Security for the **Future**

To help protect settlement recipients from financial misfortune, a concept called structured settlements was developed in the early 1970's. A structured settlement is an agreement between parties, pursuant to existing Internal Revenue Regulations, which provides tax-free payments for an agreed upon period of time or for the life of the claimant. Structured Settlements are based on a financial plan for immediate cash and future tax-exempt payments which take into consideration the future needs of the injured party. Structured Settlements are also designed by the claimant in order to maximize their settlement by receiving secure and tax-free payments.

Physical, personal injury settlements are considered tax-free by the Internal Revenue Service. With a qualifying structured settlement, the annuitant receives a tax-free accrual of interest for the life, or term, of the annuity.

Most structured settlements include cash for the claimant and for attorney fees, if applicable. The Defendant and/or their Insurer purchases one or more annuities from a highly rated life insurance company, which in turn, makes the scheduled periodic payments.

The guaranteed annuity payments may be made for virtually any length of time, even for the recipient's lifetime. In the event of the individual's death, a guaranteed portion of the settlement may be made to the estate or a named beneficiary such as a relative or child. The plan may even defer funds in cases involving minors or be designated to a beneficiary such as a scholarship fund or religious organization. Inflation can be countered by including periodic increases in the benefit package or providing lump sums at future dates. A structured settlement may be designed to include an educational fund, retirement income, or even mortgage payments.

One of the most important benefits of structured settlements is the protection they offer. Regardless of what happens to the stock market, the economy, or interest rates, the benefits from a structure are guaranteed.

Settlement funds can disappear in a number of ways, including bad investments, loans to friends and relatives, and unwise or frivolous purchases. Because a structured settlement is a guaranteed source of tax-free funds, it is very difficult for even the sophisticated investor to match the guaranteed rate-of-return generated by a structured annuity.

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