

Investment product comparison: the benefits of structured settlements



With so many investment options available in the financial world today it's difficult to know which one is best for you and your family. There are numerous variables that go into a decision of this magnitude and it's important to compare all of your options before you choose one or more investment and its returns.

| Returns of: | Guarantee ¹ | Tax-free ² | Lifetime income | No ongoing cost | No additional upkeep | Cost-of-living adjustment | Not affected by market fluctuations | Liquidity |
|--|------------------------|-----------------------|-----------------|-----------------|----------------------|---------------------------|-------------------------------------|-----------|
| Structured settlement | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Cash | | | | ✓* | | | ✓* | ✓ |
| Trust | | | | | | ✓* | ✓* | ✓* |
| Municipal bonds² | | ✓ | | | | | | ✓ |
| Investment portfolio | | | | | | | | ✓ |
| Certificates of Deposit (CDs)⁴ | ✓ | | | ✓ | | | ✓ | ✓ |
| Treasury bonds^{5,6,7} | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| Real estate | | | | | | | | |
| 529 Plan (College or ABLE)⁸ | ✓* | ✓ | | | | ✓* | ✓* | ✓ |

* This could be true depending on how the funds are used or the underlying investments purchased.

1. Guarantees are subject to MetLife's financial strength and claims-paying ability.
2. Free from federal, state and local taxes.
3. Free from federal tax, but state and local taxes may apply.
4. Subject to Federal Direct Insurance Corporation (FDIC) limits.
5. If held to maturity, if sold prior to maturity guaranteed payments will not fully be received and the price will reflect current market conditions.
6. Free from state and local tax, but federal tax applies.
7. A small subset of these securities called Treasury Inflation-Protected Securities (TIPS) provide a hedge against Consumer Price Index (CPI) defined inflation.
8. Must be used for qualifying expenses and there is an investment cap.

What does it all mean?

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| Guarantee¹ | A guaranteed payment is a specific amount of money that is promised to you on a specific date, no matter how the market performs. |
| Tax-free | When the government will not charge you taxes on the money you receive. There are several kinds of taxes: federal, state, and local. Structured settlements are completely tax-free based on Section 104(a)(2) of the Internal Revenue Code and, as such, you will receive your payments without being charged any of the varying kinds of taxes unlike most other financial products. |
| Lifetime income | The ability to receive guaranteed payments for the duration of your lifetime, providing financial security and peace of mind as you plan for your future. |
| No ongoing costs | Many investments require you to pay management or service fees on your account. These fees can vary in amount and frequency. |
| No additional upkeep required | Some investments require you or an outside party to review and update your account for the duration of the investment while others do not require any changes to be made after the initial set up. |
| Cost-of-living adjustment | The option to include an annual cost of living increase for the benefits you receive in order to counteract the effects of inflation. |
| Not affected by market fluctuations | These investment options will not be affected when the market adjusts either positively or negatively. Meaning, the return amount you were promised when you made the initial investment will not change even if the market is down at the time you receive your benefit payment. |
| Liquidity | The ability to cash in or change your investment after purchase. This provides a way out of the investment in the event your circumstances change. Often with this option, a fee is charged and your investment ends earlier than originally planned. In doing this you might find that you do not receive the return you had expected. |



Next steps

Determining whether or not a structured settlement is right for you is an important decision that you will most likely need to discuss with your family. Structured settlements are a strong and safe choice for the majority of personal injury lawsuits and claims because of the differentiating benefits they provide, namely guaranteed, tax-free income payments you cannot outlive. Your broker and attorney can further explain the benefits of structured settlements and they can answer any questions you may have. Additionally, a broker's extensive knowledge of the product, state and federal tax laws and settlement planning will help you make the right decision for you and your family, not only for the present, but for the future as well.

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