



# TAX ADVANTAGES OF A STRUCTURED SETTLEMENT

The charts below demonstrate how much interest you would have to earn in a taxable investment to equal the tax-free structure and the net rate of return you earn on taxable investments. The figures do not include state income taxes, which would make the difference even greater.

## TAXABLE EQUIVALENT YIELD

Compare the higher taxable interest required to equal tax-free structure accumulation at various structure internal rates of return.

Tax - Free Rate	15% Taxable	18% Taxable	28% Taxable	31% Taxable	33% Taxable	35% taxable	38% Taxable	40% Taxable
3.0%	3.53	3.66	4.17	4.35	4.48	4.62	4.84	5.00
4.0%	4.71	4.88	5.56	5.80	5.97	6.15	6.45	6.67
5.0%	5.88	6.10	6.94	7.25	7.46	7.69	8.06	8.47
5.5%	6.47	6.71	7.64	7.97	8.21	8.46	8.87	9.32
6.0%	7.06	7.32	8.33	8.70	8.96	9.23	9.68	10.17
6.5%	7.65	7.93	9.03	9.42	9.70	10.00	10.48	11.02
7.0%	8.24	8.54	9.72	10.14	10.45	10.77	11.29	11.86
7.5%	8.82	9.15	10.42	10.87	11.19	11.54	12.10	12.71
8.0%	9.41	9.76	11.11	11.59	11.94	12.31	12.90	13.56
8.5%	10.00	10.37	11.81	12.32	12.69	13.08	13.71	14.41
9.0%	10.59	10.98	12.50	13.04	13.43	13.85	14.52	15.25
9.5%	11.18	11.59	13.19	13.77	14.18	14.62	15.32	16.10
10%	11.76	12.20	13.89	14.49	14.93	15.38	16.13	16.95
11%	12.94	13.41	15.28	15.94	16.42	16.92	17.74	18.64
12%	14.12	14.63	16.67	17.39	17.91	18.46	19.35	20.34

## Net Taxable Yields

This table shows the after - tax yields on a taxable interest rate. Would you be better off with a structure?

Tax - Free Rate	15% Taxable	18% Taxable	28% Taxable	31% Taxable	33% Taxable	35% taxable	38% Taxable	40% Taxable
3.0%	2.55	2.46	2.16	2.07	2.01	1.95	1.86	1.80
4.0%	3.40	3.28	2.88	2.76	2.68	2.60	2.48	2.40
5.0%	4.25	4.10	3.60	3.45	3.35	3.25	3.10	2.95
5.5%	4.68	4.51	3.96	3.80	3.69	3.58	3.41	3.25
6.0%	5.10	4.92	4.32	4.14	4.02	3.90	3.72	3.54
6.5%	5.52	5.33	4.68	4.48	4.36	4.23	4.03	3.84
7.0%	5.95	5.74	5.04	4.83	4.69	4.55	4.34	4.13
7.5%	6.38	6.15	5.40	5.18	5.02	4.88	4.65	4.43
8.0%	6.80	6.56	5.76	5.52	5.36	5.20	4.96	4.72
8.5%	7.23	6.97	6.12	5.86	5.69	5.53	5.27	5.02
9.0%	7.65	7.38	6.48	6.21	6.03	5.85	5.58	5.31
9.5%	8.07	7.79	6.84	6.56	6.36	6.18	5.89	5.61
10%	8.50	8.20	7.20	6.90	6.70	6.50	6.20	5.90
11%	9.35	9.02	7.92	7.59	7.37	7.15	6.82	6.49
12%	10.20	9.84	8.64	8.28	8.04	7.80	7.44	7.08



