

STRUCTURED SETTLEMENTS

**Selling Your Structured Settlement
without Losing Your Mind
or
Your Money**



Strategic Capital

Selling Your Structured Settlement without Losing Your Mind or Your Money

***A Guide to Everything You Should Know about Selling
Structured Settlements***

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Selling Your Structured Settlement without Losing Your Mind or Your Money

This structured settlements guide was written to be the definitive text on selling structured settlements in order to meet immediate cash needs. While written in a style that addresses people who have structured settlements that they may consider selling, this guide also serves as a resource for attorneys, secretaries, consultants, legal professionals, accountants and anyone else who may be in a position to advise a person on the topic of selling their structured settlement. This guide was written by Strategic Capital, professionals in the field of buying and selling structured settlements with years of experience and millions of dollars bought and sold. The information in this guide includes what our experienced staff have learned over the years, and includes additional information gleaned from professional journals and websites as well as legal documents, interviewing specialists in the field, and conducting first hand research.

A brief summary of this structured settlements guide might say that structured settlements are excellent financial tools for long term security and financial management, but that sometimes life events make it necessary for one to sell their structured settlement. But before making such a decision it is important to understand the ins and outs of a structured settlement. In fact, one survey found that people who understood the value of a structured settlement were more than twice as likely to choose a structured settlement over a lump sum. So, there must be something important that you need to consider before you decide to sell!

This guide will go into extreme detail on why a structured settlement is a positive thing, how it can make your life more secure, and what you should consider before you sell your settlement. It will then answer all of your questions about selling a structured settlement, including how to get the most from your sale, how to get your money fast, and what to expect in court. The definitive work on the topic of selling structured settlements, this guide will inform you in a way that is easy to understand and helps you to make the best decision for your own unique situation. If you have more questions after reading this guide you should contact Strategic Capital where a friendly representative will answer all your questions and walk you through every step of the sale process.

Chapter 1: The Benefits of Your Structured Settlement

For some people, selling a structured settlement may seem like a quick way to get the cash that they want. But it is important to realize that a structured settlement offers security and clear advantages, and selling a settlement should not be done lightly. This section overviews a number of important things to consider as you weigh the potential benefits of selling your structured settlement.

1.1. Making Informed Decisions

Money does not buy happiness, but it can buy peace of mind and stability, allowing you time to focus on other important areas of your life. Of course, making mistakes with your money can certainly buy misery. This is why handling the money in your structured settlement is such a life altering decision. When handled properly, a structured settlement can change your life for the better, making it possible to pay your rent and living expenses, provide for your family, and have the time necessary to focus on other things in life such as family, hobbies and finding some happiness in this world. This structured settlements guide will help you better understand the world of structured settlements.

Sometimes, a structured settlement helps you to do all of these things – it improves your life and offers stability. But sometimes life can change... difficult things happen. In these situations you may find that you suddenly need a large sum of money to handle whatever life has thrown at you.

Selling your structured settlement payments may be the answer to all your problems.

Let's consider some reasons why you might want to suddenly sell your structured settlement. Perhaps your payments were helping you pay the rent and live a little, but you were not saving much and have no real emergency fund. Truth be told, you know that you were overspending simply because the money was coming in. But suddenly, your roof is leaking – badly. You need a new roof and you need it before the really rainy season hits, but you do not have the cash that you need. This is a good example of when selling your structured settlement payments might really help you out. But, you have to consider whether you will be able to live without that income stream.

That is what this structured settlements guide is about... in these pages Strategic Capital professionals will explain to you why a structured settlement is such a great

financial tool and how it can help you to secure your financial future. But we will also acknowledge that sometimes life happens and you may find that you need to sell all, or preferably some, of your payments to get through a difficult time. This guide will explain that selling is alright, as long as you do it thoughtfully and for the right reasons.

Why Have a Structured Settlement in the First Place?

So, you may wonder, if so many people consider selling their settlements that entire structured settlements guides are written about it then why are structured settlements even created in the first place? The short answer is that these settlements protect people. From who? Well, from bills, from pressure, and to be honest, from themselves.

When someone is injured or damaged in some way and they are about to receive a lump sum of cash to help make amends this can change their world. Suddenly, a person who probably never had more than a few hundred or a few thousand dollars in their possession at once finds themselves holding tens of thousands of dollars, or more. The power can be too much and many people go a bit crazy, spending wildly and pushing through their money in no time.

Enter structured settlement options. Structured settlements were created in Canada in the 1980s to protect people; they soon caught on in the United States. Some people complain that structured settlements interest rates are so low that it is simply not a good investment tool; this is not necessarily true. Yes, structured settlement money is invested in a low risk, relatively low return investments, and thus it grows little. But the point of such a settlement is not growth, it is security. If you received your settlement in a lump sum and invested it you would risk losing it. With a structured settlement there is no risk – they are designed to provide security and peace of mind during the physical or emotional healing process.

Structured settlements were designed to guarantee a steady stream of income to cover medical bills, living expenses and so forth. And they protect people from the pressure of having to invest and the temptation to overspend. The structure was designed to serve you.

If Structures are so Great then Why Sell?

