

## Ownership Options for Planning for Your Estate

Ownership Type	Description	Number of Owners/ Decision Makers	Pros	Cons	Who Manages the Land?	How Does Land Transfer?
<b>Sole Ownership</b>	One individual has legal title for the land/Exclusive right of possession	One	Simple; Low cost; One decision maker	No liability protection; Transfer land via deed or will; No legal structure to include heirs; One decision maker	Sole Owner	Via a will or if successor named on the deed.
<b>Joint Ownership with right of survivorship</b>	2 or more parties and property automatically goes to surviving party	Two or more	Simple; low cost	Owners share liability; Consent needed from other owners to sell; Always considered equal shares for all the joint owners	All Owners	Can transfer ownership with consent of other owners; Ownership passes to surviving ownership automatically at death
<b>Tenancy in Common</b>	2 or more parties with undivided ownership rights (they all own the property together)	Two or more	Simple; Low cost; co-owners can own different proportions; no ongoing filing requirements	Owners can sell or gift their shares without consent of other owners; Owners can demand share of fair market value at any time, forcing a sale	All Owners	Will dictates what happens to the land (passes to heirs)

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<b>General Partnership</b>	Co-ownership with establishment of an organized entity or a partnership; each partner liable for all debts of business; Must be operating as a business for profit; agreement can be oral or written	Two or more	Partners can pool finances, share creativity and workload; accounting and taxes relatively simple; few restrictions to organization of partnership; no rules governing allocation of profits and losses; flexibility when setting up the structure of the partnership; no paperwork required	Shared liability; any partner can bind partnership into a contract without consent of all the partners; no written agreements required detailing of rights and responsibilities; may terminate at death/bankruptcy/exit of one partner unless all agree to continue; No buy-sell agreement required so partner can sell allowing outsiders into the partnership if buy-sell doesn't exist; Owners can demand share of Fair Market Value at any time forcing sale.	The partners	Partnership interest passes to heirs if no written buy-sell agreement; Can terminate at death/bankruptcy/exit of partner unless all agree to continue
<b>Family Limited Partnership</b>	Partnership is made of family members; Can have two types of owners: General or Limited but must have at least one general partner	Two or more	Allows sharing of ownership with the next generation; general partners have control; limited partners can't sell without consent; discounted valuation of shares helps with gifting; control where liability lies	General partners have liability; limited partners can lose liability protection; may terminate in event of general partner death; some key paperwork isn't required	General owners have decision making control	Partnership may terminate in event of a general partner death; Not unlimited (ends with 50 years of formation); Interests are easily transferred

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<b>Limited Liability Corporation</b>	Owners are members of the corporation; Hybrid that includes the best features of a corporations and a partnership: personal assets protected and flexibility in organization and structure	Two or more	All members have liability protection; an operation agreement is required but flexible and can include provisions about the property and management structure; Can have non managing partners who still have liability protection; can be drafted to have an unlimited lifetime.	Laws can vary by state; costs more to set up; might need a lawyer to set up	Managing member and designated other	Interests are easily transferred; buy-sell provisions written into the agreement
<b>S Corporation</b>	Taxed like a partnership or sole ownership but with corporate liability protection; rules govern number of shareholders	Limited to 100 shareholders	Avoids double taxation; limited liability protection for all	Only one class of stock; form, language, structure defined by law therefore little flexibility; annual corporate meeting required; if land is tranferred out, taxed on appreciation in value; appraisal needed to value ownership interest at time of transfer	Designated land manager, employee or member of the management	Transfers of stock are controlled by corporate statute; limited by buy-sell agreement that may exist; limitations on transfers of interest to charities.
<b>C Corporation</b>	Legal entity under state law; limited liability protection	One or more, no upper limit on the number	May have more than one class of stock; limited protection from liability	Limited flexibility since regulated; double tax on money removed; assets removed from corporation are taxed on appreciation	Designated manager, this can be an employee, president, consultant whomever	Transfers of stock are controlled by corporate statute; limited by buy-sell agreement that may exist.

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<b>Revocable Living Trust</b>	Writted document; outlines a specific purpose and rules regarding assets; trustee manages the assets for designated beneficiaries; lots of flexibility when establishing; Lots of control for owner; can make changes until death, irrevocable at death	Trustor (you) during your life and then your Trustee(s) after death	Trustor retains control; can be altered at any time; can assign alternate trustee in case of incapacitation; no probate on trust assets	no protection from liability or creditors; estate will include value of all trust assets	Trustee makes all decisions	Trustor has already transferred the asset (land?) to the trust. Moves from a revocable trust at death to an irrevocable trust or during the life of the trustor can revoke and transfer another way (will, gift, etc.)
<b>Irrevocable Living Trust</b>	Can't be amended or canceled by trustor; assets no longer owned by trustor; trustee manages the assets according to the terms of the trust	Trustee (decision-maker) and unlimited owners (beneficiaries)	Avoid probate on trust assets; flexibility in planning; protection of assets; reduce value of the estate	Changes are difficult to make (need to go to court); trustee can have a lot of discretion; assets are gifts to beneficiaries when transferred	Trustee	Trustor has transferred the asset (land) to trust. Leaves trust either through trustee distribution or per specfic instruction in trust.

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Ownership Type	Probate?	Cost	Complexity?	Who Has the Liability?	Professional Planner Needed for Set Up?	Can a sale be forced?	Lifetime of the Ownership Type
<b>Sole Ownership</b>	Yes	Low setup	Simple including accounting and taxes; not required to have written documents for organization/management	The sole owner	No	No	Sole owners lifetime
<b>Joint Ownership with right of survivorship</b>	No	Low setup	Simple including accounting and taxes	Owners share liability	No	No	Same as the lifetime of the joint owners. Ends when the last joint owner passes on.
<b>Tenancy in Common</b>	Maybe	Low setup	Simple including accounting and taxes	Owners share liability	No	Yes	Unlimited

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<b>General Partnership</b>	Yes, unless left in a trust for the heir(s)	Low setup but can develop some agreements like a buy/sell.	Simple accounting and taxes; few restrictions; no rules governing allocation of profits and losses	Shared liability	Recommended	Yes	Unlimited
<b>Family Limited Partnership</b>	Yes	Moderate	Moderate: buy-sell provision written into agreement control including restrictions for transfer, the value of interest.	Personal liability for the general partners but if limited partners are involved in management, they could lose their liability protection	Yes		FLPs may be required to terminate when a general partner dies, file for bankruptcy, or ceases to be a partner, and/or within fifty years of formation

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<b>Limited Liability Corporation</b>	Yes	High	Need an agreement to form	Corporation, no personal liability	Yes		Can be unlimited
<b>S Corporation</b>	Yes	High	Complex as law dictates language, structure, meetings, etc.	Corporation, no personal liability	Yes	No	Unlimited
<b>C Corporation</b>	Yes	High	Complex as law dictates language, structure, meetings, etc.	Corporation, no personal liability	Yes	No	Corporations have unlimited life

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<b>Revocable Living Trust</b>	No	Depends on complexity	Can be	Trustor	Yes	No	Life of trustor or until revoked by trustor
<b>Irrevocable Living Trust</b>	No	Depends on complexity	Can be		Yes	No	Life of trust