# INVESTMENT COMPARISONS

Amount of Investment: \$100,000

Term of Investment: 30 Years

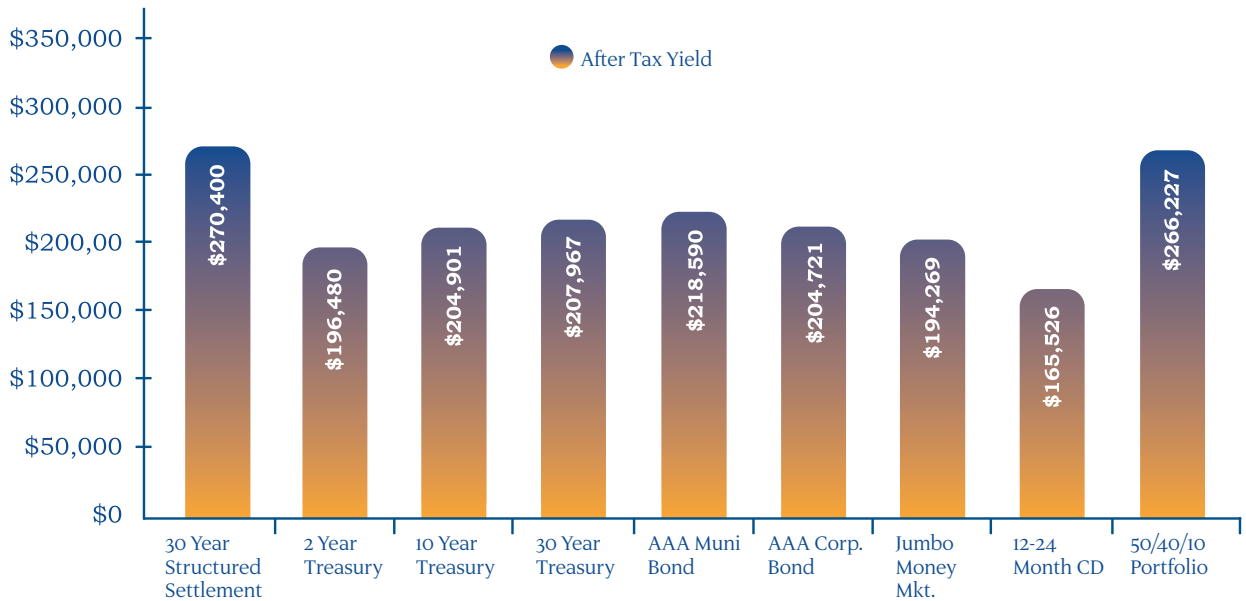
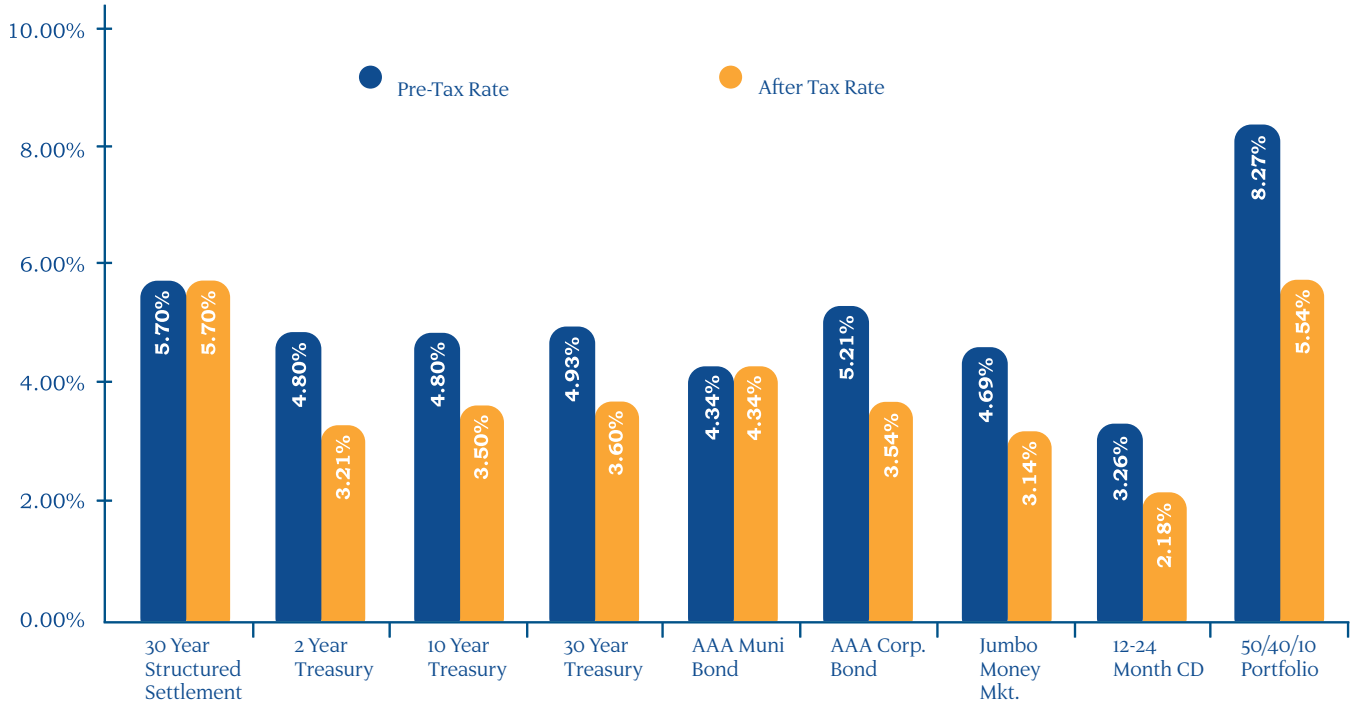
Effective Federal Tax: 27.00%

Effective State Tax: 6.0%

\$100,000 investment recaptured after 30 years

50/40/10 Portfolio - Stocks, Bonds, Money Markets

**\* Note:** - Annual Management Fees And Sales Commissions May Additionally Apply To Non-Structured Settlement Investments.  
All of the charts and information





# TAXABLE PORTFOLIO VS. TAX-FREE STRUCTURED SETTLEMENT

## Taxable Portfolio

The chart on the right compares the returns on two hypothetical \$100,000 settlements. One is invested in conventional taxable investments at an interest rate of 6 percent. The other flows through a structured settlement earning the same rate.