You may wonder why a person would want to sell a structured settlement if they are so wonderful. You probably know the answer if you are reading this guide – sometimes things happen in life and you simply must have a lump sum of cash to manage the

situation. That is why federal law, and in many cases state law as well, protect a person's right to sell their structured settlement if a real need arises.

Another great part of a structured settlement is that they provide some level of flexibility. You can begin in a structured settlement, but then sell part, or all, of your payments to meet a sudden financial need. However, if you were to take your settlement money as a lump sum initially you could not go back and decide to put your money into a structure later. Thus, starting out in a structure makes good financial sense and provides options in the future.

Should I Sell My Settlement?

Deciding whether or not to sell your structured settlement is a major decision. Like buying a house or getting married, deciding to sell a structured settlement should be done with thoughtfulness and by taking your future security into consideration. For some people, selling their settlement payments is the key to a more solid financial position in life, but remember that this is an individual decision, one that you must make considering your own unique circumstances.

Tip #1: Be informed. Take the time to understand the value of your structured settlement, considering the potential repercussions of selling your settlement payments, and comparing those trade-offs to what you will gain if you sell. Do not let anyone pressure you. Take your time and make the best decision for you and your family.

Continue reading this guide and checking out the Strategic Capital website to learn more about how you can benefit from keeping your structured settlement or how you can sell a structured settlement to change your life. You can also learn a bit about money management and more, ensuring that you make the best financial decisions that you can.



1.2. Can I Sell My Settlement? Yes – and there are Many Good Reasons to do so.

If you have had a major change in your life you can sell an annuity that is part of a structured settlement to get the money that you need to get your life back on track. The law gives you this right, around the country, if you have court approval. In this page we will answer a variety of questions including what type of annuity you can sell, who can sell, and more.

What Type of Payments Can I Sell?

There are a variety of types of structured settlement payments (such as those stemming from lawsuits) and periodic payments (such as lottery payments or pensions) that you may be able to sell. People commonly sell personal injury settlements and workers compensation settlements, lawsuit settlements (anything from sexual harassment cases to wrongful dismissal), as well as lottery payments, sweepstakes prizes, casino winnings and more. Whether you can sell your structured settlement or periodic payment depends upon how the original terms were set up, so you may want to consult a financial advisor or a settlement purchasing company to ensure that your settlement qualifies for sale – there is a good chance that it does.

While federal law provides much protection nationwide, certain things are run by the state. For example, some states do not allow the sale of structured settlements workers compensation benefits that were given at the state level. But do not let that deter you from at least researching the potential of selling a settlement that you believe is from workers' compensation – there are many nuances to these types of claims. For example, sometimes you may believe that your payments originate from workers' compensation, but actually you were paid a lump sum and an annuity was purchased with it – in that case you can sell an annuity to get your lump sum. Or, if you have moved out of the original state that the workers' compensation was awarded in you may be able to sell. Again, a knowledgeable financial advisor or purchaser can help you understand the legality of your specific situation by looking over your original settlement paperwork. Note that you probably cannot sell your structured settlements pensions – this is partially because while some people think a pension is the same as a structured settlement it isn't, it's just a type of periodic payment. In any event, you cannot generally sell pension payments; read more about this in the "Myths" section of this text.

Who Can Sell Their Payments?

The law allows nearly any person anywhere in the United States to sell their periodic payments and structured settlements. International law varies, so if you live outside the United States you will want to check the law in your area of the world.

In the United States, selling payments almost always requires getting approval from a state court. Adults of sound mind are most likely to be approved to sell their settlement payments. Most courts approve when they feel that a sale is in the best interests of the person selling. However, courts are skeptical about approving the sale of settlements that have been awarded to minor children, elderly persons or anyone unable to care for themselves. Yet, with good reason that is truly in the best interest of the person who owns the settlement such sales can happen.

What are some “Good Reasons” to Sell a Structured Settlement?

People sell their settlements for many reasons, and the decision is a personal one – it varies based on your own life situation. But some good reasons that people may want to sell include:

- buying a house or trying to save a house from foreclosure
- making a major home repair, such as a new roof
- opening a new business or investing more in their current business
- putting themselves or a loved one through college
- buying a new car
- paying medical bills or other debt

There is almost no end to the list of reasons that you might have to sell a structured settlement.

Tip #2: Explore your options. Selling your structured settlement should be a last resort, a decision that you do not take lightly. Explore other options before you sell your structured settlement.

What if I already Sold some of My Payments in the Past?

There is no legal limit to the amount of payments that you can sell. If your structure still has money remaining then you can access that money by selling the payments. This is why you should sell only how many payments you need to sell in order to meet your current need – you can always sell more later. Call Strategic Capital today and we

can talk to you about how many payments you would need to sell to meet your immediate cash needs.



1.3. What are the Tax Implications of Keeping or Selling my Settlement?

Federal law allows for a variety of structured settlements to be set up in a way where there is no structured settlements tax, that is no income tax at all. Most likely, if you received a payment for a personal injury case or other lawsuit then the settlement payments are tax free, and, further, any lump sum that you receive from selling those payments would be tax free. But let's look at some other potential considerations as far as paying income tax and how that might relate to selling periodic payments.

Earning Interest

If you received a lump sum payment due to an injury or some legal settlement that money may very well have been free of structured settlement annuity tax. You should consult an accountant to see for certain, but you usually know that money is tax free if you do not receive any type of 1098 or other tax reporting form at tax time.

