

Tips For Opening A Business Bank Account

How and where do you open a business bank account?

Having a business bank account is extremely important for real estate entrepreneurs and investors. It can make a big difference in the taxes you pay and your net profits, your access to financing, and your liquidity.

Why Open a Business Bank Account

Opening a business bank account is a foundational step in expanding your credit, credibility, and income. A business account is key to maximizing tax breaks. It may also prove vital in protecting your income and assets.

What You Need to Open a Business Bank Account

Expect to need the following to open a business bank account:

- Registered business name
- Articles of incorporation
- Certificate of status
- Tax ID number
- Business address

Choosing a Bank

Here are some of the factors you may want to consider when choosing a bank for your business account.

New or existing bank?

You may or may not want to open a business account with the bank you are using for your personal accounts right now. Find out what the benefits are of using your current bank. Will they forego pulling your credit, thanks to your current relationship? Will you get discounts? Will it be easier to transfer and manage your money?

However, if you are not happy with your current banking experience, you may want to try out someone new. If you will be flowing a lot of money through your accounts you may even find better options with a private bank who may do more for you. It can also be advantageous to spread your money around so that you are less exposed to risk if one institution goes bankrupt.

Fees & Costs

Fees can be an important component when comparing bank account options. Will you need to carry a minimum balance, make a minimum or maximum number of transactions each month, pay monthly maintenance fees, or pay transfer and wire fees, or for your own checks? These can be small factors if you are moving a lot of money, but they can add up, especially if you end up with multiple accounts.

Ease of Access

What about access to your money? What type of access do you need? Do they have a good online banking platform? Do you need to visit a local bank with cash? What options are there for online wires and money transfers? Can you do those from out of the area, or out of country IP addresses and phone numbers? Will you be travelling often, and want access to help and money in other countries. Some banks have a great presence around the world, others have very limited branches and ATMs within the US. Is an offshore bank a good move? If so, are you willing to lock up the minimum amount required to open one? How much might it cost you to travel to get your money out? Some countries are quite cheap to travel to (like Panama, Colombia, and Mexico), versus others like Belize, or Easter Island.

Reputation

It can be really hard to find a bank with a good reputation today. Many have just been consistently involved in blatant fraud. Wells Fargo and Suntrust are some terrible examples of this. If your bank isn't run with amazing ethics and values, there is little security in keeping your money there, or giving them your sensitive information. If you are having a hard time finding one, also consider credit unions that may match your values better.

Managing Your Money

Once you've opened your business bank account, how you manage it is very important. You can't co-mingle or just randomly transfer money back and forth between your personal and business accounts. Otherwise you can void any legal protections having a business can offer. It can also make maximizing your tax breaks much more difficult as well.