \$100,000 because I don't have it." So, like go pound sand, you know.

**Sam Vander Wielen:** [00:06:15] That's not how it works though in America. So in America, if you don't actually have the money on hand like most people don't have that cash in the bank but maybe you have a house or a car that's part of it, or if you don't have any of that, then there are things called liens. And so, we don't want any of this to happen. We don't even want to get remotely close to this situation. And so, what's most important is that we personally protect you and make sure that you're not personally responsible or liable for anything that happens in your business.

**Sam Vander Wielen:** [00:06:46] So, today we're going to talk about how to register your business the right way to protect your personal assets. So, first things up is when we talk registering your business, I'm talking about registering your business in the state where you live and work. So, what I always recommend, and I talked about this back in episode 7 when I talked about the first three steps to legally start a business, is that we want to look at the state where you live and work, what options are available to you there. So, you typically start out by Googling like California business registration and you would only look at whatever California or whatever state you're in, whatever the actual website is from your state, not like a third-party website. So, I want you to go on that website and see what all of the options are. See what all the different kinds of business entities are that are available to you in your state. It's probably like a sole proprietorship, an LLC. There's probably a corporation and a partnership, and all these different kinds of things. You might see things like professional LLC. Those are for doctors or lawyers or architects and things like that.

**Sam Vander Wielen:** [00:07:47] So, you can look at the different entity types, and some of them are going to be knocked out right away. Like, a partnership is going to be knocked out if you're not going into business with a business partner. So, if it's just you, you can't have one. If you have a business partner, you can't register as a sole prop. So, there are going to be certain elements that kind of knock you out one way or the other.

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**Sam Vander Wielen:** [00:08:05] But then you might be left with a few options. And so, I want you to look at what the different kinds of options are and I want you to look at some of the requirements and the limitations and whatever else that your estate describes. Most states, believe it or not, have relatively helpful websites, and they'll tell you a little bit about like, this is what this one provides or this is how like the registration process goes. And so, you can start to look at like, this one doesn't look like it's that helpful to me, or this one doesn't look like it has enough or any protection. So, you can look at the pros and cons of some of them just as it goes to your state. And we want to find the one that works best for you based on what you do and where you live, not where Suzy lives on in your Facebook group, but like where you live and what you do.

**Sam Vander Wielen:** [00:08:51] And typically speaking in the online business space, after you do everything that I just said, people will come down to two options. They'll come down to a sole proprietorship or an LLC, which stands for limited liability company. So, those are the most popular for a few different reasons. One is because of the part I just told you that most people don't get registered as a partnership because most people in our line of work don't go into business with a business partner. So, that knocks it out. Corporations are too far down the line, yada yada. So, there are all kinds of reasons why, but we come back to LLCs and sole proprietorships because they are two of the easier depending on where you live. There are a couple of states that are little asterisks here that are a little bit more difficult, but they tend to be the easier, tend to be the more affordable, faster to start kinds of businesses.

**Sam Vander Wielen:** [00:09:44] So, when we're talking about registering your business, we're talking about registering it as a certain entity type, which are these LLC, sole proprietorships, corporation, partnership things in your state. That's all it is. So, people I feel like sometimes over complicated. They call it all different things. I'm like, no, it's just registering your business in your state by picking a business entity type and then registering your business as that business entity type essentially saying to your state, like, "I'm here. I'm doing business. I want to be an LLC, and here's my address and here's my contact info." And that's it, right? That is registering your business.

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**Sam Vander Wielen:** [00:10:20] Now, there's a big thing that you need to know about the difference between sole proprietorship and an LLC. So, a sole proprietorship is what it sounds like, it basically means that you're doing business just as yourself by yourself. You can't have a business partner when you have a sole proprietorship. So, you just have the business by yourself. And, it tends to be really simple and straightforward, a little bit cheaper. Depending on what state you're in, it could be a lot of it cheaper. Like in California, it's quite a bit, you know, less expensive.

**Sam Vander Wielen:** [00:10:50] But the big thing about a sole proprietorship is that it doesn't offer you what's called any personal liability protection. So, what that means is that when you register as a sole proprietor, you're essentially not separated at all from your business. You and your business are one and the same. And so, what that means is that you are not personally protected. So, remember how in the beginning I was talking about how the whole point about to me about registering your business entity is, of course, legitimizing it and getting to count business expenses and all of those things. That's super important, too. But the lawyer in me is like, well, the legal point of doing it is, also beyond the probably business expenses, is getting you personally separated from your business.

