National
Structured Settlements
Trade Association

Structured Settlements: Financial security when your whole life is in front of you

No one likes to think about sudden injuries and that's especially true for people in their 20s and 30s. But disability and rehabilitation frequently become expensive facts of life. Among today's 20-year-olds, according to a 2012 Social Security projection, more than one in four will become disabled before reaching age 67.

Adding to this concern is that most Americans do not have adequate financial protection against long-term medical and rehabilitation costs. Federal statistics suggest that fewer than one in three private sector workers has long-term disability insurance.

Regardless of your age, a structured settlement after an injury offers the potential of a permanent solution for your lifelong financial needs. Every structured settlement is custom-designed with payments varying depending on your age and injury. Here's what you gain with a structured settlement:

- Payments tailored for your future needs;
- Financial security;
- Income completely exempt from federal and state taxes;
- Preserved eligibility for Medicaid and other benefit programs based on financial need.

"After my accident, I had to endure almost two years of legal battles before reaching a settlement. It's hard to describe the constant emotional toll from this process. It drains you physically and emotionally. I chose a structured settlement because it was the best way to fund my rehabilitation and guarantee that I'll have enough money to raise my kids properly. There's a tremendous self-confidence that builds inside you when you know that you can control your future through these guaranteed payments. Self-confidence and control — that's what my structured settlement means to me."

– **Todd Henderson**
Auto accident survivor and
structured settlement beneficiary

You've been injured. Now what?

If tragedy strikes in your 20s or 30s, the financial implications can leave little margin for error. In addition to the high unemployment rate among those under 30, younger Americans face increasing burdens from such expenses as rent, car payments, and insurance.

For many, the largest burden of all involves student loan repayment. In 2010, new graduates left school with an average of more than $25,000 in debt. Worse, more than 25% of the nation's 37 million student loan borrowers have past due balances.

A structured settlement is an ideal way to create the financial security you want after an accident. Working with a structured settlement professional, you can design a plan that provides tax-free income tailored to your needs.

- **Monthly income to cover rent and insurance**. Or you might design occasional larger payments to cover tuition if you plan to go back to school to learn a technical skill or earn an additional degree. You could also include a lump sum, paid in your early 30s, for a mortgage downpayment.
- **Defer payments until closer to retirement**. Deferral would make the income stream larger yet it would remain tax-free. With increased concerns over Social Security's solvency, this strategy has clear financial appeal. Also, your structured settlement payments aren't subject to Social Security withholding.
- For parents of small children, **defer payments until the children are ready for college**. This guarantees that you'll have a financial cushion to pay college expenses.
- **Modest upfront payments but only for a short time**. This short-term tax-free income is a common strategy that provides a useful cushion as you learn a new trade or prepare to reenter the workforce.