



Family Management Companies



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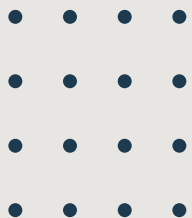


Summary

A Family Management Company is a strategic tax tool that allows families to shift income to lower tax brackets—typically by compensating children for legitimate work—thereby reducing overall tax liability while funding long-term wealth-building vehicles like Roth IRAs.

Our Services

- 01 Taxsmithing (Tax Strategy)
- 02 Tax Preparation
- 03 Accounting / Bookkeeping
- 04 Small Business Support
- 05 Fractional CFO Services



ACCENT FINANCIAL SERVICES PRESENTS

SHOWDOWN

BUSINESS ENTITIES



SOLE PROPS

VS



LLC'S



WHICH IS BEST FOR YOU?

**USE A FAMILY MANAGEMENT COMPANY TO SHIFT
INCOME, GAIN DEDUCTIONS, AND CREATE TAX-FREE
SAVINGS FOR YOUR CHILDREN.**

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SOLE PROPRIETORS

BACKGROUND

Sole proprietorships date back centuries as the original form of commerce before formal business entities like corporations and LLCs existed. In the U.S., the IRS has long recognized sole props as valid businesses with eligible deductions under IRC §162 (Ordinary and Necessary Expenses), and they remain the most common structure among freelancers, gig workers, and small family-run operations.






What is a Sole Proprietorship?

A Sole Proprietorship (Sole Prop) is the simplest and most common form of business ownership in the U.S. It is not a separate legal entity, meaning the business and the owner are legally the same person. It's often the default structure when an individual starts a business without formally registering a company.

WATCH OUT!

The owner is personally responsible for all business debts, obligations, and legal liabilities. If the business is sued or goes into debt, the owner's personal assets (home, bank accounts, etc.) are at risk.

How does it work?

-  **Automatic Formation:** If you start doing business under your own name without forming a legal entity, you're automatically a sole proprietor. No formal registration (except for local licenses) is required.
-  **Single Tax Filing:** Income and expenses are reported on Schedule C of your Form 1040. There's no separate business return.
-  **Employer Simplicity:** Sole props can hire their own children, and if under 18, those wages are exempt from Social Security, Medicare, and FUTA taxes (IRC §3121(b)(3)(A), §3306(c)(5)).
-  **Minimal Compliance:** No formal meetings, minutes, or annual reports. Just maintain basic financial records and issue W-2s if employing family.
-  **Low-Cost Operations:** No state filing fees or annual renewal costs. You may need a local business license or EIN (recommended if hiring employees).



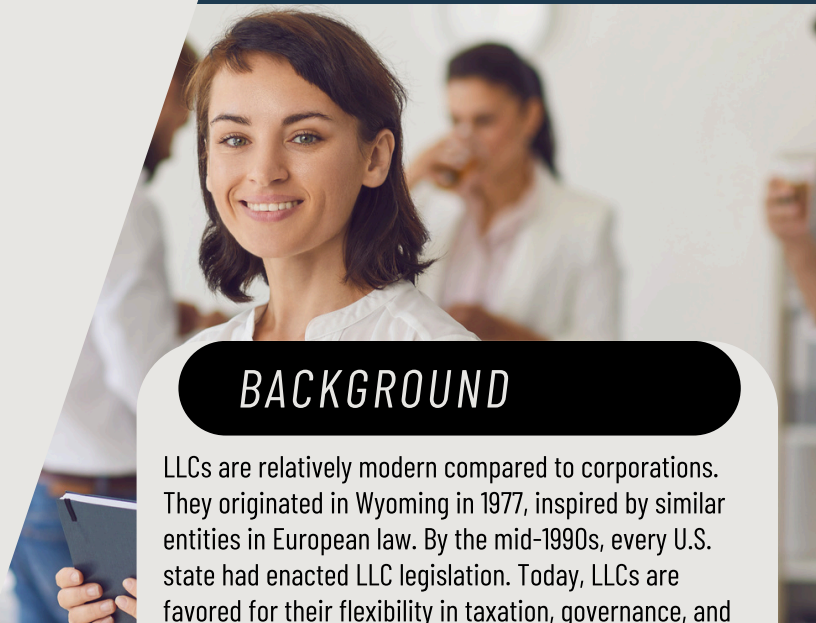
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Our Location
**945 Stockton Drive, #3120
Allen, TX 75013**



LIMITED LIABILITY COMPANIES



BACKGROUND

LLCs are relatively modern compared to corporations. They originated in Wyoming in 1977, inspired by similar entities in European law. By the mid-1990s, every U.S. state had enacted LLC legislation. Today, LLCs are favored for their flexibility in taxation, governance, and protection—especially for small businesses and family enterprises.

What is an LLC?

A Limited Liability Company (LLC) is a hybrid legal entity that combines the pass-through taxation of a sole proprietorship or partnership with the limited liability protection of a corporation. It is one of the most flexible and popular business structures in the U.S., suitable for a wide range of small businesses—including family-run operations.

WATCH OUT!

Piercing the Corporate Veil.

If an LLC owner fails to follow basic legal formalities—like maintaining separate finances, having an operating agreement, or mixing personal and business assets—courts can disregard the LLC's liability protection, putting personal assets at risk.

How does it work?

- **Formal Legal Entity:** An LLC is formed by filing Articles of Organization with the state and exists separately from its owners (called "members").
- **Limited Liability Protection:** Members are generally not personally liable for the debts or legal obligations of the LLC, provided the entity is properly maintained.
- **Flexible Tax Classification:** By default: A single-member LLC is treated like a sole prop (disregarded entity). A multi-member LLC is treated like a partnership. But it can also elect S-Corp or C-Corp status using IRS Form 8832 or 2553 for strategic tax planning.
- **Can Employ Family & Maintain Exemptions:** If the LLC is a single-member LLC owned by a parent, employing their under-18 child retains FICA and FUTA exemptions, just like a sole prop.
- **Compliance Requirements:** LLCs must maintain A separate business bank account, An Operating Agreement (even if single-member), Proper recordkeeping and documentation (e.g., W-2s, time logs), May owe annual state fees or franchise taxes



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HEAD-TO-HEAD COMPARISON

Sole Proprietorships Vs.
Limited Liability Companies

Feature	Sole Proprietorship	Limited Liability Company
Setup Cost	Low (\$0-\$100)	Moderate (\$100-\$500+ filing fees)
Ease of Formation	Super simple – no state filing needed	More steps – state registration required
Legal Protection	✗ None	✓ Yes – personal asset protection
Tax Filing	Schedule C on 1040	Default: Schedule C or elect S-Corp
FICA & FUTA Exemption (kids)	✓ Yes – for under 18	✓ Yes – if single-member & parent-owned
Audit Risk	Low if documented properly	Low if formalities followed
Professional Image	Basic	More credible
S-Corp Conversion	✗ No	✓ Yes – more savings potential

Want to start an LLC? We can help!

Starting at \$1,095 plus filing fees - Get a consultation up to 1 hour on business, accounting, and tax questions for the new entity. We file all docs with state, obtain IRS EIN, and complete operating agreement, minutes, corporate book, and banking folder.

Get started today! <https://calendly.com/ryanotto/llc-entity-formation>

