



Structured Settlements Attorney fees

Benefits of structuring attorney fees

As an attorney, you can enjoy some of the same benefits as your clients by electing to receive your contingent fees in future periodic payments. This treatment allows for the recognition of taxable income as payments are received, as opposed to immediate taxation of the entire fee. The periodic payments are funded through the purchase of an annuity from Liberty Life Assurance Company of Boston and can be customized to fit your unique financial needs.

How it works

Liberty Life utilizes a non-qualified assignment for all structured attorney fees. As a result, this arrangement is available for a wide range of cases from personal injury to taxable damage settlements.

Liberty Life also offers structured attorney fees on a stand-alone basis providing you with the opportunity to take advantage of this valuable deferral tool, even if your client does not. In addition, payments can be made to you or your firm.

Tax advantages

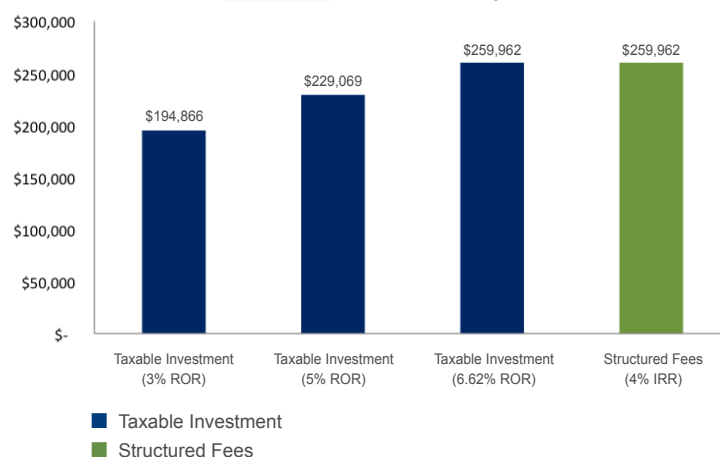
Electing to receive periodic payments prior to settlement provides an opportunity to receive income in a more tax-efficient manner. The hypothetical example at right illustrates **after-tax** income from a structured attorney fee compared to income from a taxable investment account.

Assumptions

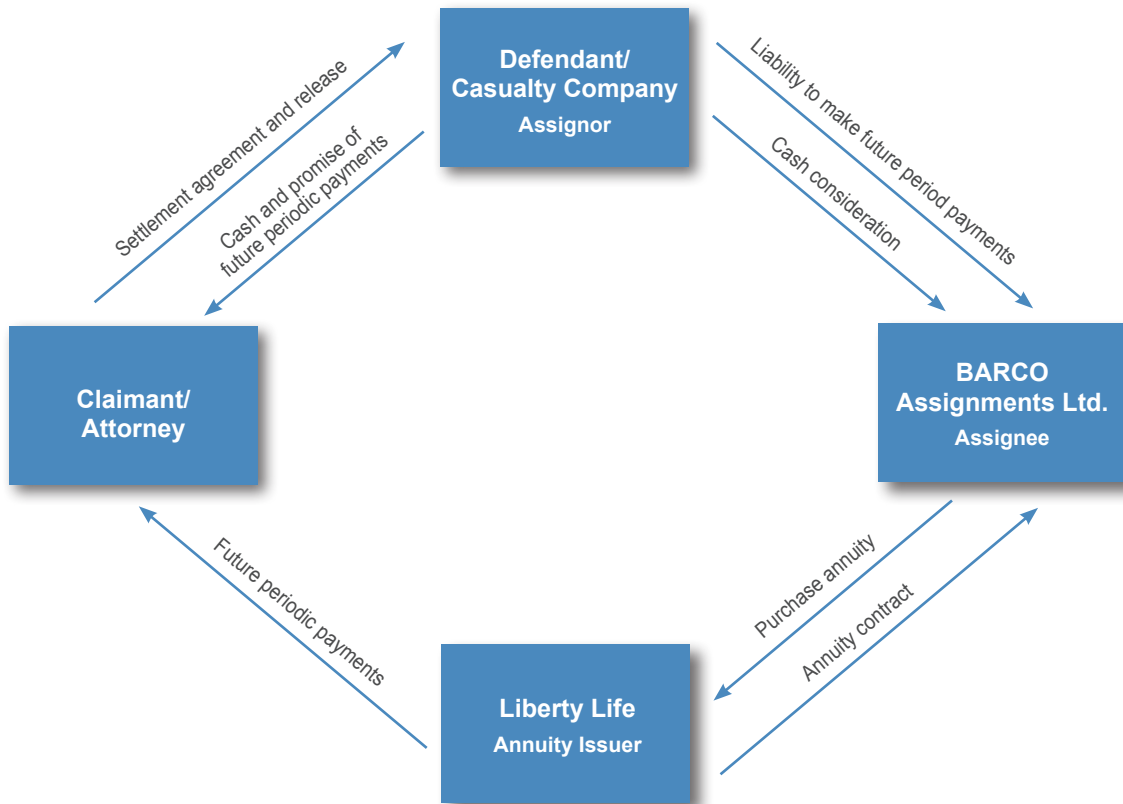
- Attorney fee of \$250k to be paid out in level annual payments starting in five years for a twenty year period certain
- Assumed to be in top tax bracket using 39.6%
- Structured fees earning 4% Internal Rate of Return (IRR) yielding \$12,998 of after-tax annual income
- Taxable investments earning a 3%, 5% or a 6.62% Rate of Return (ROR) yielding \$9,743, \$11,453, and \$12,998 of after-tax annual income, respectively
- Taxable investment earning 6.62% ROR required to achieve the same Total After-Tax Payments of a structured settlement

Analysis

Total After-Tax Income Comparison



Non-qualified assignment process



- Once all parties have agreed on the periodic payment plan, the obligor assigns its obligation to BARCO and is responsible for executing the assignment agreement.
- BARCO funds the payment obligation by purchasing an annuity contract from Liberty Life.
- Liberty Life issues the annuity contract to BARCO, as owner.
- Liberty Life will issue to the payee a Notice of Financial Commitment and will begin making payments according to the terms of the assignment agreement.

Financial commitment

Liberty Life provides a financial commitment to BARCO for each of its non-qualified assignment obligations. Liberty Mutual Insurance Company offers additional security through a guarantee of Liberty Life's payment obligations.

For more information
contact us at
LibertyStructured@LibertyMutual.com

Attorneys considering a structured settlement of attorney fees should consult with their tax advisors regarding any tax implications.

Structured settlement annuities are written by Liberty Life Assurance Company of Boston, a Liberty Mutual company. Home office: Boston, Mass. Service center: Dover, N.H.

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