

Business 3 Trust Model

This illustrates the advantages of simple diversity of ownership under your sole control in a small business setting. Notice the placement of all property into one separate Holding Trust. The remaining duties & responsibilities are divided among the Administrative Trust and Management Trust. This “division of labor” keeps the business in a tight but flexible micro-network that you are the sole controller of. Here, the Administrative Trust acts as the owner of the business, and may even finance, fund, and even underwrite the liability of the other trusts, and other than the business entity itself, it holds no property so that no property may be taken in the event a liability is incurred. The Management Trust operates the business, but can also hold property and serve other functions since the chances of it incurring a liability are slim due to limited outside exposure. When the trust funds are spread around in this manner, the funds are distributed as expenses, not as income and therefore, tax liabilities may be altogether avoided.

