What is a Structured Settlement?

PERIODIC PAYMENT PLANS

A periodic payment settlement or structured settlement is a method of resolving a personal injury claim that involves a series of future payments made according to a benefit plan designed to support your needs, wishes and dreams.

Advantages of a Structured Settlement

Tax-free benefits to you: A significant advantage to arranging a periodic payments settlement is that under Section 104 of the Internal Revenue Code, all payments made for a personal injury settlement are received "tax-free". Although a traditional lump-sum cash settlement is tax-free, any interest earned on the settlement funds is subject to both federal and state income taxes. Because the Internal Revenue Code allows for a tax-free accrual and payout of interest, you receive greater benefits through a periodic payment plan than you would otherwise achieve if you invested the money yourself. Because a structure is a guaranteed source of funds paid on a tax-free basis, it is very difficult for even the sophisticated investor to match the rate of return.

Guaranteed Payments: Unlike a lump sum settlement, a periodic payment settlement will provide guaranteed benefits at specified payment dates to assure you of financial security.

Flexibility: A periodic payment settlement can be designed to meet your individual needs. You may wish to provide for future education expenses, future medical costs, to augment monthly household income, to supplement a retirement fund, or simply to provide for financial security. The plan can be "tailor-made" to meet the wishes you express.

Maximum Security: Periodic payment benefits provide a secure source of funds in the future and will not be affected by changes in the financial marketplace or the economy. ***Studies have shown that approximately 30% of the people who receive lump sum settlements have nothing left after only two months, 50% have no money within one year, and over 90% have spent all of their settlement within five years.***

Once in place, the Structured Settlement will pay out just as designed and cannot be changed or accelerated.

Would you be better off with a lump sum settlement and investing it yourself?

In doing so, you could incur substantial tax liabilities on the income produced by your investments. Private investment income is simply not eligible for the tax-free status available with a structured settlement. And, in contrast to private investments, there are no ongoing brokerage fees or expenses when settling with a periodic payment settlement.

A periodic payment settlement provides a very competitive rate of return, tax-free benefits, and financial security not available with other investments.

Periodic payments work extremely well at all ages. For example, for those on a fixed income, the addition to that fixed income, through a lifetime structure, may be at a rate of return unrivaled by any other investment vehicle. This is tax-free income that continues for the lifetime; an income you cannot outlive.

We are happy to answer your questions about structured settlements and the periodic payments presented.

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