

# Structured Settlements Overview

Metropolitan Tower Life Insurance Co.

Since entering the marketplace, we have provided financial security through structured settlement annuities for the claimants of personal physical injury lawsuits. Clients look to us for our expertise and ability to create customized, tailored solutions.

Our clients know they can count on us for financial stability and appreciate the security of a trusted company. Our financial strength ratings are among the highest in the industry.<sup>1</sup>

## What is a structured settlement?

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A structured settlement is an agreement between a claimant and a defendant under which the claimant receives a settlement award in the form of a stream of periodic payments. A structured settlement may be agreed to privately, in a pre-trial settlement, or may be required by a court order, which often happens with judgments involving minors.

In 1982, Congress passed legislation affirming that claimants in personal injury, wrongful death and worker's compensation lawsuits could receive their settlement awards as streams of tax-free income payments through a structured settlement annuity. Prior to the legislation, settlements were awarded as single lump sums, and claimants were often burdened with the task of managing the money themselves. Structured settlements provide a solid foundation for future financial security. It is important to carefully evaluate the choices available and decide which payment option is most appropriate.

## Benefits of a structured settlement

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### Tax-free income.

A structured settlement is a one-time opportunity to settle a personal physical injury claim, including wrongful death, with tax-free benefit payments.<sup>2</sup> It is tax-free based on Section 104(a)(2) of the Internal Revenue Code. By contrast, the investment earnings on a lump sum payment are usually fully taxable.<sup>3</sup>

### Predictable income.

Guaranteed structured settlement payments can provide claimants with predictable income for the rest of their lives. These payments can be customized to fit their financial needs.

### Guaranteed payments for life.<sup>4</sup>

The availability of lifetime payments can be of critical importance to claimants, since lifelong income can provide them with increased financial security. Now that people are living longer, many people are concerned about outliving their savings.

### Payments to the beneficiary.

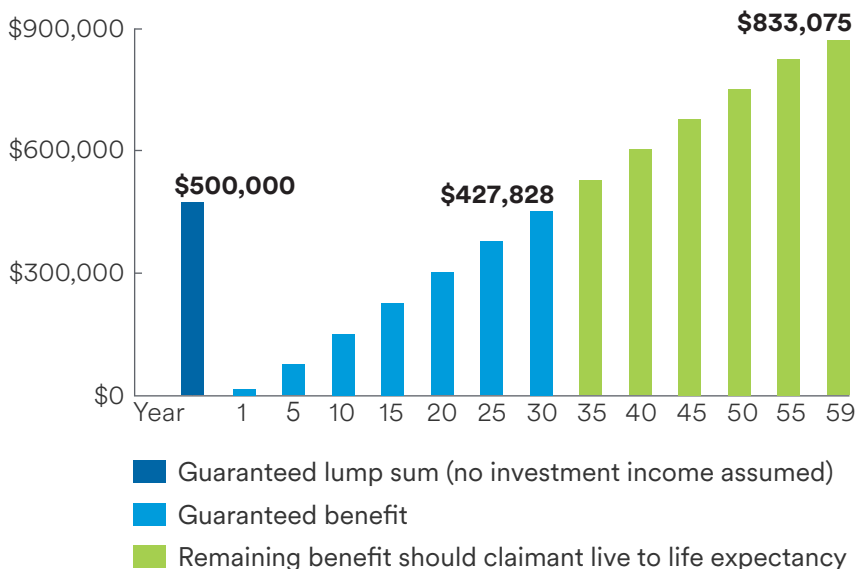
Guaranteed structured settlement payments can be received by the named beneficiary on a tax-free basis.<sup>4,5</sup> If a claimant accepts a settlement in a lump sum, there is no guarantee that there will be money available for a named beneficiary after the claimant's death.

## Compare the benefits

### Example

Consider the difference between a lump sum settlement of \$500,000 versus purchasing a structured settlement annuity. The settlement, when used to purchase a 30-year certain and life structured settlement annuity with \$500,000 for a 21-year-old male, will provide \$1,188 per month and a total guaranteed payout of \$427,828. If the claimant lives to life expectancy, the total payout would be \$833,075.

### Lump sum settlement of \$500,000 versus purchasing a structured settlement annuity



Based on rates in effect June 4, 2020. All rates are subject to change. This chart shows an example of how a lump sum payment and a 30-year term certain and life annuity compare. Returns shown are hypothetical and are not intended to represent returns on any MetLife product.

## Our advantage

### Simple and Easy

- Our superior service makes it easier for you to do business
- The settlement solution is tailored to meet the claimant's specific needs

### Expertise

- Work with our dedicated team of specialists
- We have a strong experience navigating changing market conditions

### Trustworthy

- We are committed to the structured settlement market
- Our company's financial strength is consistently rated highly by major rating agencies<sup>1</sup>

1. For current ratings information and a more complete analysis of the financial strength of Metropolitan Tower Life Insurance Company, please go to [www.metlife.com](http://www.metlife.com) and click on "About Us," "Corporate Profile," "Ratings."
2. This tax exclusion does not apply to payments received for punitive damages or to damages received on account of medical expenses previously deducted on Federal tax returns. The tax law is subject to change and to different interpretations. We do not provide tax advice.
3. As described by the National Structured Settlements Trade Association.
4. Guarantees are subject to the financial strength and claims-paying ability of Metropolitan Tower Life Insurance Company.
5. Federal and State Estate Taxes may be due upon death based on the value of any remaining payments.

[metlife.com/structuredsettlements](http://metlife.com/structuredsettlements)

Any discussion of taxes is for general informational purposes only and does not purport to be complete or cover every situation. Metropolitan Tower Life Insurance Company, its agents and representatives may not give legal, tax or accounting advice and this document should not be construed as such. You should confer with your qualified legal, tax and accounting advisors as appropriate.

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