However, if you were to receive a large sum of money – say a payout for injuries received in a car accident – and then you invested that money and your investments grew, earning interest, you would likely have to pay taxes on those interest earnings. That's one thing that makes a structured settlement annuity even better, your initial lump sum is invested in an annuity, it does grow, even if at a modest rate, but if there was no structured settlement annuity tax on the original amount then the interest is tax free as well! And, when you sell structured settlement payments that lump sum will be tax free as well.

Paying Taxes on Money that You Won

Most likely you will have to pay taxes on any money that you have won, such as lottery winnings or casino earnings. These things are taxed as any other income. If you paid your taxes on the entire lump sum up front then you will not pay taxes again when you sell your payments. However, if taxes are deducted regularly, when payments are made, then you may be responsible for paying a lump sum of taxes if you sell these periodic payments. You will want to consult a tax attorney or accountant for detailed advice.

Tip #3: Contact a tax consultant. While your Strategic Capital representative may be able to give you some basic advice, you should really consult a professional accountant or tax preparer before making any final decisions.

Can Selling My Payments Impact my Medicare or Social Security?

In most cases selling your lump sum payment will not impact your eligibility for social security or Medicare, however, it could. If you are concerned about such a situation you should absolutely contact a lawyer or other professional who is knowledgeable about Medicare and social security eligibility for advice. Also, you may want to ask if such a payment could impact your food stamps, eligibility for student loan deferment or income based repayment, section 8 status, or any other type of social assistance that you receive.



If you have questions about selling your structured settlement, and what options might be right for you, contact Strategic Capital today.

1.4. Busting the Myth: Understanding Your Structured Settlement

Structured settlements have become extremely common in the last three decades. In fact, Americans receive about four billion dollars a year in lawsuit payments and about 80% of these are done as structured settlements.

When it comes to selling structured settlements there are many myths, half-truths and marketing ploys that can make it challenging for you to make the best decision for you and your family.

Most well-known structured settlement purchasing companies are legal, if not entirely honest. This is where you have to be careful; in this industry a structured settlement ripoff may not be about doing something illegal, it may just involve stretching the truth or trying to make money without really considering *your* needs and best interests.

To help you make the best decisions, following are 12 myths, half-truths and other bits of misinformation common in the structured settlement world, and the truth about them.

Myth #1: It's your money.

The tag line "It's your money" has become the slogan of the largest structured settlement purchaser in the United States. But this advertising campaign is deceptive, it tries to give the viewer the impression that when their money is in a structured settlement it is not theirs and that taking the money in hand is better. The truth is that the structured settlement annuity belongs to the person who receives the payment – it is their future money, and it is behaving as their money, providing them with security into the future.

Simply wanting to have the cash in hand is no reason to sell a settlement.

Myth #2: You can earn more if you invest on your own.

The truth here is that structured settlement annuities do result in small returns. But that's alright. Their purpose is to provide stability not high interest. And truth be told, other investments are so volatile that any investor is just as likely to lose money as they are to earn it.

According to *US News and World Report*, in 2008 Americans lost more than 2 trillion dollars that was invested in the stock market, with the S & P 500, a major stock index, losing nearly 20%. In addition, many investments that do earn money do so in a way

where the earnings are subject to income taxes. Thus, you pay money on what you earn. Growth within a structured settlement is tax free and reliable.

Myth #3: The judge will tell you if selling is right or wrong.

Yes, the role of the judge is to help protect the seller, ensuring that the person has a valid reason to sell and is not being taken unfair advantage of. However, just because a judge approves your sale does not mean that it is the best thing for you to do. Judges have been known to approve sales that were at too high a rate or otherwise a bad choice. Do your research, make your own decisions, and just let the judge be the rubber stamp.

Myth #4: You can get your money immediately.

So you wonder, “Can I sell an annuity payment and get my money fast?” There are ways that you can help get your money fast when you sell your payments, and certainly the company buying your payments plays a big role in speed. But don’t believe that they can complete the entire sale in just days – the legal process takes a while and the fastest sale we have done was 18 days. Most sales take 30-60 days. However, some of the more caring settlement purchasers may provide you with a small amount of your money up front if you have a real financial emergency and they feel that you are certain to be approved. Strategic Capital offers such advances in certain situations, just ask your Strategic Capital customer service representative.

Myth #5: You must sell all your payments.

Some structured settlement purchasing companies will try to tell you that you can only sell all of your payments at one time, that it is all or nothing. Or, they may simply fail to suggest that you sell only part of your payments. A client recently told us that he contacted six structured settlement purchasing companies, asking their advice on his potential sale. Only two of the companies suggested that he sell only part of his payments; the others didn’t mention that he had this option in his initial contact with them.

In a recent interview with our company, attorney Matt Bracy, a lawyer specializing in structured settlements and sales, agreed with this advice, saying, “Sellers of structured settlement payments have an immediate need for cash. When they sell payments, they should match the amount they sell with that need, but no more. Structured settlements provide excellent long-term benefits and should be left intact as much as possible.”

Myth #7: If you sold payments once you cannot sell payments again.

