

Investment Options

PRODUCT	STRUCTURED SETTLEMENTS	BANK TRUST	MUTUAL FUND	MUNICIPAL BONDS	CERTIFICATE OF DEPOSIT
What are the tax consequences?	Income provided by a qualified structured settlement under Section 104(a) of the IRC is tax-free	Generally, income generated is fully taxable (except for some tax-free municipal bonds)	Taxes must be paid as income is earned and distributed	Generally, interest is exempt from federal income tax. May also be exempt from taxes in state of issue	Earnings are fully taxable
What type of securities or insurance products support payments?	A fixed annuity issued by a highly rated life insurance co.	May be federally insured (up to \$250,000) or non-federally insured products	Investment company operated fund, pooling assets and investing in equity securities	Debt instruments issued by state or local government	Debt instrument issued by a bank, maturity options range
Can this option provide a stable, lifetime income?	Yes, payment designs can provide a dependable and predictable income stream that cannot be outlived	Income or return will depend on type and performance of investments	Higher degree of investment risk means potential for higher or lower returns	Bond must be held to maturity to receive the face value of bond	No, pays fixed rate that accumulates for duration of CD. Relatively low returns and penalties for early withdrawals. Inefficient for providing adequate income stream
Is there a guarantee with this option?	Yes, the annuity issuer guarantees payments to be made based on claims-paying ability	Federally insured products up to \$250,000 on treasuries or CDs, others not guaranteed	No, share prices and returns will fluctuate with investment performance	Interest is guaranteed for initial investment period. Then, may be subject to change – up or down	Yes, FDIC insures deposits up to \$250,000. The issuing bank guarantees amounts over \$250,000
What are the costs and fees associated with this option?	No additional cost to the annuitant	Annual bank management fees	Management and expense fees are deducted from returns, other fees may apply	Issued at face value	None, penalty for early withdrawals
Will this option keep pace with inflation?	A cost-of living adjustment (COLA) feature is available	Depends on performance of investments	Total return will depend on performance of underlying securities	Does not provide hedge against inflation	Unlikely, CDs are considered a low risk and low-yield investment
Is this option affected by market fluctuations?	No, the benefit payments are fixed and not subject to change	Payment amount fixed, by duration may be effected by performance of investments	Share price and return will vary depending on market conditions	Yes, value will be affected by interest rate movements and municipalities' call options	Yield depends on interest rate - based on market conditions, rates may increase or decrease.
Can I make changes to this option after I select it?	No	Depends on types of securities and terms of trust	If monies are withdrawn or moved, charges, fees and taxes may apply	Yes, if sold or redeemed prior to maturity, value subject to market conditions & may result in gain or loss	N/A, penalty for early withdrawals