MetLife

MetLife Structured Settlements

MetLife — A pioneer and leading provider of structured settlements for over 30 years.

Why a MetLife Structured Settlement?

Since entering this marketplace in 1983, MetLife has provided financial security through structured settlement annuities for the claimants of personal physical injury lawsuits. For over 30 years, clients have looked to MetLife for our expertise and ability to create customized, tailored solutions.

Through our industry relationships, over 22 billion dollars in settlements have been placed with us. Clients know they can count on MetLife's 145-year reputation for financial stability and appreciate the security of a known and trusted company. MetLife's financial strength ratings are among the highest in the industry.[1]

What is a Structured Settlement?

A structured settlement is an agreement between a claimant and a defendant under which the claimant receives a settlement award in the form of a stream of periodic payments. A structured settlement may be agreed to privately, in a pre-trial settlement, or may be required by a court order, which often happens with judgments involving minors.

In 1982, Congress passed legislation affirming that claimants in personal injury, wrongful death and worker's compensation lawsuits could receive their settlement awards as streams of tax-free income payments through a structured settlement annuity. Prior to the legislation, settlements were awarded as single lump sums, and claimants were often burdened with the task of managing the money themselves. In fact, a substantial number of accident victims completely dissipate their recoveries soon after receipt.[2]

Structured settlements provide a solid foundation for future financial security. It is important to carefully evaluate the choices available and decide which payment option is most appropriate.

A structured settlement creates a stable and guaranteed financial future for the claimant.

Benefits of a Structured settlement

Tax-free income.
A structured settlement is a one-time opportunity to settle a personal physical injury claim, including wrongful death, with tax-free benefit payments.[3] Section 104(a)(2) of the Internal Revenue Code states that the full amount of the structured settlement payments is tax-free. By contrast, the investment earnings on a lump sum payment are usually fully taxable.[4]

Customized payment streams.
A MetLife structured settlement can be tailored to meet a claimant's specific needs. Payments can be scheduled for almost any length of time, including over a claimant's lifetime. Payments can be made in equal amounts or can vary over time, and can begin immediately or be deferred. Payments can also be designed with escalators and benefit increases to address future inflation concerns, and may be scheduled to include future lump sum payouts for things such as necessary medical care or equipment, a down payment on a house, or educational needs for children.

Payments for as long as the claimant lives.
In times of increasing longevity, when many people are concerned about outliving their savings, the availability of lifetime payments can be of critical importance to claimants. Lifelong income can provide a claimant with increased financial security.

Payments to the beneficiary.
If a claimant accepts an all-cash settlement, there is no assurance that funds will remain after death for a named beneficiary. However, guaranteed structured settlement payments can be received by the named beneficiary on a tax-free basis.[5,6]

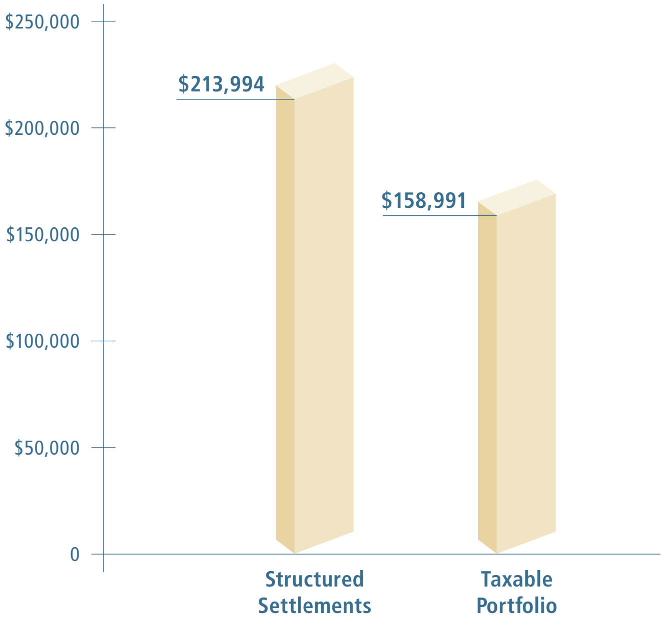
Compare The Benefits

Example One
Compare the returns on two hypothetical $100,000 settlements. One is invested in conventional taxable investments at an interest rate of 6 percent. The other flows through a structured settlement earning the same rate (expressed as an internal rate of return).

