

LIFETIME FINANCIAL SECURITY FOR



By Martin Jacobson, Esq.,
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PLAINTIFFS WITH TBI

A decade ago I participated as a speaker at the Mt. Sinai Medical Center in New York City in a two-day program entitled, "Understanding the Medical and Legal Aspects of Traumatic Brain Injury," a program offered by the Brain Injury Association of New York State to doctors, lawyers, and members of the public.

Prior to my participation in this program, I had consulted with and provided legal guidance for a number of years to trial lawyers and their TBI clients on the use of structured settlements in resolving personal injury lawsuits. The topic of my presentation dealt with financial security for plaintiffs with brain injury and involved the use of structured settlements to guarantee a secure future so that people with brain injuries would always have a roof over their heads, food on their tables, appropriate medical care, and a comfortable lifestyle for themselves and their families for as long as they live.

Just like people who retire, every personal injury plaintiff who receives a settlement must ask the following question: "Will my money last for the rest of my life, or will I outlive my money?" Receiving a large lump-sum settlement of a personal injury lawsuit is no

guarantee that it will last a lifetime. People who receive large lump sums from settlements and other sources are often penniless or bankrupt within a few years.

In one recent settlement a plaintiff chose a substantial structured settlement plus a \$1.7 million up-front immediate cash payment. Three months later the plaintiff had only \$6,000 remaining. In another case, a police officer who was severely hurt on the job received a large structured settlement and \$2 million in cash at the time of settlement. A year later the \$2 million was gone.

The good news for both of these plaintiffs was that they both structured their settlements to guarantee that 100 percent of their needs would be adequately and comfortably met for life.

WHAT IS A STRUCTURED SETTLEMENT?

A structured settlement is a tailor-made payment plan designed by you, working with a licensed professional, using special tax-free settlement annuities issued by select top-rated life insurance companies, to make sure that every item of your (or your loved one's) Life

Care Plan will be met for life. The settlement can include inflation protection, including a recently approved Index-Linked Annuity Payment Adjustment Rider in appropriate cases. Your plan can also include some or all of the following:

- guaranteed monthly tax-free income for a specific number of years plus life thereafter;
- guaranteed scheduled future lump-sum payments;
- a guaranteed education fund for a child's or grandchild's college education;
- cost of living adjustments; and
- index-linked payments as mentioned above.

FUTURE DECISION MAKING

Decision-making for people with a TBI is sometimes challenging. When a person makes financial decisions and manages money on an ongoing basis, many perplexing financial decisions have to be made over the years. Is the stock market likely to rise or fall? What stocks, bonds, or mix of investments should I make? Do I invest for the long term or short term? Should I buy and hold?

Even experienced financial advisors struggle with these questions.

With a structured settlement, future market performance is irrelevant. Once you secure a structured settlement, the payments you have been guaranteed (in writing in the various settlement documents) are what you will receive. No deductions from your payment stream will ever be made by the life company paying you, and no income taxes are charged. Your payments are 100 percent tax free. If \$100,000 goes into a structure and it pays out \$150,000 (or more), not only is the \$100,000 tax free, but so is the additional \$50,000.

BEST OF BOTH WORLDS

Most plaintiffs who choose to structure their settlements also take some of the settlement in cash. The two cases previously mentioned involved plaintiffs who took cash up front. What

each of these individuals failed to do, however, was to enlist the advice of a reputable, duly-licensed financial advisor to professionally manage the cash portion of their settlement. Had they done that, and had they listened to the advice of that advisor, the likely outcome would have been different.

By combining the guaranteed payout from a structured settlement with the advice of a qualified financial advisor, the plaintiff with TBI will have steady, guaranteed income for all purposes to ensure a secure future. A well-designed structured settlement will allow the plaintiff with TBI to refrain from drawing money from the managed investment portfolio in

(continued on page 6)



LIFETIME FINANCIAL SECURITY FOR PLAINTIFFS WITH TBI

(continued from page 5)

times of declining stock and bond markets, allowing time for the recovery of the market and the portfolio.

A WORD ABOUT COMPANIES THAT WANT TO BUY YOUR GUARANTEED PAYMENT STREAM

We have all heard the late-night TV commercials with people screaming, "I want my money now," followed by an actor with a reassuring voice offering to purchase a stream of guaranteed payments from "structured settlement" recipients, lottery winners, and other recipients of annuity payments. These "factoring companies" recognize the value of guaranteed payments from structured settlements and want to buy them to sell to investors for a profit. In doing so, these factoring companies will "discount" the true value of the payment stream and when they sell the same payment stream to an investor, they will charge the true value. The difference is their profit.

How can you protect yourself from falling into a position of having to sell the structured settlement payment stream? Take some of your settlement in cash and employ a qualified financial advisor to protect, invest, and professionally manage that money so if an emergency occurs there is no need or temptation to sell your valuable structured settlement payments. Your future will be secure with a structured settlement.

Martin Jacobson, Esq., is vice president and general counsel of Creative Capital Inc. He is also a licensed attorney in New York and New Jersey with extensive trial experience in both the state and federal courts. He negotiates structured settlements for Creative Capital's clients, oversees CCI's in-house legal team, and is an expert on the subject of periodic judgments.



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STRUCTURED SETTLEMENTS
A 30+ Year Reputation That Speaks For Itself



Providing the Traumatic Brain Injury Community with over 30 Years of Expertise in:

- Structured Settlements
- CORA (Certificate of Reliability & Assurances)
- Structured Attorneys' Fees
- Settlements Pending Appeal
- Post Settlement Annuities
- Mediation & Negotiation Support
- Document Drafting/Review: (Settlement Agreement; Qualified Assignment, Judgment/Decree)
- Lien Negotiation & Resolution, MSA Allocation and Analysis Services

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