**Sam Vander Wielen:** [00:11:33] So, with a sole proprietorship, we don't get any of that separation. You're essentially the same thing. It's just like you're saying to your state, like, I'm a person who has a business. That's really it. Or, I'm a person acting as a business. That's really it. So when and if you ever got sued, for example, and you had a sole proprietorship, all of your personal assets would be at risk. And, again, if you don't have the money or you didn't have the assets, there would be a way that they would find it so, whether it's now or in the future. So, we don't want that really for any period of time, let alone forever as you're starting your business or running your business.

**Sam Vander Wielen:** [00:12:12] And so, that is why LLCs were essentially created. This is why they've become so popular. LLC is our state-created entities. Meaning that every state in America has passed some sort of LLC law in their state and so they have a definition of what it means to be an LLC and what's required and what protections are

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afforded to them and all that kind of thing. So, LLCs were kind of created to provide a different level of legal protection to the owners of businesses.

**Sam Vander Wielen:** [00:12:43] And so, an LLC can be owned by a single person. If you run your business by yourself like I do, you can have an LLC. If you have five people who own a business, you can have an LLC. It's a little bit more flexible. And the people who own the LLC are called members. If you're the only person who owns your LLC, then you're a sole member LLC. So, it's a little bit more flexible in that respect. Also, you know, you could start out as the only owner and bring on somebody else later and all that good stuff.

**Sam Vander Wielen:** [00:13:12] But the big legal difference that the LLC provides you is what's called limited personal liability protection. So, note that I didn't say absolute. It's not like you can do anything you want and you can never get sued for it. There are these little like wiggly ways that people, that lawyers essentially can wiggle through and try to sue the owners of an LLC. But it is rare and you have to kind of be a bad actor. And so, I'll talk in a little bit about some of the ways that that can happen. But overall, what you need to know is that it provides you with what's called limited personal liability protection.

**Sam Vander Wielen:** [00:13:44] And in some states, they get a little bit finicky about not offering as much of that or any of that protection to someone who owns their own LLC by themselves. So, some states will be a little picky about like, "Well, if you're a sole member LLC, then you can't get that personal liability protection," because they don't want people just starting LLC so that they can hide behind them legally. But most places do provide that protection. So, it's just important to kind of understand where you live and stay on top of the stuff because it does change as well.

**Sam Vander Wielen:** [00:14:16] So with that being said, it does provide this limited personal liability protection where applicable. And what that means is that in that same scenario, if the business got sued, the business would be getting sued, not you as a person. So the business would owe money. And we don't want your business to owe money either, which is why business insurance is important. That's why I talked about it

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so much in episode 7. So, go back and listen to that to kind of understand how this stuff all fits together. But we don't want your business to be financially responsible either, but it would be absolutely crushing if you were personally financially responsible. So, that's really the point of registering our businesses that way.

**Sam Vander Wielen:** [00:14:55] So, I talked a little bit earlier about how it's not just about getting an LLC or getting your business registered but actually making sure that you're then afforded the protection from it. So, if you do register an LLC and you own that LLC by yourself, it's really important that you act like an LLC to get the maximum chance that you can to get that protection, to get that personal liability protection. So, that's why I spend so much time talking about how to properly act like an LLC.

**Sam Vander Wielen:** [00:15:24] So, some of the ways that you can actually do that are by making sure that you keep your business money and your personal money separate. Because you want to think about it like if you're asking for the courts to provide you some sort of personal liability protection because you're saying to them, "Hey, I'm not my business. I have like a legit business and then I'm just the owner of that business. So, I'm a separate person and I don't want you to have access to my personal assets or money." Then, you have to act accordingly.

**Sam Vander Wielen:** [00:15:50] So, your business has to have a business bank account. All money from clients and sales and things have to flow into that business bank account. You shouldn't be using the money that's in that business bank account for anything that's personal. It should just be for business unless you're just paying yourself. So, all of that stuff needs to be kept very separate and very clean.

**Sam Vander Wielen:** [00:16:09] Another way that you can do this is by signing contracts that - or the contracts themselves are in the name of your business. So, at the top of your contracts, it should say like this contract is buy-in between your LLC and your client name. So, your contract is between your business and the client. Because then if the client ever sues you for something from that contract, they have to sue the LLC because that's who they entered into the contract with. And then, when you sign those contracts, you're signing on behalf of your business. So, you do that by signing

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your name. But then after your name where it's typewritten under your signature, like mine would say Sam Vander Wielen, and then in parentheses say on behalf of Sam Vander Wielen LLC, close parentheses. So, I'm always signing on behalf of my business. I'm doing everything as the CEO and the owner of my business, but I'm not doing it as a person. It's not me personally entering into a contract or signing the contract. I'm just signing on behalf of my business.

