



GUARDIAN
TAX CONSULTANTS

Management Services Organization Strategy

Prepared for:
Client Name



The Problems

Business Owners' Personal and Business Assets May be at Risk

- Business owners do not have a central business entity to protect assets and provide services, share resources across their operating company(s)

Business Owners have an overlooked Tax Gap risk and are likely overpaying state and federal income taxes

- Businesses have not updated their financial structures to take advantage of recent tax law changes



The Problems

Business Owners are unprepared for the significant tax increases in 2026

- The Tax and Jobs Act provisions sunset after 2025, at which time the QIBD (Qualified Income Business Deduction) will phase out, Marginal Tax rates will increase, and Estate Tax rates will increase

Business Owners have Continuity Gaps that may disrupt the normal operations of their business(es)

- Continuity risks such as death, loss of key employees, failure to plan for succession and business exit create threats which may result in significant monetary losses



The Problems

Business Owners have Wealth Gaps that may threaten their ability to successfully retire and exit their business

- At the time of exit, business owners must have sufficient income to address their lifestyle, savings and ongoing liquidity concerns
- 70% of businesses do not sell, and a majority of owners have not accumulated enough wealth outside of their business to meet their retirement expectations
- Business failure may bankrupt an owner unless they have sufficient assets outside of their business



The Solutions:

INCORPORATE AN MSO STRATEGY INTO YOUR BUSINESS ENTERPRISE AND USE THE CASH SAVINGS TO HEDGE AGAINST THE ADDITIONAL RISKS.

The Solutions

One Central Entity

- With an MSO, your business enterprise has an additional incorporated entity to protect assets, lease shared resources and service the operating company(s) with minimal disruptions and no change to existing equity ownership.

Reduce Your Tax Gap

- Management fees paid to the MSO for servicing your operating companies may reduce your personal income tax liability.



The Solutions

Protect against 2026 Tax Increases

- Insulate your business enterprise from the 2026 sunset provisions with proactive tax planning by leveraging the difference in taxation structure between the MSO and your operating company(s).

Address your Continuity Gaps

- The savings created can prepare a foundation for a business exit and or transition and be used to hedge against your continuity risks.



The Solutions

Address Your Wealth Gap

- Utilize the cash savings to address your wealth gap by purchasing cash-value life insurance to provide an additional income source that is not dependent on your business's value.



The MSO Strategy

Differing Tax Environments

- As your pass-through business income is stacking, your marginal tax rate is increasing. With a flat tax rate of 21%, an MSO organized as a C-corporation offers considerable savings when compared to any income taxed at the individual tax rates of 32% - 37%.

