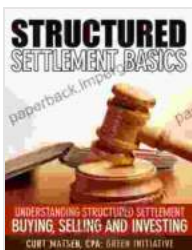


# Structured Settlement Basics: Understanding Structured Settlement Buying and Selling

Structured settlements are a popular way to receive compensation for personal injury or other damages. They are typically used in cases where the amount of money awarded is large and the recipient is expected to need the funds over a long period of time.

Structured settlements work by dividing the total amount of money awarded into a series of periodic payments. These payments can be made monthly, quarterly, or annually, and they can last for a period of years or even decades. The amount of each payment is calculated based on the total amount of money awarded, the length of time over which the payments will be made, and the prevailing interest rate.



## Structured Settlement Basics - Understanding Structured Settlement Buying, Selling and Investing

★★★★★ 5 out of 5

Language	: English
File size	: 304 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 99 pages
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Structured settlements offer a number of benefits to recipients. First, they provide a guaranteed source of income for a period of time. This can be helpful for people who are unable to work or who have other financial obligations. Second, structured settlements can help to protect the recipient from making poor financial decisions. By receiving the money in periodic payments, the recipient is less likely to spend it all at once.

However, there are also some potential drawbacks to structured settlements. First, they can be expensive to set up. The fees associated with setting up a structured settlement can range from 1% to 5% of the total amount of money awarded. Second, structured settlements cannot be changed once they are put into place. This means that if the recipient's circumstances change, they may not be able to access the funds they need.

If you are considering receiving a structured settlement, it is important to weigh the benefits and drawbacks carefully. You should also speak with a financial advisor to make sure that a structured settlement is right for you.

## **How Structured Settlements Are Taxed**

Structured settlements are taxed differently than other forms of compensation. The first \$100,000 of a structured settlement is tax-free. The remaining amount is taxed as ordinary income. However, the recipient can elect to have the entire structured settlement taxed in the year it is received.

There is also a special tax break for structured settlements that are used to compensate for personal injury. The recipient can exclude from income the amount of the structured settlement that is specifically allocated to

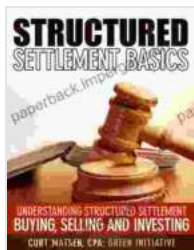
compensate for pain and suffering. This exclusion is only available for structured settlements that are received after the taxpayer has reached the age of 59 1/2.

## How to Buy and Sell Structured Settlements

Structured settlements can be bought and sold on the secondary market. This market is regulated by the National Association of Settlement Free Downloadrs (NASP). NASP has established a code of conduct for the structured settlement industry and provides a forum for buyers and sellers to meet and trade.

There are a number of reasons why someone might want to buy or sell a structured settlement. For example, a recipient may need to access the funds in their structured settlement more quickly than they would be able to if they waited for the payments to be made over time. A seller may want to sell their structured settlement in Free Download to invest the proceeds or to pay off debt.

If you are considering buying or selling a structured settlement, it is important to speak with a financial advisor to make sure that you understand the tax implications and the risks involved.



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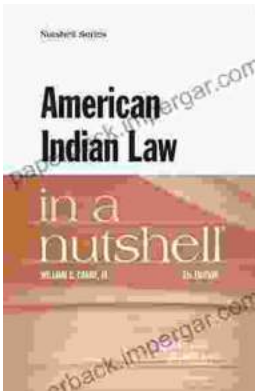
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