



structured **settlement vs bank trust**

Issue/Concern	Structured Settlement	Bank Trust
What types of securities/insurance products support the payments?	A fixed annuity contract issued by a life insurance company.	For cases involving incompetent individuals, minors or serious injuries, investments may be restricted to federally insured products (i.e., certificates of deposit). For others, any investment may be used—fixed income, stocks, bonds, and mutual funds. These securities are NOT F.D.I.C. insured.
Can this option provide a stable, lifetime income?	Yes. Payments and distribution schedule are determined up front. Can provide a dependable, predictable income stream that you cannot outlive.	Any income or return will depend on the type and performance of the underlying investments.
Is there a guarantee with this option?	Yes. The annuity issuer guarantees payments as provided by the terms of the structured settlement agreement. Guarantee is based on the claims-paying ability of the issuer.	Federal Deposit Insurance Corporation (FDIC) insures up to \$100,000 on Treasuries and C.D.s. Any other investments are NOT guaranteed.
What are the costs and fees associated with this option?	No additional cost to annuitant.	Bank management fee of 1-1.25% of asset value per year, every year. Transaction processing costs for securities purchases. Management fees from the various securities in which the Trust invests (i.e. 12(b) 1 fees on mutual funds).
Will this option keep pace with inflation?	A cost of living adjustment (COLA) feature is available that can help offset the effects of inflation. This option must be elected when the settlement is designed.	It depends on the performance of the underlying securities.
What are the tax consequences?	Income provided by a qualified structured settlement is TAX-FREE , provided the damages received as periodic income (other than punitive damages) are the result of personal physical injuries or physical illness or wrongful death.	Generally, income generated is FULLY TAXABLE (except some income from tax-free municipal bonds). Capital gains taxes may apply when securities are sold.
Is this option affected by market fluctuations?	No. Benefit payments are determined and fixed.	Payment amounts are fixed, but how long they last may be affected by the performance of the underlying securities.
Can I make changes to this option after I select it?	No. Payment amount and schedule are fixed and may not be changed or accelerated.	It depends on the types of securities and the terms of the trust. Payments may be withheld at Trustee's discretion.