This is absolutely false. If you sold part of your payments in the past and a new financial need has arisen then you may sell more payments, assuming that you have more payments to be sold. There is no legal limit to the number of payments that you can sell or how many times you can sell some of your structure.

Myth #8: All factoring companies are the same.

Structured settlement buyout companies are often called “factoring” companies. And these companies are *not* created equal. Some are extremely pushy, calling and emailing repeatedly, doing whatever they can to buy your settlement. In fact, clients tell us that they submitted multiple online quotes to other factoring companies and that each one called them within one day, most within an hour – this responsiveness is great. However, we often hear that when the client does not return their calls the companies continue to call repeatedly, some (including Imperial Financing) calling as many as eight times in a single week. You will never have this type of hard-sell with Strategic Capital.

In addition, clients tell us that we are the only one of the structured settlement buyout companies that would answer any of their questions over email; the rest insisted on a phone call, presumably so they could push them to sell. When you choose a structured settlements factoring company choose one that is responsive but respectful and does not push you in a way that feels too salesman-like.

Myth #9: A structured settlement is an “account” that you can withdraw from.

A structured settlement is not like a checking or savings account; it is not something you can withdraw from anytime that you want. However, you can sell as many payments as you want, as many times as you want, as long as there are still payments remaining to sell.

Myth #10: When you sell a structured settlement you will get a dollar-for-dollar payout.

You will never sell your payments for their face value. There will always be a discount rate applied. That is, you will receive less money than what the payment is as the discount rate will consider future value of the money and allow for a profit margin for the company buying your payments.

Myth #11: Getting verbal confirmation of your quote is enough.

Sure, you will get a verbal quote first, which you will use to decide what company you will work with. But before you sign on the dotted line get the quote in writing – ensure that it is on your agreement.

Myth #12: Payments that you receive while awaiting court approval will not be deducted from the check that you receive.

It takes some time to get the sale of payments approved by the court and get you your money. If there is a delay or things take long enough that you receive a payment that you had agreed to sell this amount will be deducted from the lump sum check that you receive.

Myth #13: You can sell your pension.

If you wonder, “Can I sell my pension annuity” the answer is most likely “No.” Pensions cannot be sold, legally, as of 2013. Yes, you can find some companies who may buy your pension payments, but this is not a fully legal transaction, rather the payments are purchased “under the table”, as they say, without actually changing the name of the beneficiary. Truth be told, this is more likely to cause trouble for the person or company that buys your pension than for you, but it is still best to stay away from any company that would do such underhanded business.

Tip #4: Always get a second opinion. Talk to at least two structured settlement purchasers, or at least verify the answers that you are given with online research. You can be more certain that information is accurate if you research it and find the same answer from at least two credible sources.

While myths and pushy people are out there, the truth is that there are also companies staffed by good, caring people, who will help you to make a good decision and get your finances in order. If you have a financial then need selling your structured settlement can be a great way to get the cash that you want. Just be sure that you have the facts before jumping into anything. Call Strategic Capital for the fact today.



1.5. Seven Reasons to Keep Your Structured Settlement

Strategic Capital is there for you. We want to make sure that you only sell your structured settlement payments when it is truly in your best interest. Thus, we must come right out and say that while selling can certainly be a life saver in certain situations, these settlements are truly good financial tools and you should keep your settlement if you can. You wonder, is a structured settlement good or bad? They are good.

In fact, here are seven reasons that you should consider keeping your structured settlement, or at least only selling as few payments as you must to get the job done:

Reason #1 to Keep Your Settlement is that you may need the payments in the future – payments provide financial security, allowing you to pay your rent and utilities, buy groceries and more. They offer security.

Ask yourself, “If I sell my payments will I be able to live?”

Reason #2 to Keep Your Settlement is that you may want to sell your settlement in the future, when you have even more money trouble or a bigger need. Sure, you can sell more payments later, but only if you have more to sell.

If you sell too many payments now for something relatively trivial, say to purchase a new car, what will you do later when your house needs a roof, you can’t afford medical care, or some other more serious need arises?

Reason #3 to Keep Your Settlement is that you may have other sources of money available to you. Be sure to exhaust your options before you sell your settlement. Perhaps you can get a low interest loan from a family member. Or sell off a large item, like an old diamond ring or your classic car.

But you still say, “I want to sell my structured settlement”. Just remember, selling your settlement should be a last resort. In addition, remember that selling a settlement takes time – there may be faster ways to get the money that you need.

Reason #4 to Keep Your Settlement is that you may regret it later. Tommy received a structured settlement when he was 19 for a car accident. When he was 22 he sold his payments to put a down payment on a house and buy a new car. But the car has 150,000 miles on it now and is junk; the neighborhood went down and his house has little value. Now, Tommy is 28, married and wants to move to a better neighborhood because his wife is pregnant. Yet, Tommy simply cannot get out of his house because he owes too much and is worried about how he will afford a third mouth to feed. Tommy desperately wishes that he hadn’t sold his payments so soon – he could sure use that money now, more than he needed it before. Don’t let this happen to you.

Reason #5 to Keep Your Settlement is if your payments extend too far into the future. This has to do with what is called the “time value of money”. This means that money is worth more today than it will be in the future – it’s due to inflation.

