



Structured Settlements

*Security After
Catastrophic Injury
and Wrongful Death*

Medical science is creating longer, healthier living for accident victims...

"Catapulted by advances in biotechnology, scores of researchers have begun to pinpoint genes that may prolong human life while delaying its late-stage diseases. Their remarkable successes in laboratory animals [has produced] worms that live four times longer than normal."

Source: Associated Press

"[A newly developed class of drugs called statins] might save your life, whatever your problem. Not only does it lower cholesterol levels and sharply reduce the risk of heart problems and angina; it may have benefits for many other diseases too, from dementia, multiple sclerosis and arthritis to macular degeneration, osteoporosis and infections. Within months, this drug could be available over the counter."

Source: The Independent (Great Britain)

"The FDA has approved the first of a new class of drugs that starves [cancer] tumors. [In] clinical trials, patients... lived 30 percent longer than those who took standard therapies."

Source: USA Today

Protect that life with a structured settlement

Scientific advances are giving victims of accidents and serious disease new hope for longer living. But these new treatments can be lengthy and expensive. That's why a lifetime structured settlement, with its regular payments free from income taxes, is an ideal way to guarantee long-term financial security.

Physical and emotional harm from a catastrophic injury or accidental death are devastating. Almost as bad is the financial impact, which can quickly overwhelm a lifetime of savings. That's why the federal government encourages structured settlements – to provide a safe, secure financial return for victims and dependents in catastrophic injury and accidental death cases.

Why are structured settlements used so often in catastrophic cases?

In catastrophic injury and death cases, losses can be enormous and long term. A severely injured child, for example, might need lengthy rehabilitation. The accidental death of a spouse might mean a family goes without income and employer-paid healthcare for years. Given most families' expensive long-term liabilities in these cases, there is little or no margin for financial error after a lawsuit settlement. That's why tax-free structured settlements are so popular. Backed by tough federal and state regulations that provides a high standard of financial security, these settlements allow family members to concentrate on other life needs.

But are structured settlements really appropriate for cases involving long-term damages?

The proof of structured settlements' value is best shown by what plaintiffs themselves choose when settling catastrophic cases. Insurance statistics show that a structured settlement is more than four times as likely to be used to settle a claim greater than \$1 million than it is for claims under \$100,000. And an independent survey of injury and wrongful death settlements concluded, "The average payment in claims involving structured settlements . . . was more than 59 percent greater than the average payment for claims paid in a single lump-sum." Since that survey, annual production for structured settlements has risen more than 50 percent, to approximately \$6 billion a year. So clearly, plaintiffs in large claim cases are taking advantage of the opportunity to structure their settlements.

My lawyer tells me that catastrophic cases often take a long time to settle. Can a structured settlement help?

Yes. In addition to their tax-free advantages, structured settlements can speed up resolution of catastrophic cases. During pre-trial negotiation, you and your attorney can create a sample

structured settlement payment stream to meet your basic needs. This should include your living expenses as well as ongoing medical costs (for example, wheelchair replacement and rehabilitation). You can also include future payments for such expenses as college education. This focus on your losses and needs has been shown to push cases toward resolution without putting you through the emotional strain of a trial.

"Many government benefits for people with disabilities can be lost if a family member receives outside income. But structured settlements are different. They provide secure income that's not going to go away and doesn't eliminate incentives for anyone in the family to take a job."

Andrew J. Imparato
President, American Association of People with Disabilities

Why not just put the lump sum settlement in investments such as stocks and bonds that provide regular dividends?

First, by federal law, your structured settlement payments are free from federal and state income taxes. Investments in stocks and bonds are subject to taxation, meaning you'll have to earn a much higher return just to take home the same amount. Second, with a structured settlement, your money is guaranteed to arrive on time and in full. World events or financial disasters will not impact your payments! You have no similar security with stocks and bonds.

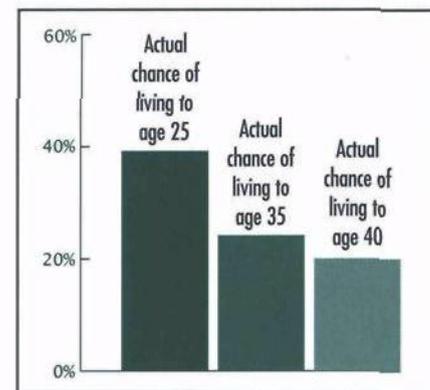
A family member was hurt in a catastrophic injury and faces years of expensive therapy. What kind of guarantees does a structured settlement offer?

With a structured settlement, you may choose payments guaranteed for the life of that family member. This is important because medical advances are making accurate life expectancy predictions increasingly difficult (see chart). By contrast, if you take a lump sum, there's no guarantee of lifetime payments, which may present a serious financial problem if that family member lives longer than expected. In that case, you may have no choice but to pay for treatment yourself, which may be a significant drain on your life savings.

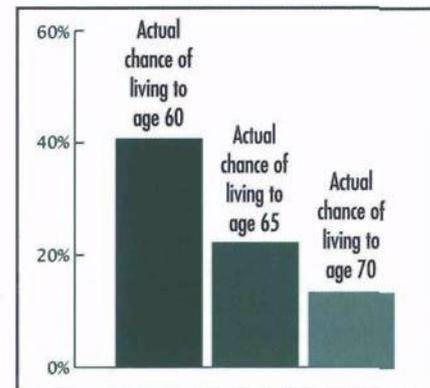
LIFE EXPECTANCY: TOUGHER TO PREDICT THAN YOU THINK

Life expectancy estimates after a catastrophic injury can be extremely difficult and ongoing advances in medical science are likely to make accurate predictions even more uncertain. So if an injury victim outlives a lawsuit settlement, family or dependents may end up paying for the victim's medical and living expenses out of their own pockets.

Victim: 5 year old boy
Accident: Cerebral palsy
Estimated life expectancy: age 25



Victim: 50 year old woman
Accident: Traumatic brain injury
Estimated life expectancy: age 60



Figures are courtesy of The Life Expectancy Project
(LifeExpectancy.org).