After 20 years, the total net income (after income taxes) generated by the lump sum settlement is $158,991. By contrast, the total net payout generated by the structured settlement is $213,994 — a 35 percent increase.

The tax rate assumed is a hypothetical rate as it might apply to one's marginal taxable income after taking into consideration all taxes owed in a given year. Your actual taxes in a given year may be higher or lower and will vary from year to year depending on your income level, sources and types of income, tax deductions, tax credits, state income taxes, applicability of the alternative minimum tax and other factors that affect your tax rate. Tax laws are subject to change.

Taxable Portfolio vs. Tax-free Structured Settlement[7]



Assumptions

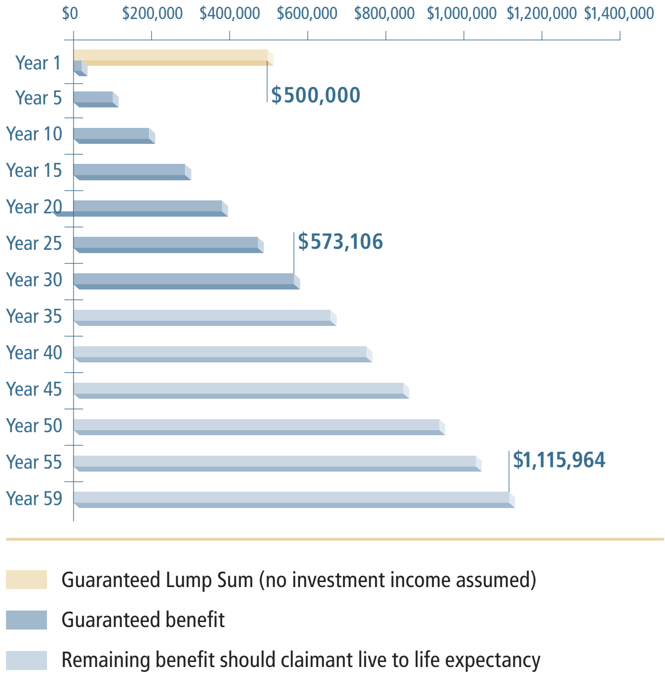
- Returns on $100,000 assume 27% federal and 5% state income taxes.
- Both assume a $500/month withdrawal for living expenses.
- Full cash-out of structure after 20 years.

Source: NSSTA Website

Example Two

Consider the difference between a lump sum settlement of $500,000 versus purchasing a structured settlement annuity. The settlement, when used to purchase a 30-year certain and life structured settlement annuity with $500,000 for a 21-year-old male, will provide $1,592 per month and a total guaranteed payout of $573,106. If the claimant lives to life expectancy, the total payout would be $1,115,964.

Lump Sum Settlement of $500,000 versus Purchasing a Structured Settlement Annuity[8]



Any discussion of taxes is for general informational purposes only and does not purport to be complete or cover every situation. MetLife, its agents and representatives may not give legal, tax or accounting advice and this document should not be construed as such. You should confer with your qualified legal, tax and accounting advisors as appropriate.

All guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company.

1 For current ratings information and a more complete analysis of the financial strength of MLIC, please go to www.metlife.com and click on "About MetLife," "Ratings."

2 The Rutter Group, Ltd. From Flahavan, Rea, Kelly, "California Practice Guide: Personal Injury" (2004).

3 This tax exclusion does not apply to payments received for punitive damages or to damages received on account of medical expenses previously deducted on Federal tax returns. The tax law is subject to change and to different interpretations. MetLife does not provide tax advice.

4 As described by the National Structured Settlements Trade Association.

5 Guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company. MetLife guarantees payment of a MetLife annuity issued to a wholly-owned subsidiary. Ratings are only applicable to MetLife guarantees.

6 Federal and State Estate Taxes may be due upon death based on the value of any remaining payments.

7 This chart shows an example of how a structured settlement compares to a one-time payment. Returns shown are hypothetical and are not intended to represent returns on any MetLife product.

8 Based on rates in effect January 14, 2015. All rates are subject to change. This chart shows an example of how a lump sum payment and a 30-year term certain and life annuity compare. Returns shown are hypothetical and are not intended to represent returns on any MetLife product.

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OVER 30 YEARS STRUCTURED SETTLEMENTS

MetLife

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