



# VANFLEET SETTLEMENTS, LLC

## CASE MINIMUMS-

- \$10,000.00 is the minimum purchase amount set by the life carriers

## FEATURES-

- Payments are Tax Free- Principle and Interest are paid out tax free as part of each payment
- Guaranteed Fix Annuity- Payments will not fluctuate, they are guaranteed as written in the policy
- Issued by A.M. Best A+ or better life carriers
- High security and low risk investments
- Payments cannot be altered or drawn on after the annuity policy is issued (policies have no cash value)
- Plaintiff can name a beneficiary; minors' default to their estate until they are 18, and then can change

## QUALIFYING CASES-

- Structured settlements can only be utilized in tort claims where a Personal Physical Injury has been suffered, within the meaning of IRC 104(a)2. In order to be excluded from gross income, damages flowing from tort claims must have a physical injury or physical sickness at their origin. (i.e.- wrongful death)
- A structured settlement must be part of a settlement. Verdicts and Awards can only utilize a structured settlement in certain circumstances, in which there is an appeals process going.

## PARAMETERS-

- The defense/insurer must agree to make the periodic payments as part of the settlement, at which time the obligation of the periodic payments is created
- The defense/insurer must fund the obligation directly with the Assignment Company (each life carrier has one)
- The defense/insurer must sign a Qualified Assignment to make such an assignment (and transfer the obligation)
- Language must be incorporated into the Settlement Agreement and Release
- Language must be incorporated into the Order if the settlement involves a minor/ incapacitated adult

Constructive receipt of the settlement funds by the plaintiff or their attorney will eliminate the option of purchasing a structured settlement. To preserve the exclusion from gross income provided by section 104(a)(2). The plaintiff can only have a right to receive periodic payments and not the actual or constructive receipt or the economic benefit of the lump-sum amount that was invested to yield that monthly payment. (Plaintiffs do not own the annuity policy, they are simply the Payees)

Defense may request their broker be used in establishing the structure. However, this does not inhibit the Plaintiffs from seeking the services of a Plaintiff Broker that can ensure their interests are protected. It is a common practice to have two brokers involved in a case. Simply let the defense know you will be contacting your own broker and obtain the name of their broker they wish to have involved.

## MINORS-

Courts usually allow two options – 1) Court Restricted Accounts 2) Structured Settlements

Structured Settlements offer:

- Higher returns on a tax-free basis
- Allow parents to spread out the funds, as opposed to the minor receiving all the funds at 18
- Protect funds from being invaded by guardians



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## **IRS CODE- TAX FREE- IRS CODE- Section 104(a)**

Excludes from their gross income monies received for physical injuries or sickness whether by suit or agreement and whether as lump sums or as periodic payments.

(1) amounts received under workmen's compensation acts as compensation for personal injuries or sickness;

(2) the amount of any damages (other than punitive damages) received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal physical injuries or physical ickness.

## **BROKERS-**

- Only brokers appointed individually by each carrier can offer Structured Settlement Annuities
- All brokers have access to the same rates offered by the life carriers. Life carrier issues the same rates to all of their licensed brokers. Of course, it is up to the individual broker to ensure they present the life carrier with the best rates to the Plaintiff.
- All brokers are compensated directly by the life carriers. Structured settlement brokers receive a standard fixed percentage based on the annuity premium placed with the life carrier.