

BENEFITS OF A STRUCTURED SETTLEMENT

COMPREHENSIVE SETTLEMENT SOLUTIONS

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Structured settlements offer several benefits to injury victims. Here are some of the most significant ones:

- **Tax benefits:** Structured settlements are tax-free or tax-deferred, depending on the types of damages involved. This means that the full settlement is treated as tax-free by the IRS 1. (Statue 104)
- **Customizable payments:** Structured settlements can be customized to meet the plaintiff's specific needs 1.
- **Steady income:** Structured settlements provide a continuous stream of tax-free income, which can provide financial stability and predictability.
- **Protection against impulsive spending:** Structured settlements protect recipients from impulsive spending by providing a steady stream of payments over time .

If you chose to take advantage of a settlement plan, a licensed settlement planner at Comprehensive Settlement Solutions will instruct the qualified assignee which life insurance company to purchase the plan with based on rates. The life insurance company disburses a series of payments to the plaintiff over time according to the terms of the structured settlement contract. The plan earns interest to protect its value from inflation. The only way for the plaintiff to receive cash from the settlement ahead of schedule is to sell the right to future payments on the secondary market.

Structured Settlement Pros and Cons

Structured settlements offer a host of benefits, making them an attractive option for many. One of their primary benefits is guaranteed future income. This steady stream of payments can provide financial stability and predictability, which is particularly beneficial in cases involving long-term care needs.

Another significant advantage of structured settlements is the tax treatment. Thanks to the Periodic Payment Settlement Act of 1982 (H.R. 5470 (97)*, many annuities issued as part of a structured settlement agreement are exempt from income taxes. This is a financial incentive that lump-sum payments do not offer.

***Periodic Payment Settlement Tax Act of 1982: An act to amend the Internal Revenue Code of 1954 with respect to the tax treatment of periodic payments for damages received on account of personal injury or sickness, and for other purposes)**