investment over a 40-year period.[9]

Creating a Corporation

A corporation is created, or incorporated, under the laws of the state in which it incorporates. The individuals creating the corporation are known as *incorporators*. Each state has a specific procedure, sometimes called *chartering the corporation*, for incorporating a business. Most states require a minimum of three incorporators; thus, many small businesses can be and are incorporated. Another requirement is that the new corporation's name cannot be similar to that of another business. In most states, a corporation's name must end in "company," "corporation," "incorporated," or "limited" to show that the owners have limited liability. (In this text, however, the word *company* means any organization engaged in a commercial enterprise and can refer to a sole proprietorship, a partnership, or a corporation.)

The incorporators must file legal documents generally referred to as *articles of incorporation* with the appropriate state office (often the secretary of state). The articles of incorporation contain basic information about the business. The following 10 items are found in the Model Business Corporation Act, issued by the American Bar Association, which is followed by most states:

1. Name and address of the corporation.
2. Objectives of the corporation.

A corporation may be pri