

# Structured Settlements



Flexible solutions for  
physically injured parties



**Allstate**<sup>®</sup>  
You're in good hands.

FIN1012-1

Auto Home Life Retirement

# Meeting financial needs with structured payments.

Structured settlements can be used to effectively resolve physical injury claims by combining immediate cash and periodic payments in a way that helps meet the injured party's financial needs.



## A structured settlement can be helpful for injured parties who:

- Want to assure their financial future
- May need funds for future medical reimbursement
- May need funds for future living expenses
- May need assistance to pay for education
- Want to provide for their retirement security

In order to plan for the future, injured parties who receive a structured settlement can choose a combination of periodic payment streams and lump sums, including payments made for the lifetime of the injured party.

## How structured settlements work.

A defendant or insurer may choose to assign its obligation to make the periodic payments to the injured party to an assignment company.

The assignment company will then purchase and own a fixed annuity from Allstate Life Insurance Company (Allstate Life) or Allstate Life Insurance Company of New York (Allstate Life of New York) as the funding vehicle to make the periodic payments to the injured party.

## A structured settlement story.

Matt, a ten year old boy, was physically injured in a car accident. Two years later, Matt's parents were faced with the option of taking a lump sum cash settlement (less attorney fee expenses), where future invested earnings may be taxable, or arranging a structured settlement. The structured settlement option will allow Matt's parents to take an immediate payment to fund attorney fees and other expenses, as well as structure the remaining amount into a stream of future payments that can be designed to meet Matt's specific needs.<sup>1</sup>

In addition to meeting individual needs, structured settlements may offer tax advantages as well.

By choosing a structured settlement, the invested earnings of the remaining settlement amount (less attorney fee expenses and optional immediate payment) will compound tax-free. Also, the future structured payments, under current laws, are generally not subject to federal income tax.<sup>1,2</sup>

1 The benefits paid under these arrangements are generally excludable from gross income pursuant to sections 104(a)(2) and 130 of the Internal Revenue Code. Please consult your legal or tax advisor for specific information.

2 This tax advantage only applies if the structured settlement is chosen at the time of settlement.

After carefully assessing their situation, Matt's parents chose to negotiate the settlement in a structured format. Once they receive the immediate cash portion, the remaining settlement amount is structured into a schedule of guaranteed future payments.<sup>3</sup> A future payment schedule within a structured settlement can be arranged in a variety of ways—making funds available for purposes such as Matt's educational expenses, or basic living requirements.<sup>4</sup>

Matt's parents accept the court-approved structured settlement offered by the defendant. The settlement was structured as follows:<sup>5</sup>

### Immediate Payment:

Attorney fees	\$50,000
Immediate needs	\$25,000
<hr/>	
	<b>\$75,000</b>

### Future Structured Payments:

College tuition annually for four years, beginning at age 18	\$15,000
Post-college living expenses monthly for eight years, beginning at age 22	\$650
<hr/>	
	<b>\$122,400</b>

**Total Payout: \$197,400**

3 Guarantees are based on the claim's paying ability of the issuing insurance company.

4 The arrangement of a future payment schedule within a structured settlement is fixed and determined at the time of settlement and can not be altered in any way.

5 Story is hypothetical and for illustrative purposes only. Results are not necessarily indicative of future performance or success.

## Choosing a company.

When injured parties are making decisions about their financial future, it is important for them to choose companies with a strong tradition of being there when needed; companies that are known for financial stability and reliable customer support. Those companies are Allstate Life and Allstate Life of New York.

Both Allstate Life and Allstate Life of New York are subsidiaries of The Allstate Corporation, a Fortune 100 company that provides insurance protection to approximately 17 million U.S. households, with more than 75 years of combined experience through all types of economic conditions.



# Understand our strengths.

## Industry leaders

Allstate Life and Allstate Life of New York are recognized leaders in both the physical and non-physical structured settlement industry. To date, Allstate Life and Allstate Life of New York have issued over \$8 billion in structured settlement annuities. Combined, they pay out over \$815 million annually to 31,000 structured settlement annuitants.

## Customer support

Our customers have our reassurance that their needs remain our number-one focus. Allstate Life's experienced staff and superior customer service team are dedicated to providing the uncompromising level of service expected from the Allstate name.

## Highest standards

We hold ourselves to the highest standards. Allstate Life is proud to be a member of the National Structured Settlements Trade Association (NSSTA). Our membership signifies our commitment to professionalism, integrity, and fidelity when providing structured settlement services.

This information is provided for general broker educational purposes and is not to be relied upon in any decision whether to enter into a structured settlement arrangement. Allstate Life Insurance Company cannot predict actual tax consequences for any given situation because relevant tax law, which may include statutes, regulations, or rulings, is subject to change. This information is not intended to provide legal, tax or investment advice. For individual advice, a legal or tax advisor should be consulted.



Life insurance and annuities issued by Allstate Life Insurance Company: Northbrook, IL. In New York, Allstate Life Insurance Company of New York: Hauppauge, NY.

©2009 Allstate Insurance Company.

[allstate.com](http://allstate.com)

**FIN1012-1**

7/09