Become a Vendor to Your Company

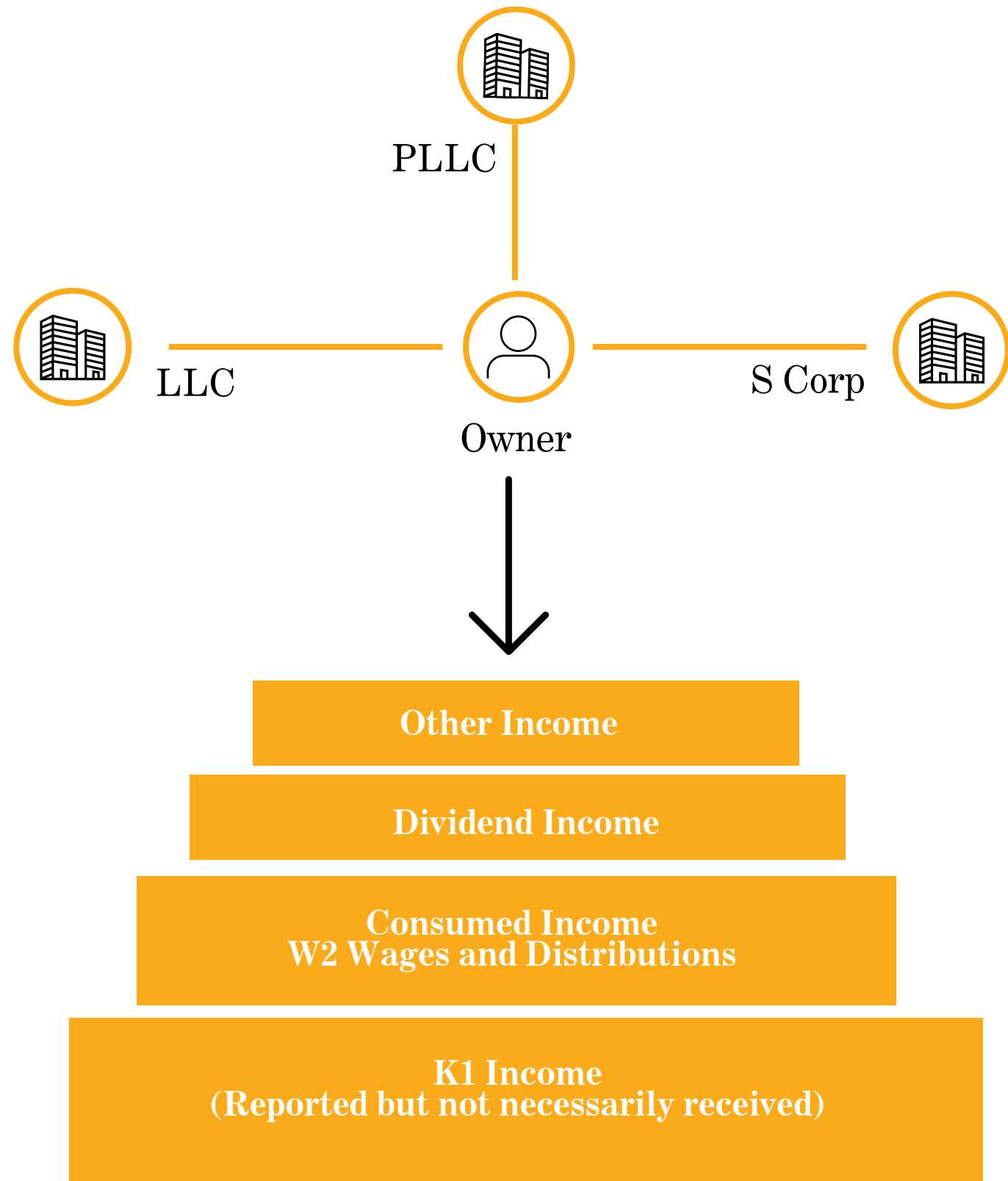
- The services currently provided by you to your organization(s) are now provided through your MSO and the fees for your services are an expense item to your operating company, reducing the pass-through income reported.

Experience the Benefits

- Properly structured, an MSO will mitigate commingling risks and provide a central location for cash savings and shared resources to be used for business growth and liquidity.