Imagine it, ten years ago a movie theater ticket cost about 40% less than it does now. Ten years ago think about what you could have bought with a dollar compared to

today. Now, imagine that you put a dollar in a time capsule today and then opened it in ten years – how much do you think you could buy with that dollar today compared to ten years from now? A lot less.

This means that your payment will buy less in the future than it will now. So, if a company offers to buy your payments they will pay less for payments that extend further into the future, knowing that those payments will have less buying power. So selling payments that extend too far into the future is often a poor financial move as they will be heavily discounted, more so than simple inflation can account for. Like taking a cash advance on your credit card, you simply push your financial problems into the future, at a high cost.

Reason #6 to Keep Your Settlement is if you are not good at managing money. Let's say that you want to pay off your credit cards. That's a noble goal, but selling your settlement to do that is only a good idea if you actually stop using your credit cards and manage your money better in the future.

Reason #7 to Keep Your Settlement is if selling it will not solve your problem. That is to say, if you need \$48,000 to pay off your credit cards and buy a new roof but selling your payments will only net you \$24,000 then it is probably not a good choice to sell as it will not solve your problem.

Tip #5: Keep your settlement, if possible. Do not sell your structured settlement if you can help it. If you must sell, sell only as many payments as you absolutely have to.

Take Your Time and Think it through

According to Terry Taylor, former president of the National Structured Settlement Trade Association (NSSTA) and a man who was instrumental in setting both federal and



state law related to structured settlements, one of the biggest pitfalls that those seeking to sell their settlements get into is falling prey to “fast talking sale people” who pressure the person to sign the contract without properly thinking the situation through. Terry goes on to say that among the worst reasons for a person to sell a settlement is because they saw an advertisement on television, or they simply want to buy something fun or have some extra money in their pocket. Before you sell an annuity at a loss think the matter through carefully and talk to Strategic Capital.

1.6. The Costs of Selling Your Settlement

Let's just lay it right out there – selling your structured settlement will cost you some of your settlement money. Say that you still have \$50,000 remaining in your structured settlement – you will not get \$50,000 when you sell it. Probably not anywhere close to that amount. In fact, the cost of selling structured settlements can be higher than you realize.

That being said, we also need to point out immediately that you should *never* have any out of pocket expenses when you sell settlement payments. If a company tries to get money from you then find another company. Any fees (these are actually called a discount rate) that the company takes should come out of the check that they give you and be clearly stated in the initial quote that you receive. Do not pay anything out of your pocket. Ever.

Your Best Deal

Many structured settlement buying companies work rather like a used car salesman in that the first price that they give you is usually far from their best price and includes a huge profit margin for them. They do this hoping you will agree to the high price, or at least hoping that if you do not agree you will think their next offer must be the best and take it. Strategic Capital doesn't work this way. At Strategic Capital we give you our best price up front, no games, no hidden fees or costs, and we do not change that price.

Now, let's explain the cost of selling structured settlements a bit more.

Discount Rates and the Time Value of Money

The time value of money refers to how much money that is in your hand now would be worth in the future, or how much future money is worth compared to now. What this means is that money in your hand now will be worth less in the future due to inflation.

For example, say that the inflation rate average over the next 10 years is 2-4% a year, a common average in the United States. Now, say that you put \$1,000 under your mattress in January of 2014. Then, in January of 2015 you took that \$1,000 out. Your \$1,000 will only buy what about \$960 could have bought in 2014. That is because something that costs \$1,000 in 2014 will likely cost \$1,040 in 2015 – prices have gone up but your money didn't grow.

If you put that \$1,000 under your mattress in January of 2014 and you took it out in January of 2024, that is ten years later, the money would have much less value because inflation of about 2-4% a year would have occurred. So, now your \$1,000 would only buy what about \$750 would have bought when you put the money away. Your money is worth less.

This means that if you receive a structured settlement payment of \$1,000 now it has a time value of \$1,000. But if you receive that same payment in 10 years it only has a time value of about \$960, at most. Of course, you also have to consider the interest that can be earned on annuities – this varies, but is part of the equation.

Time value is a lot more complicated than this simple inflation example, as is calculating structured settlement annuity rates and discounts. But the point is that when you consider the time value of money, and add to that the fact that any company buying your payments will need to make a profit, you can see a substantial decrease in how much you get for your future payments versus what you may think they are worth – this is called the “discount rate”, the rate by which your future payments are “discounted” to come up with a lump sum.

The further out your payments are the more they are discounted, so the rate will actually vary each year. If you were quoted a discount rate it is probably the average rate of the sale of all your payments. This means that if you sell a payment due next month the discount rate might be just 4%, but if you sell a payment for ten years from now the discount rate might be 16% on that payment. Often, you will be quoted the “average” discount rate for all of these payments together. So, if you sold just these two payments your “average” discount rate for both payments would be 10%.

Ensure You are Treated Fairly

Of course, companies need to make money – that’s what America is all about. So there is nothing wrong with a discount rate; think of it as interest paid. But ensure that you get a reasonable and ethical discount rate.

An ethical discount rate is one where the company buying your payment takes a reasonable share, one which allows them to make some money but does not unfairly take advantage of your need. One way you can better ensure a fair discount rate is to get multiple quotes – at least three quotes is best. And do *not* tell each company what the other quoted you if you want the most honest, best quotes. Do tell them that you have gotten other quotes, but don’t tell them what the discount rate or amount quoted was.

