Guided Reading - Chapter 8, Section 3

Review Questions – Can be found on page 223, #’s 2-4

2. Comparing and Contrasting – List the advantages and disadvantages of incorporating a business.

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| Incorporating |
| Advantages | Disadvantages |
| -can use other people’s money-owner is in charge of the business details-limited liability | -profits shared with many-higher taxes-accountable to a board of directors |

3. The BIG Idea – The goal of a business is to make a profit. Who gets the profits in a proprietorship? A partnership? A corporation?

Proprietorship – the owner of the business

Partnership – profit is split between/among the partners

Corporation – the business owner and shareholders through dividends or the sale of stocks

4. Evaluating – Imagine you have $1,000 to invest. Would you buy preferred stock or common stock? Why?

Answers will vary, but should touch on:

-voting rights (with common stock)

-guaranteed dividend

-first in line in case of bankruptcy