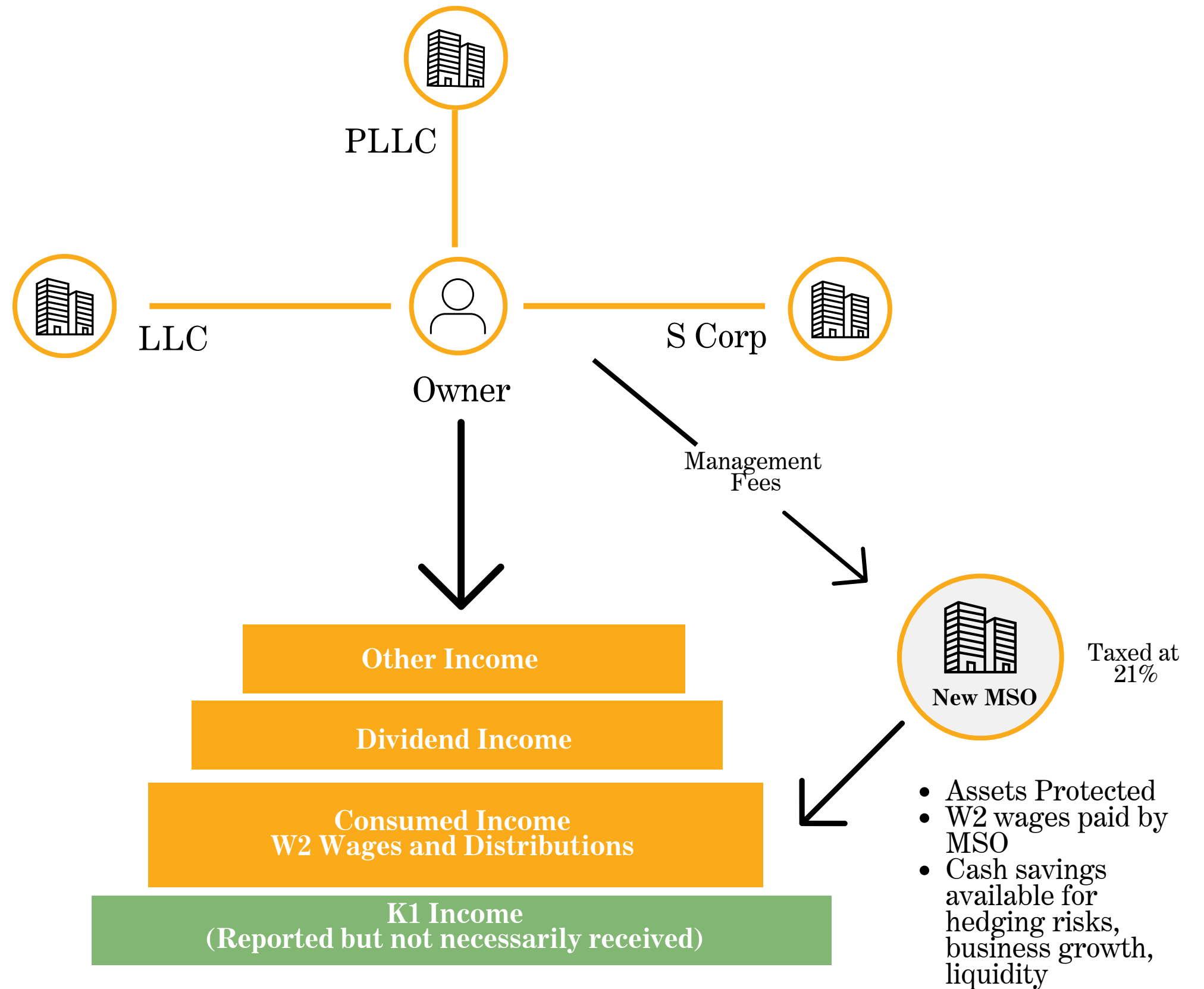


Pass-through Structure



Personal Taxes
37%

Optimal Structure



Personal Taxes
Reduced

Potential Drawbacks

Double Taxation

- A dividend tax of 20% may be required to distribute earnings for personal consumption out of the MSO
- Business owners should continue to pay themselves a salary to cover their living expenses and allow the rest of their after-tax dollars to accumulate tax efficiently in their MSO

Planning for an Exit

- Wealth can be transferred from one generation to another through the MSO
- Accumulated earnings can be drained on qualified business expenses
- MSO may be converted to an S corporation, appreciated assets may be sold after 5 years at a more favorable tax rate
- A strategic buyer may purchase both the operating companies and the MSO
- All remaining earnings may be distributed as a dividend

Ongoing Maintenance and Compliance

- Management fee calculations must be accurate, up to date and properly recorded
- The fees must accurately reflect the services provided
- Requires an additional set of MSO books and tax returns for the new entity

Accumulated Earnings

- This tax is imposed on any C Corp funds permitted to accumulate over \$250,000 instead of being distributed to shareholders
- Exemption may occur by documenting the business purposes for retaining working capital such as reinvesting those earnings in the growth of the business, acquisitions, shareholder succession planning, business continuity
- Business purpose(s) should be recorded in the corporation's legal documents such as meeting minutes, accounting reserves, financial statements, business plans, strategic planning documentation

The MSO's Impact

Estimated 2024 Federal Taxes with MSO

Utilizing an MSO Entity Structure may reduce your federal effective tax rate and taxes owed as shown below:

