STRUCTURED SETTLEMENT ANNUITIES

A structured settlement annuity allows a claimant to receive all or a portion of a personal injury, wrongful death, or workers' compensation settlement in a series of income tax-free periodic payments. Structured settlements may also be used in non-physical injury settlements so that clients may receive tax-deferred income instead of receiving an immediate and fully taxable lump sum settlement payment.

How does a structured settlement work?

The decision to utilize a structured settlement must be made before finalizing the settlement agreement. Once both parties have agreed to the details of the structured settlement, the claimant releases the defendant (or insurer) from liability. The defendant or insurer then pays the settlement funds to a third-party assignment company, which assumes liability and purchases an annuity from a structured settlement carrier. The carrier then makes a series of periodic payments based on a previously agreed upon timeline and amount.

Structured settlements may be funded with proceeds from settlements of almost any size; in fact, many structured settlement providers will structure amounts as low as $10,000. The choice is ultimately the claimant's, and many find that a structured settlement is much more beneficial than a lump sum cash payment.

Benefits of a Structured Settlement

100% Income Tax-Free for Personal Injury and Wrongful Death Cases: Payments (including growth) for physical injury and wrongful death cases are free from state and federal income tax under Section 104(a) of the Internal Revenue Code.

100% Income Tax-Deferred for Non-Physical Injury Cases: Payments (including growth) for non-physical injury cases are tax-deferred.

Guaranteed Payments[1]: The schedule of payments is determined on the front end of the transaction, resulting in a steady source of safe, reliable, guaranteed income for the claimant.

Guaranteed Rate of Return: With a locked-in rate of return, injured claimants can rest assured that market volatility will not affect their structured settlement payments.

No Overhead Fees or Expenses: The lack of overhead fees combined with the preferential tax treatment allow structured settlements to remain competitive with traditional investments.

For more information about structured settlement annuities, contact Sage Settlement Consulting today.

[1] *Guarantees are subject to the claims-paying abilities of the issuing insurance company.*

With local offices across the country, our team offers award-winning comprehensive settlement planning services.

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