



Who Actually Makes a Profit From Your Structured Settlement Money?

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Guest Post

Getting an annuity, winning a case in the court, hitting the jackpot in any lottery or casino – all these cases imply a rather large amount of money that however is not provided upfront, in the form of a lump sum payout.

Have you ever wondered why insurance companies are so insistent that plaintiffs keep to their original annuity or structured settlement plans when their compensation is stretched over a long period of time? Who actually is a winner in this waiting game? In the article below I'm going to clean the air on this very important issue for every structured settlement holder.

Your Money Makes Money for Your Insurance Company

As an annuitant or structured settlement holder, you should perfectly understand how the whole system works and, of course, you have the full right to know how your legal money is used. In accordance with your financial agreement, your insurance company will have to give you periodic installments of agreed amounts. Do you really know how they manage your entire money stream while you get only small partitions every month or, what's worse, quarter or year? The truth is that insurance companies use money that is enclosed in structured



settlements, annuities, insurance settlements and some other related financial agreements to invest it into various high-profit fields.



The volume of capital that every insurance company manages, even the small one, is really tremendous. And as you certainly know, money makes money. There are multiple investment opportunities that insurance companies take advantage of to earn money, but mostly they opt for stocks and investing into businesses that have significant growth potential and can be further sold for a higher price.

In such a way, by having your legal money in their pockets, insurance companies make substantial profits every single month. Now it's rather obvious why they do their best to make plaintiffs to keep to their preset plans of periodical small payments delivery.

If money is legally yours, why should you allow a third-party company to derive all the benefit from it? Bank deposits, stocks, mutual and hedge funds, starting up your own business or perhaps investing into real estate – with a large amount of cash at hand you can easily enter any of these excellent financial opportunities to enjoy steady income.

Your Long-Awaited Financial Independence

Unfortunately, some plaintiffs easily get convinced that receiving their money through regular installments is the right and very helpful payment schedule for them since it ensures a stable income stream. However, as a rule, these installments are rather small that they will hardly cover all your day-to-day financial requirements, not to mention extra medical expenses and other crucial financial needs such as mortgage payments, high-interest credits and loans, educational fees, etc. With a lump sum of cash at hand you can eliminate all your financial hassles and start living a debt-free life on your own terms.



No More Worries About Unreliability of Your Insurance Company

Another obvious advantage of cashing out your structured settlement today is that it allows to eliminate any possible risks of breach of contract. In accordance with the terms of your settlement agreement, an insurance company undertakes to make you regular payments.

However, the truth is that insurance companies rather often tend to draw back payments and even pull out in spite of court orders. You can never be absolutely confident that your particular company won't go this way. There is also always a risk of an insurance company declaring bankruptcy. By getting cash upfront, you will release yourself from all related worries.

There is one more trump card that insurance companies typically use to hold their clients from selling structured settlement payments – an interest fee that annuity and settlement buyers take for their services. Of course, you will have to give a funding company a bit of your settlement amount, but having your money right away along with the ultimate flexibility to use it any way you like is definitely worth it.

The main issue is either to get full control over your legal money today or let someone else benefit from it. Nevertheless, you should always keep in mind that it's only up to you to decide whether to sell your settlement for a lump sum of cash now or keep receiving small periodic installments over months and years.

Author's Bio

Post by Derek Wrend – a community manager at Ozark Funding – a **structured settlement** company offering **lump sum of cash payouts**.

Photography for this post provided by Neil Favila

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3330 20th Street, San Francisco CA 94107

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