Multi-Entity Structuring Overview

Understanding holding companies, operating entities, management companies, and layered trust-owned architecture.

tauroadvisorygroup.com

888-958-2876 | info@tauroadvisorygroup.com

Building legacies beyond generations.

What's Inside

What Is Multi-Entity Structuring?

Multi-entity structuring is the practice of organizing your business interests, real estate holdings, and financial assets across multiple legal entities — each with a specific purpose, liability boundary, and ownership chain. Rather than holding everything in one LLC or under your personal name, you create a network of entities that separates risk, optimizes tax treatment, and supports clean succession planning.

> *Think of multi-entity structuring as building separate rooms in a house, each with its own firewall. If one room catches fire, the others are protected. A single-entity structure is an open floor plan where one liability event can consume everything.*

Why Single-Entity Structures Fail

Most entrepreneurs start with a single LLC or corporation. As the business grows, they add assets, operations, and employees — all within the same entity. This creates compounding risk:

- A lawsuit from one business operation exposes all assets in the entity
- A single employee claim can reach business equipment, real estate, and cash reserves
- Real estate held in an operating company is exposed to operational liability

• No separation between high-risk and low-risk activities

• The entire business must be sold or transferred as one unit, limiting exit options

The Layered Architecture Model

A properly designed multi-entity structure typically has three tiers:

Tier 1 — Trust Layer: An irrevocable or dynasty trust sits at the top of the structure, owning 100% of the holding company. This removes the entire structure from your personal estate for creditor protection and estate tax purposes.

Tier 2 — Holding Layer: A holding LLC or corporation owns membership interests in each operating entity below it. It receives distributions, holds intellectual property, and owns major assets like real estate and equipment.

Tier 3 — Operating Layer: Each business line, rental property, or high-risk activity operates through its own dedicated LLC. Liability stays at this level and cannot reach the holding company or trust.

This three-tier model is the foundation of institutional wealth architecture. Variations exist depending on the complexity of your holdings.

Holding Companies Explained

A holding company is an entity whose sole purpose is to own other entities. It does not conduct business operations directly. Benefits include:

• **Centralized management** — one entity oversees all subsidiaries

• **Asset protection** — valuable assets (IP, real estate) are isolated from operational risk

• **Tax optimization** — distributions and intercompany transactions can be structured for efficiency

• **Clean succession** — transferring the holding company transfers everything beneath it in one transaction

• **Capital formation** — institutional investors and lenders prefer dealing with holding company structures

Management Companies

A management company provides services (accounting, HR, marketing, IT, administrative support) to operating entities in exchange for management fees. This creates several advantages:

- Revenue flows from high-risk operating entities to a low-risk management entity
- Management fees are deductible expenses for the operating companies
- Centralizes employee payroll and benefits in one entity
- Creates additional liability separation
- Supports valuation discounts on operating entities (they generate less standalone profit)

Maintaining Your Structure

Multi-entity structures require ongoing maintenance to preserve their legal benefits:

- **Annual filings** — each entity must maintain its state registration and pay annual fees
- **Separate bank accounts** — commingling funds between entities provides grounds for veil-piercing
- **Documented transactions** — intercompany loans, management fees, and distributions must be documented with written agreements
- **Meeting minutes** — corporate formalities must be observed for corporations; LLC resolutions for LLCs
- **Updated operating agreements** — reflect changes in membership, management, and distribution provisions

At Tauro Advisory Group, we build multi-entity architectures with comprehensive governance documentation: operating agreements, intercompany loan agreements, management fee agreements, UCC filings, and annual maintenance frameworks. Every entity has a purpose. Every document serves a function.

Ready to Protect Your Legacy?

Schedule a complimentary strategy session with our advisory team.

During your consultation, we will:

• Review your current estate structure and identify gaps

• Discuss your family, business, and wealth protection goals

• Outline a custom strategy tailored to your situation

• Provide clear pricing with no hidden fees

No obligation. No pressure. Just clarity.

→ BOOK YOUR COMPLIMENTARY CONSULTATION

tauroadvisorygroup.com

888-958-2876 | info@tauroadvisorygroup.com

Who This Is For:

Entrepreneurs, business owners, medical professionals, real estate investors, high-net-worth families, and anyone serious about protecting what they've built and ensuring a lasting legacy.

TAURO ADVISORY GROUP INC.

tauroadvisorygroup.com

888-958-2876 | info@tauroadvisorygroup.com

Miami, FL | Serving All 50 States

Building legacies beyond generations.