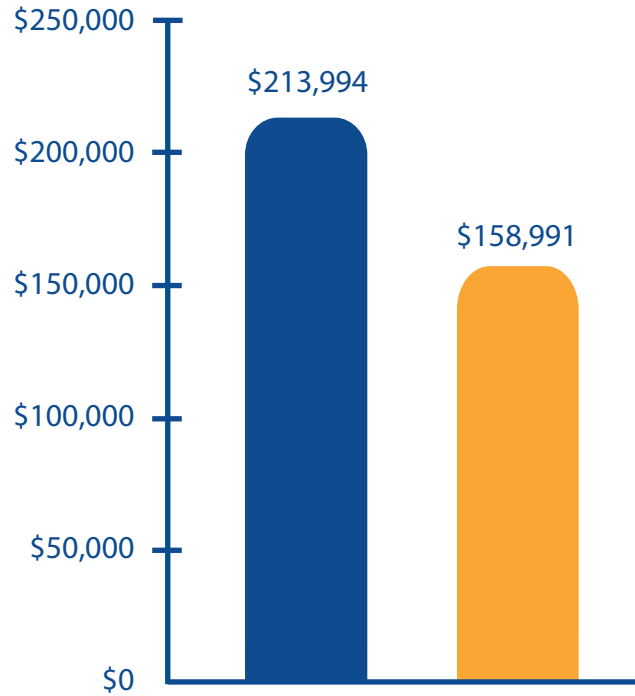
After 20 years, the total net income generated by the lump sum settlement is \$158,991. **By contrast, the total net payout generated by the structured settlement is \$213,994 - a 35 percent increase.**

## Assumptions

Returns on \$100,000 assumes a 27% federal and 5% state income taxes.

Both assume a \$500/month withdrawal for living expenses.

Full cash-out of structure after 20 years.



- Structured Settlement
- Taxable Portfolio



# RETIREMENT SECURITY WITH A STRUCTURED SETTLEMENT

## Retirement Security with A Structured Settlement

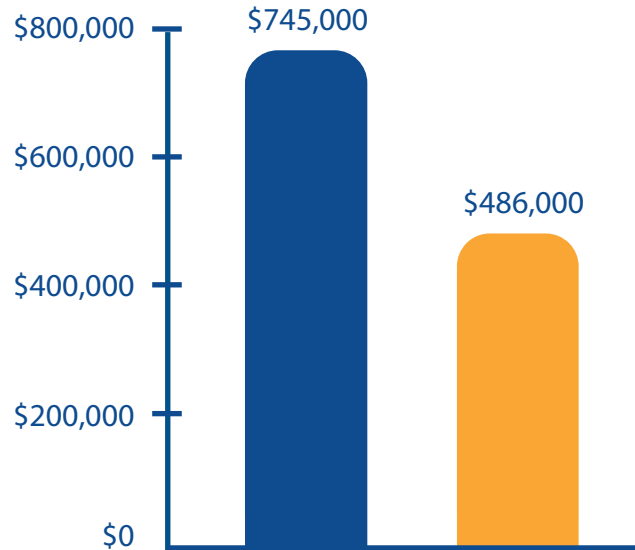
A 55-year-old man is injured in an auto accident. His wife is 53. The couple's attorney negotiates \$250,000 settlement that the couple uses for their retirement when the husband turns 65.

The couple considers two secure investments: corporate bonds and a structured settlement. Compare the dramatic difference in after-tax returns. **The structured settlement provides a 65 percent higher return than corporate bonds and can't be called if interest rates drop!**

### Assumptions:

Assumes husband-wife joint life expectancy of 37 years (based on 1983 IAM mortality table). \$250,000 settlement is sufficient to guarantee \$2,700/month structured settlement payments starting when husband turns 65. Payments guaranteed to continue for as long either spouse is alive.

Corporate bond return assumes a 5.6 percent rate, 27 percent federal tax rate and 5 percent state rate with \$2700 paid out monthly starting when husband turns 65. Total settlement will be gone approximately 15 years after retirement.



● Total Returns (Structured Settlement)

● Total Returns (Corporate Bonds)