Contact Strategic Capital today to get your best discount rate, your best offer, and your cash fast!

Tip #6: Understand the costs of selling your settlement. Nothing in this world comes for free – selling your structured settlement payments will cost you money. Be sure that you understand those costs and that they are worth it.



Yoseph, this calculator is interesting and something you might consider adapting for Strategic's site: <https://www.structuredsettlement-quotes.com/discount-rate-calculator>

1.7. Money Matters: More Reasons that Structured Settlements Make Financial Sense

If you have read much of our Strategic Capital settlement guide then you probably already have the idea that your structured settlement is actually a really good financial tool, for many people. But let's make it a little more clear and easy to connect the dots, so to speak. Following are four good reasons why structured settlements make excellent financial sense, and why you are actually fortunate to have one:

Structured Settlements Taxation

The United States government wants your money and they get it in the form of taxes any time you work or have earned income. However, the government also recognizes that when you have a settlement that money is probably needed to help you recover, mentally and physically, from some problem. Thus, the federal government passed laws to allow settlement money to be distributed tax free through structured settlements in many situations. In fact, more than 80% of injury cases are distributed through such structured settlements.

So while casino winnings, lottery payments, and your paychecks are always taxable, your structured settlement payments were not taxed. They were not taxed when they originated or as you receive your payments. And any interest earned on the money in the structured settlement annuity is also not taxed.

Structured settlements offer excellent income tax benefits.

This is a fantastic benefit of structured settlements, especially when many people pay income tax at rates of 10%, 20% or more. There simply is no structured settlements taxation. The extra good news is that this money is *always* tax free, forever. What that means is that even if you sell your settlement payments for a lump sum of cash that money will still be tax free – what a great benefit!

Structured Settlements Offer Interest and Growth that is Safe

Money that you receive from a structured settlement is usually invested in something called an annuity. These investments offer interest, though at a low rate of growth, and they offer security. So, while there may be other ways to earn more money these settlements do grow, tax free, in a safe environment. Of course, as you now know, the answer to the question, "Can I sell my annuity" is usually "Yes".

Structured Settlements Offer Security and Dependability

Structured settlements offer steady income on which you can rely. You may miss work when you are sick, have transportation issues, or lose money when the work runs dry, but your structured settlement will continue to be paid – the money keeps on coming no matter what. This offers you security and stress relief, giving you the money that you need to pay your mortgage or rent, buy groceries, pay college tuition and more.

Structured Settlements Offer Flexibility in that They Can be Sold

On top of all these benefits structured settlements also offer a degree of flexibility in that some, or all, of the payments can be sold when you need a larger sum of cash all at one time. These four benefits make structured settlements the grand slam of the financial world, offering you tax free growth that is dependable and flexible. Can you sell an annuity? Well, you can sell the payments if you have a real need. Call Strategic Capital today for a free consultation to learn how you can sell your payments to get your financial life back on track.

Tip #7: Crunch the numbers. Do some calculations and ensure that you will still be able to meet your life expenses if you sell your settlement payments. Ensure that you will still have enough money to pay rent, cover transportation expenses, and so forth.



1.8. Five Situations where You Might Wonder if Selling is a Good Idea

Despite all your research and soul searching you may still be wondering if selling your settlement is a good idea. Let's look at a few reasons that you might be considering selling and talk about them.

Can You Sell Your Annuity to Buy a New Car?

A common reason that people want to sell settlement payments is because they want to buy a new car, but is this a good reason? The answer is maybe; it depends upon your personal situation.

Buying a car can be a good idea if you truly need a new vehicle to earn money and live, and if you plan to take care of that car well so that it serves you for years. But if you have really good credit then selling your payments may not be the best way to finance your new car – many car companies offer very low, even no, interest to those with good credit, so making payments may make good sense. However, if you have poor credit and would get a high interest rate (interest rates today can be 10%, 15% and even 20% on car loans), or if you just feel that buying the car in cash will give you less stress and peace of mind, then selling your payments for the purchase might be the best decision for you.

Should I Sell My Payments to Pay off Medical Bills?

This is a difficult question because, again, it depends upon many factors. Often, medical bills can be paid in payments, with no interest applied. If this is the case then making those payments using your structured settlement payments might be a good idea. However, even famed financial advisor Suze Orman admits that not all financial decisions are based on money alone – people come first. Thus, if the stress of those medical bills hanging over your head is damaging your peace of mind it might be a good choice to sell your payments and pay them off.

Should I Sell My Payments to Pay off Credit Card Debt?

Credit card debt in the new millennium is at an all-time high, with many consumers owing tens of thousands of dollars – more than their annual income – in credit card debt. And interest rates are sky high as well; some cards can charge 18%, 20%, even 26% interest – it's practically criminal, and you may be a victim.

If you have high credit card debt, with high interest rates, and you find that you are making only the minimum payments it might make sense to sell some structured settlement payments to pay off that debt. There is just one warning here – this is only a logical decision if you change your spending habits and never charge those cards up again. Before you pay off your cards, read some financial planning books and make a commitment to yourself never to live off of credit again. Buy only what you can afford, cut up your credit cards, and learn to live on cash alone. If you do that, then paying off your cards is probably a great idea. Can you sell your annuity to pay off credit cards? Sure you can, but consider if it will really help you.

