

# S-Corp Setup Checklist

Tool #3 from the Financial Freedom Starter Kit — by Erik Anderson

**The S-Corp structure changed my financial life.** When I started Prime Wireless Networking, I didn't just freelance — I incorporated. That single decision let me land Walmart and Costco contracts, save thousands in self-employment taxes, and build a legitimate business entity. My CPA said I was the first client in 40 years who understood his own corporate structure before being asked. This checklist walks you through exactly how to do it.

## WHY S-CORP?

**As a sole proprietor or freelancer,** you pay 15.3% self-employment tax on ALL your profit. As an S-Corp, you pay yourself a "reasonable salary" (which gets taxed normally) and take the rest as distributions — which are NOT subject to self-employment tax. On \$100k profit, this can save you \$8,000-\$12,000 per year.

## THE 10-STEP CHECKLIST

### 01 Choose Your State

Most people incorporate in their home state. Wyoming, Nevada, and Delaware are popular for privacy and low fees, but you may still need to register as a foreign entity in your home state. Keep it simple — start where you live.

Action: [Decide on your state of incorporation.](#)

### 02 Choose Your Business Name

Search your state's Secretary of State website to confirm the name is available. Consider how it will look on contracts and invoices. Professional names open doors.

Action: [Search and reserve your name.](#)

### 03 File Articles of Incorporation

File with your state's Secretary of State. You're forming a C-Corp first (the S-Corp is a tax election, not a business entity type). Cost is typically \$50-\$300 depending on the state.

Action: [File online at your state's SOS website.](#)

### 04 Get Your EIN

Apply for an Employer Identification Number from the IRS. It's free and takes 5 minutes online at [irs.gov](https://irs.gov/ein). You need this for bank accounts, taxes, and contracts.

Action: [Apply at irs.gov/ein](https://irs.gov/ein) — free, instant.

### 05 File Form 2553 (S-Corp Election)

This is what makes you an S-Corp for tax purposes. Must be filed within 75 days of incorporation or by March 15 for the current tax year. This is the step most people miss.

Action: [File IRS Form 2553. Do NOT skip this.](#)

### 06 Open a Business Bank Account

Never mix personal and business money. Open a dedicated checking account with your EIN. This is non-negotiable for liability protection and clean books.

Action: [Visit your bank with your EIN and Articles.](#)

### 07 Set Up Payroll

As an S-Corp owner, you MUST pay yourself a reasonable salary via W-2 payroll. Use Gusto, QuickBooks Payroll, or ADP. This is how you save on self-employment taxes.

Action: [Set up payroll software. Pay yourself monthly or bi-weekly.](#)

### 08 Get Business Insurance

General liability at minimum. E&O (Errors and Omissions) if you're in consulting or tech. Many enterprise clients require proof of insurance before signing contracts.

Action: [Get quotes from Hiscox, Next Insurance, or a local broker.](#)

### 09 Set Up Accounting

QuickBooks Self-Employed or QuickBooks Online. Track every expense. Separate every transaction. When tax time comes, your CPA will love you and your bill will be smaller.

Action: Connect your business bank account to QuickBooks.

## 10 Find a CPA (Not a Bookkeeper)

A good CPA pays for themselves. They'll help you optimize salary vs. distributions, maximize deductions, and stay compliant. Ask for someone experienced with S-Corps specifically.

Action: Interview 2-3 CPAs. Ask about S-Corp experience.

## ESTIMATED STARTUP COSTS

State filing (Articles of Incorporation)	\$50 - \$300
EIN from IRS	Free
Business bank account	Free - \$25/mo
Payroll software	\$40 - \$80/mo
Business insurance	\$50 - \$150/mo
QuickBooks Online	\$30 - \$60/mo
CPA (annual)	\$1,000 - \$3,000
<b>Total Year 1 Estimate</b>	<b>\$3,000 - \$6,000</b>

### Important Disclaimer

This checklist is educational and based on Erik's personal experience. It is not legal or tax advice. Consult a licensed CPA and/or attorney for your specific situation. S-Corp election may not be optimal for everyone — your CPA can help you determine the right structure.