**Sam Vander Wielen:** [00:17:06] Another way that you act like an LLC and therefore try to get as much of that maximum personal liability protection that you can is through your advertising in your marketing. So, you always want to advertise or market yourself as a business and not as a person. So, like on the header of your website, you should have your little LLC moniker after your name. You should add it to all your freebies and handouts. Like any content that you're putting out, it should always have the name of your business on it, not just your personal name.

**Sam Vander Wielen:** [00:17:33] If you have a business that's named after you like I do because I couldn't think of anything any more creative and because my first business was creative and was a disaster in terms of the name, I make sure that the LLC is included. So, I don't just put Sam Vander Wielen at the top of my website. It says Sam Vander Wielen LLC. When I have, you know, freebies or workshops or anything like that, it always says Sam Vander Wielen LLC. My logo says it everywhere. It should say it because it's a business. It's not me as a person.

**Sam Vander Wielen:** [00:18:02] Last but not least one of the other requirements is definitely not the only - the only other thing but one of the other big requirements to acting like an LLC and therefore then getting the protection of it is to keep clean and organized books when it comes to bookkeeping. So whether you do it or you use a software or a bookkeeper or anything, whatever it is, the point is if somebody came digging around asking about your business money, it should be able to be easily deciphered.

**Sam Vander Wielen:** [00:18:29] So that's another kind of goes hand-in-hand with the first tip about acting like an LLC. When you keep your business money separate, it's

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going to make it much easier to keep things clean and organized because you don't want to be going through your expenses to be like, "Oh, that one's personal. This one's business. That one's personal. This one's business." So, you want to keep them separate. And then, that will make it so that you have cleaner, organized bookkeeping. So, those are just some of the requirements of acting like an LLC.

**Sam Vander Wielen:** [00:18:56] This acting like an LLC part is super important, and if you want to learn more about how to properly act like an LLC and if you want to learn more about how to properly register your business, then you definitely want to join me for my free live legal workshop going on September 21st and September 22nd. They are the last live workshops I'll be hosting for the year, legally speaking. So, you want to make sure that you will join me for that.

**Sam Vander Wielen:** [00:19:22] If you can't make it live on September 21st or 22nd, sign up anyway, just so that you get the replay. If you're listening to this later, we'll include a link down below in the show notes for you to sign up for the workshop at any time, but make sure you come to this workshop if you want to learn more about registering your business properly.

**Sam Vander Wielen:** [00:19:40] We're going to go into much more detail on what the difference is between an LLC and sole prop. I'm going to talk a little bit about how they're taxed differently and what that means for you financially, and how this offers you this personal liability protection. So, I hope to see you at my free live legal workshop, my last free live legal workshop of the year. The link to sign up is in the show notes below.

**Sam Vander Wielen:** [00:20:02] I hope that this episode was helpful to you. Of course, as always, you can DM me on Instagram @samvanderwielen. Let me know what you thought of this episode. Screenshot and share the episode by tagging me in it on Instagram to let me know you're listening to On Your Terms, until next week. I hope that you have a great rest of your week and I hope to see you at my live legal workshop.

**Sam Vander Wielen:** [00:20:27] So just remember that although I am a attorney, I am not your attorney, and I am not offering you legal advice in today's episode. This

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episode and all of my episodes are informational and educational only. It is not a substitute for seeking out your own advice from your own lawyer. And please keep in mind that I can't offer you legal advice. I don't ever offer any legal services, but I think I offer some pretty good information. Also, remember that I am based in the United States, so that's what I'll focus on today.

**Sam Vander Wielen:** [00:21:00] Thanks so much for listening to the On Your Terms podcast. Make sure to follow on Apple Podcasts, Spotify, or wherever you like to listen to podcasts. You can also check out all of our podcast episodes, show notes, links, and more at [samvanderwielen.com/podcast](https://samvanderwielen.com/podcast). You can learn more about legally protecting your business and take my free legal workshop, Five Steps to Legally Protect and Grow Your Online Business, at [samvanderwielen.com](https://samvanderwielen.com). And to stay connected and follow along, follow me on Instagram @samvanderwielen, and send me a DM to say hi.

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