Should I Sell My Payments to Put my Child through College?

This is a difficult decision that depends on financial circumstances and your heart. There are many ways to pay for college and in many situations allowing your children to take out loans that they can repay later is better than risking your own financial security by selling your settlement for college tuition. However, if you feel that you can make it, financially, without your payments, and if you feel that the tuition will be money well spent, then you might go with your heart and take this plunge.

Should I Sell My Payments to take a Vacation?

This is the easiest one of all – no. When it comes to cashing out a structured settlement early this is not high on the list of good reasons. Vacations are wonderful things, and we should all see the Grand Canyon or enjoy the dream of Disneyworld. However, a structured settlements is meant to serve a much higher purpose than this. No matter how much you feel that you need the stress relief that a vacation would surely bring, your long term security is more important than a week away.

Call Strategic Capital today to discuss the specifics of your unique situation.

Tip #8: Don't let bankruptcy scare you. It varies by situation and location, but a structured settlement can survive bankruptcy. While bankruptcy is a distasteful option for most people, sometimes you have to do what you have to do. Talk to a financial advisor or bankruptcy lawyer if you are considering this for yourself.

THE BENEFITS OF YOUR STRUCTURED SETTLEMENT



Chapter 2: Thinking about Selling Your Structured Settlement

If you have read our structured settlement guide now you know how valuable a structured settlement can be, how it can provide financial security. But maybe something has changed in your life. Maybe the structured settlement is no longer meeting your needs. Or perhaps it never did. When you start wondering, “are structured settlements good?” you know that they are. You know that they provide security, they protect you from your own poor spending habits, and they can pay the bills. But you also know that you can sell them, if necessary, and that’s ok. But, there are things that you need to know about why you might sell, when it is a good decision, when it may not be the best decision, what the experts say and more. So keep on reading this guide to selling structured settlements.

2.1. Your Need for Cash Now

You were awarded a structured settlement and having that money coming in each month was a blessing for a few years – you loved it. But now, life has changed. Perhaps something happened and your circumstances are now such that you feel you would be better served by a lump sum of money. Perhaps you are now disabled to the point that you need a new career and you want to go back to college – selling some payments to pay the tuition might be a great choice. Whatever your situation, if you are reading this it means you need money. But think about it.

Getting Money another Way

It is important to recognize that there are other ways to get money. In fact, some of the more caring factoring companies will even help you. For example, our company, Strategic Capital, once had a disabled woman call wanting money for college; rather than buy her payments we helped her to get a grant to the college she wanted to attend, leaving her settlement intact.

Tip #9: Be aware that selling your settlement is a viable option. Selling your structured settlement can be a good option for getting the money you need. Just do your research so that you can make an informed decision.

In our online structured settlement guide we talk already about a few scenarios where you might consider selling your settlement, but let's look at a few more here.

How do I Sell my Structured Settlement to Save My House from Foreclosure?

First, decide if you should do it. This situation can be difficult, but in some ways the answer seems clear. If you have been receiving structured settlement payments for some time, yet you were still unable to make "ends meet" and pay your mortgage, then you should be careful before you sell payments to rescue your house from foreclosure. Only do this if you will be paying the full amount of the house off and not have a mortgage going forward.

It would be very unfortunate to sink all your settlement money into your house only to lose the home a few years down the road because you couldn't pay off the remaining balance. However, if you can pay the entire house off, or pay the mortgage down far enough that you can easily afford the payments, then this might be a good course of action for you. One note, in many states you can buy your own house back at the foreclosure auction for a fraction of your mortgage balance; talk to a realtor or real estate lawyer in your area to see if this is an option for you.

Should I Sell My Payments to Buy a New House?

Owning a home is the American dream and for many people it is a great way to invest money. Buy before you sell your annuity to buy a home ensure that you crunch the numbers and that you will be able to afford any mortgage balance, taxes, insurance and maintenance on the home; you don't want to sink all your settlement money into a home only to lose it later because you couldn't afford these aspects of home ownership. But if you can afford them, then this might be a great reason to sell your payments.

Should I Sell My Payments to Fix Up My House?

Most people, and judges, would consider it frivolous to sell your payments to repaint your house, install a pool, or build a patio. But if you need a new furnace or air conditioner, or your roof is leaking or your windows are terrible and you can see the heat wafting out, then to sell your annuity might be a good decision. Strategic Capital can help you consider your options and make the best decision for you.



2.2. Three Tales of People Who Made the Right Decision to Sell

Every day we all make the best decisions that we can with the information that we have. Often, we are fortunate and we make great decisions. Why sell your structured settlement? Because it seems like a smart idea, of course. In this page we talk about three people who made the best decision, to sell, and we consider what you can learn to apply to your situation and make the best decision for you.

Mary Paid off Her Credit Cards

Mary received a settlement a few years ago. Before the settlement she had accumulated about as much credit card debt as she had earned income in a year. Now, Mary is catching up and doing well, but she can't seem to get those credit cards paid off; she just owes too much. So, Mary sold about half her remaining payments and paid off her cards.

