



Today's Work, Tomorrow's Reward

**American  
General**  
Life Companies



What are you saving for?



- Is it your retirement?
- Perhaps it is your child's education?
- Are you hoping to own a second home someday?
- Or are you hoping to leave a legacy to your heirs?
- Maybe it is all of these.
- Whatever your answer is, you cannot have enough income streams for your future.

Fortunately, there is an alternative tool at your disposal and it is easier to use than you think.

**American General Life Companies'  
Attorney Fee Program** <sup>[1]</sup>

Structuring your 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.

[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.



## Structuring your fees is permitted.

For more than a decade, there has been some legal precedent for structuring attorney fees. In *Childs v. Commissioner* <sup>[2]</sup>, annuities were purchased to fund periodic payments to both 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 that it adheres closely to the opinion of the court in this case, **American General Life Companies** follows the ruling of the Childs case. 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 paramount importance in order for the attorney to receive the tax deferral benefits.

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



## Structuring your fees is smart.

Structuring 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 long-term benefits, there are also immediate rewards for structuring your fees.

### ■ **Tax benefits:** Tax-deferred benefit provides financial options

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

### ■ **Flexibility:** Structure your payout according to your needs

- Regimented 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 necessity or reward items (if scheduled at the time of settlement)

- College tuition costs
- Pay off mortgage
- Dream vacation or luxury item

### ■ **Hassle-free planning** with long-term rewards

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

[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).



Structuring your fees is secure.

Structuring your fees ensures that the money will be there when you need it most. Even if there are market downturns and wild 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 **American International Life Assurance Company of New York** have written more structured settlement annuities than any company in the nation. The money you structure is totally safe and secure.





## What do I need to do?

Let the hard work you are doing today continue to reward you well into the future. For more information on structuring your fees and to see some examples of how it works visit [www.structuremyfees.com](http://www.structuremyfees.com).

Annuities issued by:

**American General Life Insurance Company (AGL)**

2727-A Allen Parkway, Houston, Texas 77019

Contract Number: 01015

**American International Life Assurance Company of New York (Allife)**

80 Pine Street, New York, NY

Contract Number: SSA-202

The underwriting risks, financial and contractual obligations and support functions associated with the annuities issued by AGL or Allife are each insurer's own responsibility. Allife is authorized to conduct insurance business in New York. Policies and riders not available in all states.

Guarantees are subject to the claims-paying ability of the issuing insurance company.

American General Life Companies, [www.americangeneral.com](http://www.americangeneral.com), is the marketing name for the insurance companies and affiliates comprising the domestic life operations of American International Group, Inc., including AGL and Allife.

This contract is not insured by the FDIC, the Federal Reserve Board or any similar agency. The contract is not a deposit or other obligation of, nor is it guaranteed or endorsed by, any bank or depository institution.

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