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# Working For You

Arcadia Settlements Group

## A MORE SECURE FUTURE: ONE WOMAN'S STORY

A 45-year-old woman is injured in a multi-vehicle accident. She is still able to work, but is concerned about future medical care due to her injuries. Rather than settling her claim for a single \$100,000 payment, she chose a structured settlement offering the following:

- \$50,000 cash at settlement to cover her attorney fees and costs, medical bills plus immediate cash to her, to pay off a credit card and put a down payment on a house.
- \$1,500 paid annually for 10 years, then \$5,000 paid annually for the duration of her life.

The total anticipated payout to her based on a normal life expectancy is \$195,000, a much larger payout than the lump sum, and timed to meet long-term needs. If the Claimant lives beyond a normal life expectancy, the annual payments continue for as long as she lives. The structured settlement offered this Claimant peace of mind and secure, tax-free income for life.

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At Arcadia, we help resolve conflicts, reduce litigation expenses and create long-term financial security for people involved in personal injury claims through our settlement consulting services.

We have a rich history as the oldest structured settlements firm in the world. In our more than 45 years in business, we have used our skill and knowledge, innovative products and unparalleled caring service to help settle over 325,000 claims involving structured settlement funding of over \$40 billion. We have positively impacted hundreds of thousands of lives by providing security and closure. You can find us nearby, with more than 160 experienced settlement professionals across 50 offices in the United States and Canada.

## WHAT IS A STRUCTURED SETTLEMENT?

At one time, personal injury and workers' compensation claims were only settled with the exchange of a lump sum of money. Unfortunately, cash-only settlements that are meant to last for decades are often exhausted within a few years.

A structured settlement is a settlement option that was developed in response to this outcome; it provides greater security and certainty to people made vulnerable by injury. While a conventional injury settlement consists of a one-time sum of money, a structured settlement usually includes cash at the time of settlement to cover immediate expenses, plus guaranteed periodic payments customized to meet the needs of injured people and their families for years into the future. Structured settlements are the best way to ensure a strong financial future for all parties involved. Handled properly, structured settlements provide tax-free payments to claimants, and final resolution for defendants.

What individual needs can a structured settlement address?

- Lost wages
- Medical expenses and equipment
- Rehabilitation and training
- Funds for children's education
- Retirement income
- Home modifications
- Anticipated special purchases
- Funding for memorials and scholarships

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*Our passion for helping and empowering people is at the heart of everything we do. Our expert team helps people navigate the complexities of claims with experience, well-proven strategies, compassion, and innovation.*



## WHY CHOOSE A STRUCTURED SETTLEMENT?

**Individualized financial options:** Payment flexibility allows parties the freedom to tailor payments to meet current and future needs. A structured settlement can make payments for a stated period of time, or can last an entire lifetime. Payments can be made monthly, annually, or at whatever intervals best address a person's needs. Payment amounts can be fixed or can increase over time.

**Stability and security:** Structured settlements offer unmatched protection against future loss or dissipation of funds. People don't have to be concerned with making a single payment last a lifetime.

**Tax-free income:** Payments received in the settlement of physical injury and workers' compensation cases are completely tax-exempt at the federal and state level, whereas investment earnings from all-cash settlements are generally taxable.\*

**Capital protection:** Unlike traditional investments, which can lose money with the fluctuation of financial markets, structured settlements provide protection from economic uncertainty in an unpredictable economy. They are funded with annuities from major life insurance companies or U.S. Treasury obligations.

**Low risk:** Going to trial involves significant risks to all parties involved, and the time and expense of litigation can be a significant burden. Structured settlements allow the parties to author their own futures without the unpredictability of a trial.

**Professional money management:** Each highly-rated financial institution has a team of professionals to manage the assets in a structured settlement.

**No fees:** There are no ongoing fees for administration, management or transactions, and no fees for the consultation of Arcadia structured settlement experts.

## HOW DOES A STRUCTURED SETTLEMENT WORK?

The Defendant or its Insurer makes a legally-binding promise to provide the future structured payments to the injured party, also known as the Claimant. The Claimant agrees to accept these structured payments and any immediate cash at the time of settlement in exchange for a release of the claim.

## HOW IS A STRUCTURED SETTLEMENT FUNDED?

Structured settlement payments are funded with annuity contracts issued by highly-rated life insurance companies. The Defendant, Insurer or Assignment Company responsible for making the future periodic payments must buy and own the funding contract to assure that payments are tax-free as allowed by the Internal Revenue Code. Payments from the annuity contracts are sent directly to the Claimant.

## WHAT HAPPENS TO THE STRUCTURED PAYMENTS IF THE CLAIMANT DIES?

Structured settlement plans can include payments for life or for fixed periods of time. When a structured settlement is guaranteed for a fixed period, guaranteed payments will continue being paid to a beneficiary or beneficiaries in the event of the Claimant's death. Payments to these beneficiaries are also income tax-free.

\* Per Internal Revenue Code Section 104(a)(2)  
(See also IRS Revenue Ruling 79-220)

## **HOW IS A STRUCTURED SETTLEMENT CONSULTANT PAID?**

Claimants and Defendants are never charged a fee for the establishment of a structured settlement. Structured settlement consultants receive compensation from the life insurance company or companies from which a structured settlement is purchased, in the form of commission. None of the future payments are altered in any way by this compensation.

## **ARE STRUCTURED SETTLEMENTS ENCOURAGED OR ENDORSED BY REPUTABLE ORGANIZATIONS?**

Because of their clear benefits to both Claimants and Defendants/Insurers, structured settlements have been encouraged by the U.S. Congress since 1982, and in 2013 the Congressional Structured Settlements Caucus was formed to promote the use of structured settlements to resolve injury claims. Structured Settlements are endorsed by both the American Association of People with Disabilities (AAPD) and the National Organization on Disability (NOD). These experts all support structured settlements because they offer many benefits to injured people and their families, and represent an efficient and effective process for Defendants and Insurers. Structured settlements also help preserve taxpayer dollars and reduce the burden on courts.

**Contact your Arcadia  
consultant today for assistance  
with a structured settlement,  
or visit [teamarcadia.com](http://teamarcadia.com)**

## WHAT TYPES OF CASES CAN BENEFIT FROM STRUCTURED SETTLEMENTS?

- General Liability
- Medical Malpractice
- Auto Liability
- Workers' Compensation
- Maritime
- Railroad
- Government
  - US Department of Justice
  - Municipalities
- Non-Qualified/Non-Physical Injury Cases
  - Employment Cases
  - Attorneys' Fees



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