Series LLC or Holding Company?

Key Considerations - Comparison Chart

If you own more than one rental property, run a side hustle, or just keep hearing phrases like "parent company," "subsidiary," and "series protection," you've probably wondered which structure actually keeps your assets safest without draining your wallet. This quick-start guide breaks down the two most popular options - traditional holding companies with separate subsidiaries and the newer Series LLC - into plain English. It's built for entrepreneurs who want to scale confidently, cut through legal jargon, and make informed decisions before filing another formation document. Inside, you'll see the big-picture pros, cons, and real-world use cases for each approach, plus tips on banking, taxes, and liability shields. Whether you're mapping out a real-estate portfolio, launching multiple brands, or simply trying to understand what your lawyer is recommending, this comparison chart is your first step toward choosing the right structure.

KEY ASPECT	HOLDING COMPANY + SUBSIDIARIES	SERIES LLC (IN STATES THAT PERMIT THEM*)
BASIC STRUCTURE	Parent entity (LLC or corporation) owns separate subsidiary LLCs or corporations; each subsidiary files its own formation paperwork.	One "master" LLC houses multiple internal **series**; each series operates like its own protected cell under a single state filing.
NUMBER OF LEGAL ENTITIES CREATED	A new legal entity is formed every time you add a subsidiary.	Only one state-filed entity; new series are created by amending the operating agreement (some states require a short certificate per series).
LIABILITY ISOLATION	Long-standing, well-tested doctrine—liabilities generally stay within each subsidiary.	Liability shield is created by statute inside the master LLC; concept is newer and still maturing in the courts.
AVAILABILITY BY STATE	All states (subsidiaries are just ordinary LLCs or corporations).	Statutes exist in roughly twenty jurisdictions, including Delaware, Illinois, Texas, and Wyoming.
FORMATION & ANNUAL FEES	Pay formation and annual report fees for every subsidiary *plus* the parent entity.	One formation fee and one annual report for the master; many states charge little or nothing for each additional series.
ADMINISTRATIVE BURDEN	Each subsidiary needs its own EIN, bank account, books, and - if taxed as a corporation - separate returns.	One state filing overall; still must keep separate books and accounts for each series, but generally no extra state registrations.

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LEGAL CERTAINTY / CASE LAW	Decades of precedent; widely understood by courts, lenders, and investors.	Limited track record; fewer court decisions, especially outside the formation state.
INTER-STATE OPERATIONS	Straightforward: register each subsidiary as a foreign entity wherever it does business.	Recognition of separate-series shields is uncertain in non-Series-LLC states, creating potential risk.
BANKING & FINANCING	Familiar to banks and investors; usually easier to open accounts and raise capital.	Some banks or investors are unfamiliar with series and may insist on traditional subsidiaries.
FEDERAL & STATE TAX TREATMENT	Each subsidiary chooses its own tax classification; separate returns if classified as corporations.	IRS allows each series to elect its own classification; filing requirements vary by state.
BEST SUITED FOR	Diverse or multi-state businesses, ventures seeking outside capital, complex ownership structures.	Multiple similar assets (real-estate parcels, franchise units) located mainly in Series-LLC-friendly states, owners looking to minimize state fees.
PROS (HIGHLIGHTS)	• Clear, time-tested liability separation • Investor-friendly • Predictable across states	• Lower aggregate state fees • Scale quickly—add series without new state filings • Internal asset segregation
CONS (HIGHLIGHTS)	• Higher cumulative filing and maintenance costs • More entities to manage	• Less legal certainty across borders • Some lenders hesitant • Requires rigorous internal record-keeping