Current Tax Rate

37.9%

Optimized Tax Rate

21.8%

Current Amount Owed

\$1,200,000

Optimized amount Owed

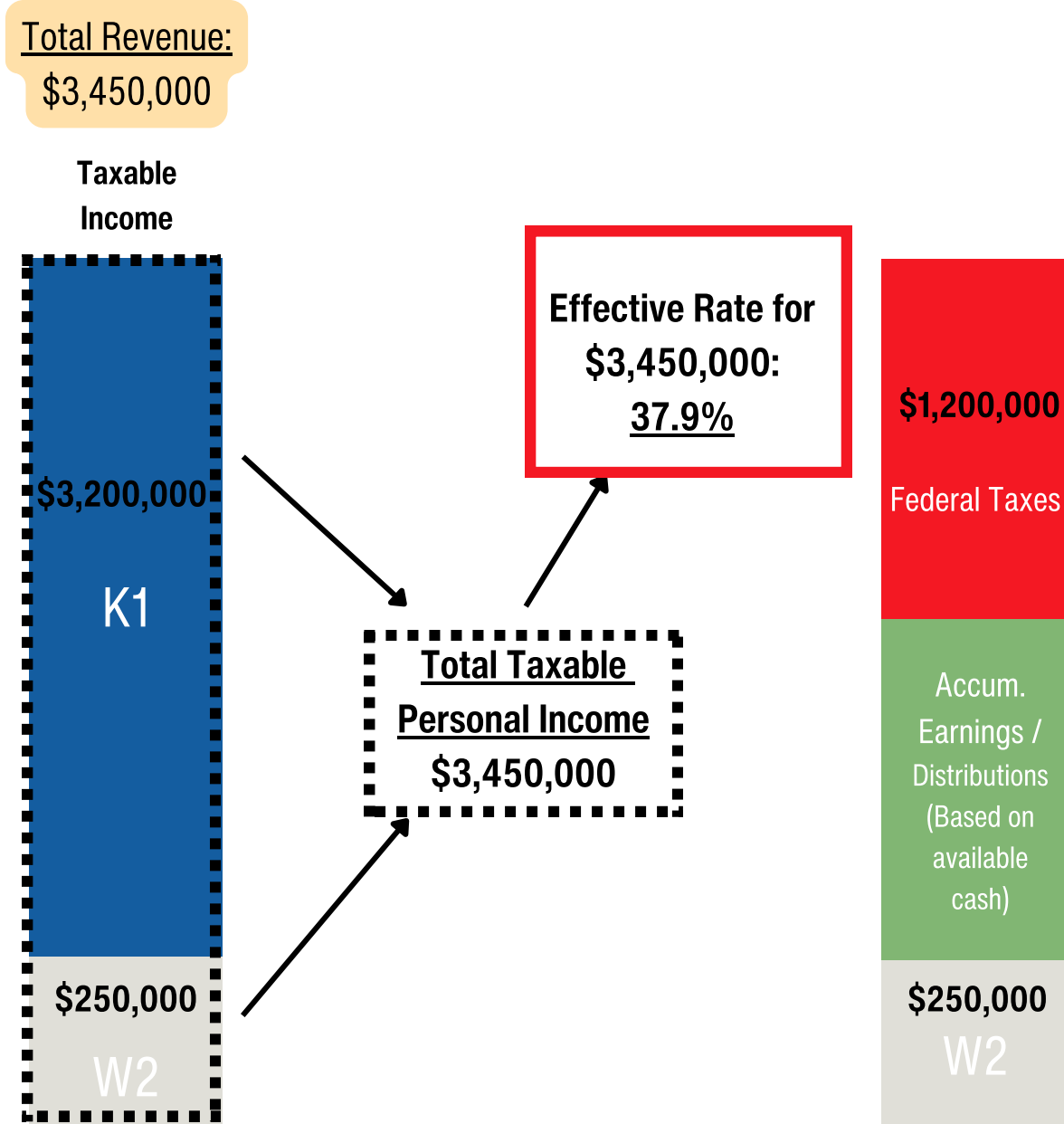
\$601,000

The estimated tax *overpayment* of **\$599,000** is based on 2023 federal tax rates for your entities and filing status.

This does not factor in eligible deductions, state income tax, or earned income tax.

