

Name \_\_\_\_\_

## Unlocking the Magic of Limited Liability Companies (LLCs)

### Short Answer Key

1. An LLC protects the personal assets of its members by limiting their liability for business debts and lawsuits.
2. An advantage of the flexibility of LLCs is the ability to choose how they want to be taxed, while a disadvantage is the need to handle costs, paperwork, and follow specific rules.
3. If a member leaves or passes away, and there are no provisions in place, the LLC might need to be dissolved.
4. Members need to file documents, pay fees, and follow specific rules to maintain an LLC's protection and benefits.
5. Answers may vary, but an example could be a group of artists who want to start a creative project together but want to protect their personal assets in case the project faces financial difficulties. An LLC could provide the necessary protection.

