



It Eliminates The Burden Of Dealing With A Lump Sum Settlement

Although most people feel that they would be able to handle a large cash settlement, in reality the money can disappear all too quickly. Studies prove that most people who receive cash settlements spend 95% of their money within five years. Cash settlements are often depleted when the recipient lends or gives money to family and friends, makes risky or volatile investments, or purchases expensive items. You must be certain that the money designed to compensate for a lifelong injury is there for the coming years. With a structured settlement, a designated, contractually-fixed payment plan ensures that future needs will be met.

It Protects You AND Your Family

Many people may depend on the settlement for daily living expenses. By structuring your settlement, you can guarantee that your family will always be financially protected. You may design your structure to include a monthly check with sufficient funds for food, clothing, transportation and housing. In addition, your structured settlement can be used to fund your children's educational needs or to provide income for you when you retire. The fixed nature of structured settlements provides assurance, peace of mind and a lifetime of security.

It's Tax-Free

Structured settlement payments are income tax-free and guaranteed. Although cash settlements are also *initially tax-free*, the interest earned on investing that money is usually fully taxable. Unlike structured settlements, the return on any investment you make with a cash settlement is never guaranteed¹. Consider the performance of the stock market over the past few years and you can see the volatility of investments that come without guarantees.

How Valuable is this Tax Advantage?

The chart below shows the value of receiving tax-free structured payments. The chart compares the rate you would have to earn on another investment to equal the Structured Settlement internal rate of return.

Interest Rate Required To Equal Structured Rate

Structured Settlement Internal Rate of Return	15% Tax Bracket	28% Tax Bracket	33% Tax Bracket	35% tax Bracket
5.00%	5.88%	6.94%	7.46%	7.69%
6.00%	7.06%	8.33%	8.96%	9.23%
7.00%	8.24%	9.72%	10.45%	10.77%
8.00%	9.41%	11.11%	11.94%	12.31%

For example: assume you are in the 28% federal tax bracket and invest a lump sum settlement in a Bank Certificate of Deposit. The CD interest rate would have to be 8.33% to get the same return after taxes are paid as a structure with a 6% internal rate of return. If your state is 3% and your local tax is 2% (total tax is now 33%), the CD interest rate would have to be 8.96% to equal a 6% interest rate on a structure.

¹ Guarantees are backed by the financial strength and claims-paying ability of the life insurance company(s) issuing the annuity.