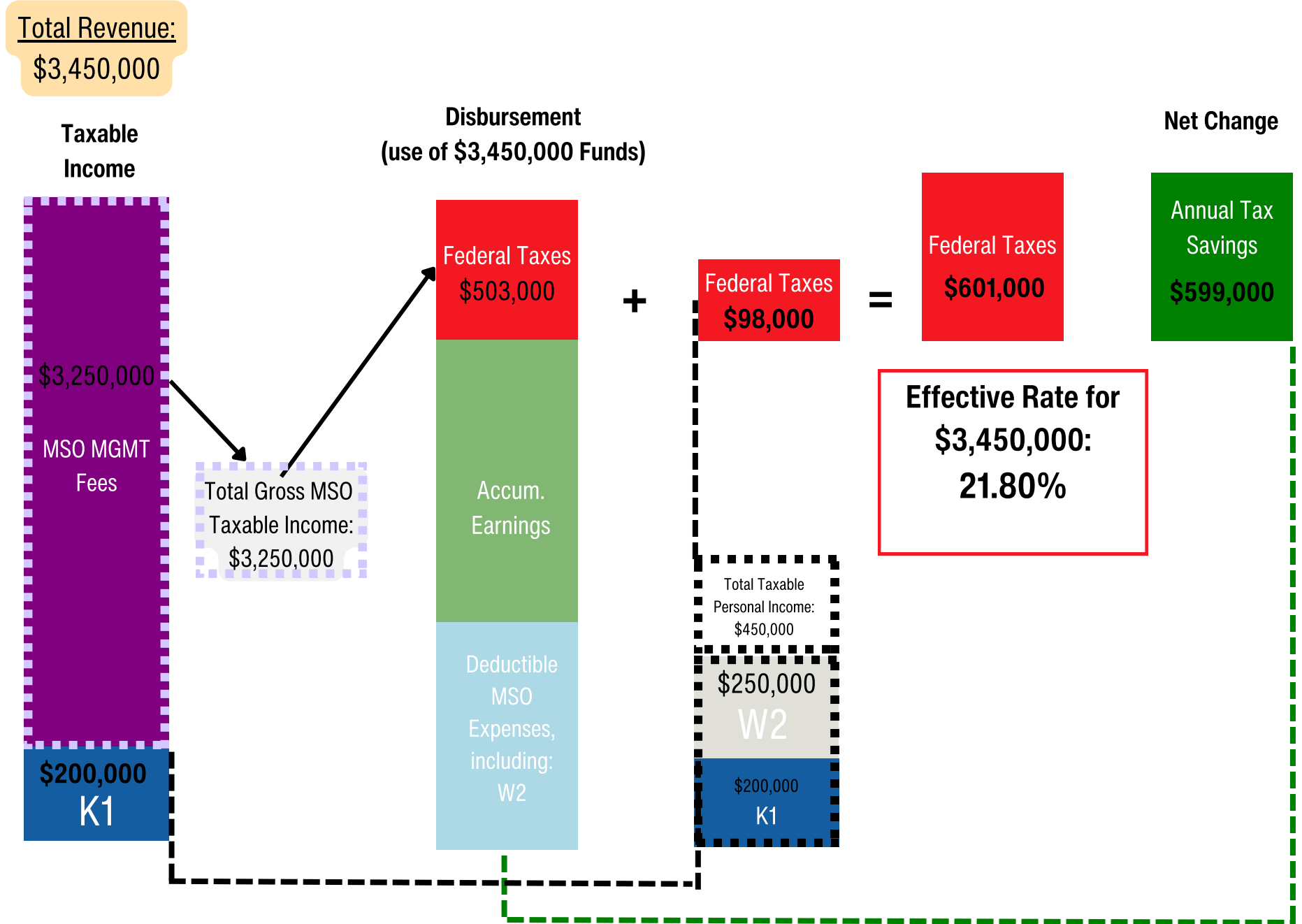
[Client]'s Scenario

Current: Pass-Thru Structure



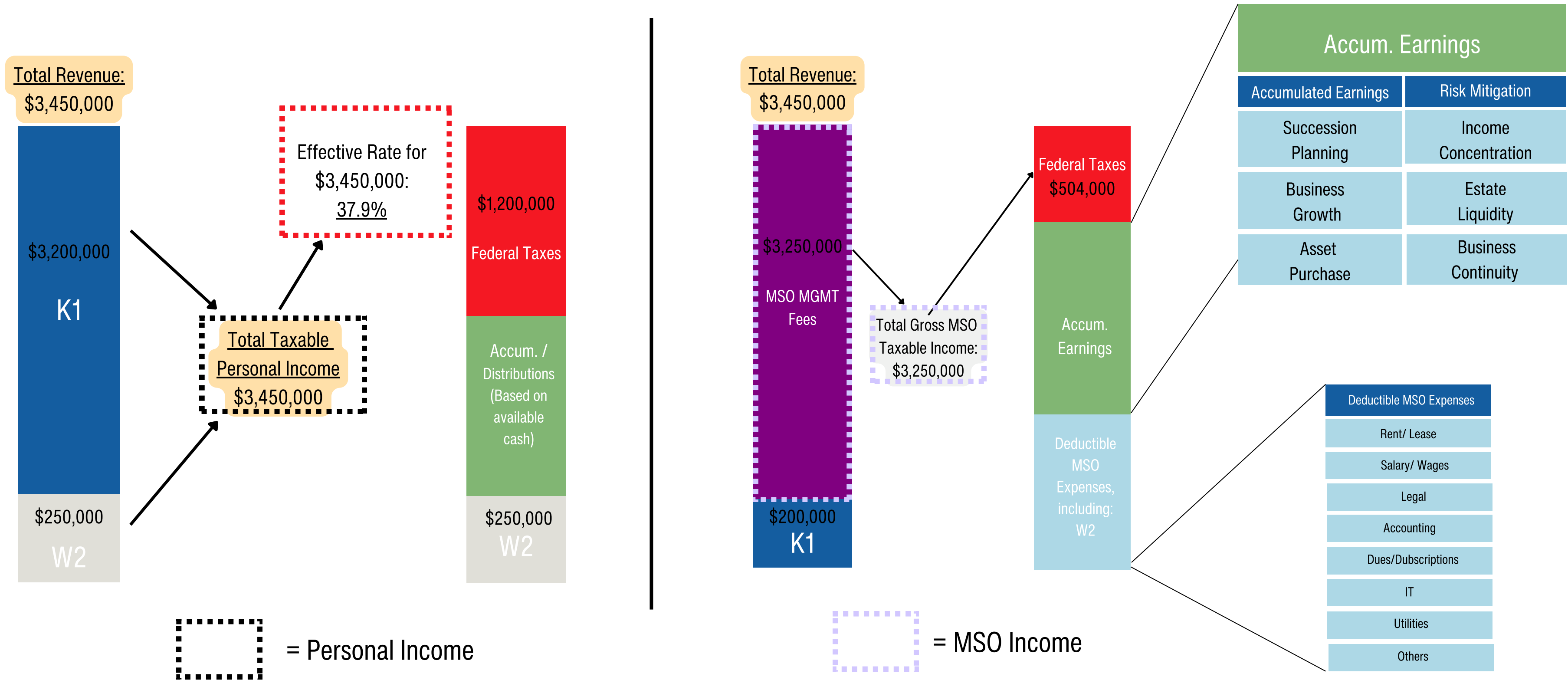
= Personal Income

Optimized: With MSO Structure



= MSO Income

Utilizing MSO Savings



Addressing Risk Gaps

- The MSO when combined with insurance is a powerful tool for addressing gaps in your overall financial security.
- Applying your MSO savings to flexibly designed cash accumulation policies, you can hedge against your Wealth and Continuity Gap Risks.



Guardian's Proven Process

Implementation

- Personalized Plan Design
- Coordinated with your professionals

03

Discovery

- About Guardian
- About You
- Data Gathering

01

Execution

- Solutions Set up
- Weekly Progress Updates

04

Consultation

- Q3 & Q4 Check Ins for maximum results
- Annually Updated Reports
- Ongoing Compliance Support

05

Validation

- Consultative Meeting with your CPA
- Tax and Risk Assessment Report

02

Cost Overview

Per Owner:

- Tax and Risk Assessment Report: \$7,500
- MSO Implementation: \$25,000 to \$30,000*

Maintenance/Oversight:

\$10,000

- (Annual Engagement, charged after Year 1)

*Implementation Cost dependent on number of operating companies

About Guardian Tax Consultants

- Have been implementing MSO since 2019
- Strategy verified by third party tax attorneys and respected legal professionals
- Industry Leader in this strategy
- Dozens of satisfied business owners currently utilizing the MSO Strategy
- 100% retention rate
- Referrals coming from CPA advocates

