

MARKET-BASED STRUCTURED SETTLEMENTS: FIXED IN UNITS

Market-Based Fixed & Determinable

- IRC Section 130(c)(2)(A) requires payments be “fixed and determinable as to the amount and time of payment”.
- Internal Revenue Service refined definition in a series of private letter rulings. PLR 199943002 (variable annuities) and 201435006 (fixed annuity with index-linked adjustment rider).
- Fixed obligations must be set forth in the terms of the settlement agreement; and
- Determinable payments that can be calculated based on an objective formula.

Units: Settlement dollars are allocated as \$10 units and the unit value at the time payments are due is determined by the underlying investment. At the time of the settlement the plaintiff decides how many units are to be paid and when. Payment options include quarterly, semi-annually, annually and/or lump sums.

Example: $\$250,000 \div \$10 = 25,000$ units

Fee Structure Plus®:

Income & Tax Deferral for any Contingency Attorney Fee

- For the contingency fee attorney looking for tax-deferral and potential market-based returns
- Defer unlimited amounts of fee income unlike other capped programs
- 1099 sent in year(s) of distribution and taxed as ordinary income
- Take full advantage of tax-deferred investment growth
- \$100,000 minimum

Settlements Plus™:

Tax-free or Tax-Deferred payments for the Plaintiff

- For the plaintiff who is looking for potential market-based returns and does not need guaranteed payments
- Tax exempt for 104(a) cases or Tax-deferred for non-104(a) cases
- \$250,000 minimum

Open Architecture

- Funds invested with the risk/return profile desired by the plaintiff or attorney
- Low cost model portfolios available thru our program administrator
- Client can use their own financial advisor allowing investment to work in conjunction with their specific needs and overall wealth management strategy.

CONTACT US TO LEARN MORE: (800) 791-0594 or info@cornerstonesettlements.com
