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### **THE NEW “SERIES” LIMITED LIABILITY COMPANY**

The State of Illinois recently created a new type of business entity, which is called a “Series” Limited Liability Company (“LLC”). An LLC can now form two or more “Series,” which are similar to “divisions” of a corporation. The advantage is that the assets of each Series can be protected from the debts and other liabilities attributable to any of the other Series.

For example, a single LLC might own ten different rental properties. If the LLC is not a “Series” LLC, then all ten rental properties would be exposed to all of the debts and liabilities created by any of the other rental properties. In the past, the only way to avoid that exposure was to create ten separate corporations or LLCs, each of which would own just one of the rental properties.

The primary disadvantage of having a separate LLC for each rental property or other asset is the expense of having to pay the Secretary of State fees for each LLC. There is an initial filing fee of \$500 for each LLC, and annual franchise fees of \$250, so a Series LLC with ten Series would save \$4,500 in the initial filing fee, and \$2,250 in state franchise fees each year.

A Series LLC also provides a very effective “asset protection” device to shield your investment in the assets held by the LLC from your general creditors.

*This summary is for general information only. You should consult with your attorney and tax advisor for specific advise.*