



Five Steps to Financial Health After an Accident

By Maria Diamond

You've just been seriously injured. Medical bills are piling up and you might not be able to work for years. With your future suddenly uncertain, what do you do?

Unfortunately, there are no simple answers. But after representing people who have been in serious accidents for over 20 years, I offer five basic rules that can help you pull your life together.

Rule 1: Don't Rush

Above all, don't feel pressured into making quick decisions, especially when they involve your legal rights. After an accident, you and your family will probably be barraged with advice from well-meaning, but poorly informed, friends. You need to adjust—physically and emotionally.

If you plan on hiring a lawyer, take your time and meet with several potential attorneys. This is an important decision. You should feel good about your lawyer and be satisfied with his or her qualifications

Rule 2: Take Stock of Your Family's Needs

Chances are that your family's financial plans have been upended. This is especially true with spinal cord injuries.

While your lawyer is your advocate, you still have a crucial role. You need to take a hard look at

your future expenses. Talk with your doctor about your rehabilitation, future operations, wheelchair replacement, and other needs. Discuss medical or life insurance costs with your insurance agent. Consider family demands, such as children's education or a grandparent's nursing care.

Then evaluate your own income change. If you hadn't been injured, what would your job and benefits be worth in 10 years? Will you be able to work again and, if so, how much do you think you could earn?

These are tough questions, but they're vital to protect your financial security. Remember that your attorney is not a mind reader! The only way your attorney will find out that you need to pay for an aging parent's nursing care is if you mention it.

"Let a structured settlement minimize your financial worries."

Rule 3: (Don't) Show Me the Money

Hollywood loves showing a person with serious injury receiving a huge settlement check.

Unfortunately, real life is a lot more dangerous than a Hollywood movie. Large settlements bring out the worst in people. Con artists will use every

trick to grab your money. Friends will pressure you. Even husbands and wives have been known to take their spouses to court to get some of their (or their child's) settlement.

I've seen enough trickery by friends, neighbors, and crooks trying to grab settlement money to last a lifetime. What's worse is that these people will be coming after you when you're extraordinarily vulnerable. Remember that the loan a "friend" asks for to finance a "can't miss" investment scheme might be your child's college tuition.

Rule 4: Structure Your Future

Given the problems of cash settlements, I often recommend placing some, or all, of the settlement in a secure annuity called a structured settlement. This annuity will provide a guaranteed stream of payments tailored to your specific needs. It can also be guaranteed for the rest of your life or the lives of both you and your spouse.

There are several advantages to this. First, your payments are completely free from federal and state income taxes. Second, by putting your settlement in a special needs trust, you can usually maintain eligibility for government programs such as Medicare and SSI—which you probably cannot do if you take a lump-sum settlement.

Perhaps most important, since the payments are guaranteed, you avoid the intense investing pressures in today's economy. Ask yourself: What if you had invested your settlement in Enron? Or a "dot-com" company? The money for your medical and rehabilitation costs, not to mention your child's education, would be gone forever.

Rehabilitation is demanding enough without the constant stress that comes with investing and monitoring your cash settlements. A structured settlement is a good solution.

Rule 5: Removing Pressures

Taking advantage of resources available will help you reduce the pressures and worries of everyday life. This way, you'll be better positioned to face your new challenges.

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