American General Structured Settlements: Attorney Fees[1]

Structuring your attorney fees is a smart and secure way for you to leverage the money you earn today for the expenses you will incur tomorrow. It also provides peace-of-mind because the money remains safe despite market fluctuations and instability. By following some simple procedures, understanding the tax rules and knowing the benefits, you can help to ensure that you will have financial freedom long after you retire or begin a new chapter in your life.

Structuring your fees is forward thinking

Whatever your goals may be, a structured settlement could help you get there, and it is easier to use than you think.

Structuring your fees allows you to plan and prepare for long-term personal and professional financial goals. In fact, many of the same benefits offered to your clients in the form of structured settlements are available to you. In addition to the future benefits, there are also immediate rewards for structuring your fees.

Reasons to consider a Structured Settlement

- Maximize retirement savings
- Prepare for a child's education
- Invest in a second home
- Fulfill future travel goals
- Create a financial legacy

Structuring your fees is accepted practice

For more than two decades, there has been legal precedent for structuring attorney fees. In Childs v. Commissioner[2], annuities were purchased to fund periodic payments to both the plaintiff and attorney, including an assigned annuity under IRC § 130, and annuities purchased and owned by the Defendants. In both transactions, the Court ruled that the payments due to the attorney were unsecured and not includable in income under IRC §83 in the year the settlement was executed. The Court also ruled that the doctrine of constructive receipt did not apply because the attorneys had no right to receive their fees prior to the time the agreement establishing a structured settlement became effective.

To ensure close adherence to the opinion of the Court in this case, American General follows the ruling. The attorney's reliance on a company's promise to pay benefits, without having any ownership interest (i.e. secured creditor) in the annuity contract, is of greatest importance in order for the attorney to receive the tax deferral benefits.

Contact information

American General Structured Settlements
(800) 288-4066
structuredquotes@corebridgefinancial.com

[1] This brochure is provided for informational purposes only. It does not provide a full discussion of issues associated with attorney fee structures. Please consult your personal tax advisor for specific questions.

[2] 89 F.3d 856 (11th Cir. 1996)

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Structuring your fees is beneficial

Tax benefits: Tax-deferred benefits provide financial options

- Structuring fees may reduce your taxable income
- By deferring income until later in life, you may be able to take advantage of a lower tax rate
- Taxes are not be incurred until you actually receive or constructively receive the annuity payments[3]

Flexibility: Structure your payout according to your needs

- Predetermined payments for peace-of-mind
  - Supplement retirement income
  - Steady income stream for business overhead costs
- Savings vehicle
  - Can be structured like a bond with periodic payouts and a return of principal at the end of the term

Lump-sum payouts: For essentials or enjoyment

- College tuition costs
- Mortgage reduction or pay-off
- Dream vacation or luxury purchase

Hassle-free planning: With long-term rewards

- The receipt of an annuity does not require a financial planner
- Prevents dissipation of large case payouts

Structuring your fees is secure

Structuring your fees helps ensure that the money will be there when it serves you best. Even through market downturns and fluctuations, your money will be secure in the annuity. There are no age requirements for payments to begin and the payouts will remain predictable regardless of market performance.

Together, American General Life Insurance Company and The United States Life Insurance Company in the City of New York have written more structured settlement annuities than any company in the nation. The money you structure is safe and secure.

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[3]Priv. Ltr. Rul. 200836019 (June 2 2008). However, Private Letter Rulings may not be cited or relied upon as precedent. See IRC §6110(k)