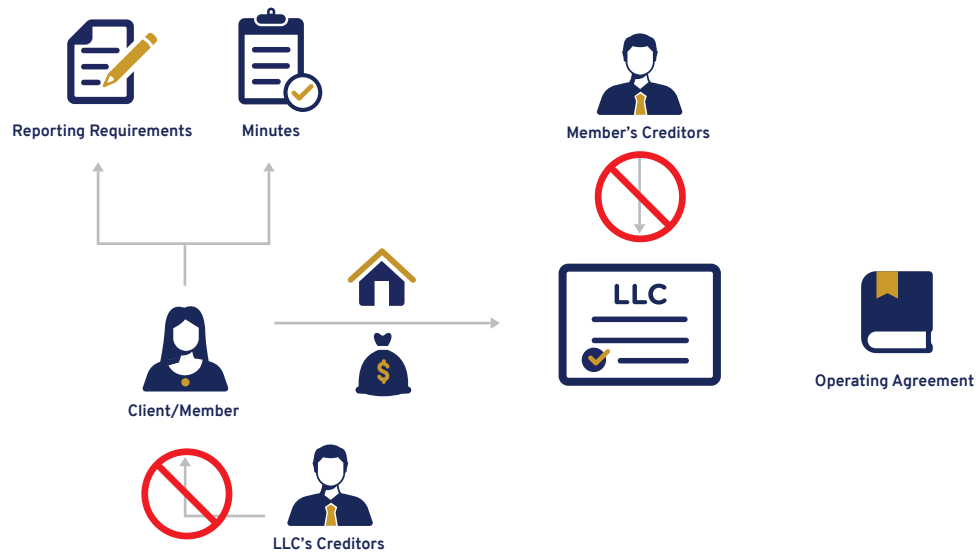


HOW A LIMITED LIABILITY COMPANY (LLC) WORKS



STEP

1

Accounts and property are transferred to the LLC during the client's lifetime or at death, or property is purchased in the name of the LLC. The client then becomes a member of the LLC.

STEP

2

Client/member ensures compliance with all of the corporate formalities.

STEP

3

If client/member has a personal creditor claim, the accounts and property in the LLC are protected (except possibly for single-member LLCs). The LLC's creditors will also have a difficult time going after the member's personal accounts and property.

STEP

4

When a member dies, the operating agreement should state what happens to the membership interest and the LLC.

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