What can we learn from Mary's story? We can learn that sometimes paying off credit cards by selling your settlement can do two things: first, it can put you in a stronger financial position; second, it can provide peace of mind. Both are important. If you owe so much money that it is damaging you financially and keeping you awake at night then selling your payments may be wise. Suze Orman, financial advisor to the country, says people first, then money, then things. Why sell your structured settlement? So you can put yourself first and relieve your financial stress.

Jason Sold His Payments to Buy a Truck

Jason received a settlement just a year ago, but now he is healthy and back on the job. In fact, Jason just opened his own business. It is going well, but he knows that if he invests in the business, for example buying a new truck, he can get more clients and earn more money. Jason sells some of his payments to buy a new work truck.

This tactic can work for you if you own a business or are training for a new career. Investing in yourself is almost always a sure thing – no one knows you as well as you do! If you know that you can make it, you have the drive, the talent and the knowledge, then take the leap and invest in yourself.

Terry Sold His Payments to Rescue His House from Foreclosure

Terry had a tough last couple of years. His injuries lost him his job and he didn't work for two years. He scraped up enough to keep the house a float for a while, but now

he is so far behind that they are foreclosing. However, Terry has enough money in his structured settlement that he could sell it and pay off the house in full.

This is a good choice for Terry because he can pay off the house in full and his wife is working, easily earning enough to pay utilities, taxes, insurance and groceries. So, if Terry can pay off the house they can live on his wife's income. If you are in a situation where you know that you can afford the incidentals of the house then selling your payments to buy a new house or save your home from foreclosure could be a great solution to a family problem.

Good and Bad Decisions

Strategic Capital recently asked a number of attorneys who specialize in structured settlements cash now transactions what good and bad reasons to sell are. One said that paying off credit card debt was a bad reason; another said this was a good reason. So again, it depends on your personal situation.

When asked about the good and bad reasons to sell, Matt Bracy, J.D., a lawyer specializing in structured settlement and sales, said:

“Ultimately, reasons for selling payments are as varied and complicated as people themselves. For example, you could say it is a “bad” reason to sell payments so you can take a vacation. What if the seller is dying, and this is an effort to spend good time with his family? Imagine a seller’s reason to sell is that she just doesn’t want to get the checks on a monthly basis anymore. At first blush that may seem like a financially irresponsible position. What if you learned that each month she gets the checks, she is reminded of the injury that she suffered, and it has a detrimental impact on her psychological wellbeing? The converse can also be true. What if a seller wants to sell payments in order to pay off debt? That is a common reason for selling, and generally a pretty good one. But what if the payments he is selling would leave him with no way to support himself on a monthly basis, even after elimination of the debt? “

In the end, while Strategic Capital can help inform you, the decision is yours, but this is all good food for thought.

Tip #10: Selling your settlement might change your life. Sometimes selling your settlement is the best thing you have ever done, offering you amazing financial freedom and relief from financial stress. Remember, finances are important but your emotional health is important at all. Selling your settlement could provide much needed stress relief.



2.3. Three Stories of People Who Should have Reconsidered their Settlement Sale

Selling your structured settlement might be just the answer to your current financial problem. But then again, maybe not. Take a moment to read about three people who should have thought more carefully about selling their payments and see what you can learn that applies to your situation.

Joey Regrets Paying Off His House

The year was 2006 and Joey was a few years into his structured settlement. Joey decided that he would feel better if he owned his home free and clear, so he took money out of his structured settlement to pay off his home loan. At the time interest rates were around 5.75%, a bit high by 2013 standards, but pretty good at the time. Of course, selling his payments cost Joey more than that – but he felt it was worth it just to know that his house was paid off and he was prepping for retirement. Unfortunately, just a year or so later the housing market crashed; Joey's house is now worth a fraction of what he paid for it. On top of that, Joey wants to move – now he can only sell his house for pennies on the dollar and has no financial reserves to call upon.

If you are considering paying off your house think about Joey, and what you might learn for your own situation. Interest rates heading into 2014 were extremely low – far less than you would pay to sell your settlement payments. What are they today? Structured settlement annuities rates don't change as quickly as house value or interest, so that's something to consider.

Well, you say, paying off my house will provide peace of mind. Fair enough; that's a valid reason to make any decision. But think about it: What if your life changes, again? If you have a mortgage you always have the option to short sale, or even simply give up your home in a Deed in Lieu of Foreclosure process – this would allow you to get rid of a house that had lost its value while still receiving your settlement payments. These may not sound like great options, but they are things to consider before you decide to pay off your home.

Maggie Lost it All in a Bad Investment

A friend told Maggie about a “sure thing” stock that would make her millions. Maggie sold her settlement payments to purchase the stock – already planning how she would spend her earnings. Then, the bottom fell out and the company went belly up, her stock left worthless. Every penny that Maggie had was gone.

There is no such thing as a “sure thing” – except for a structured settlement. Your structured settlement money is guaranteed to keep on coming, month after month, there when you need it. Be careful before you roll the dice with that money – as they say, a bird in the hand is worth two in the bush. This simply means that the money you have coming now is a comfort, it pays your bills, and helps you live – never gamble with money that you cannot afford to lose.

Regis Simply didn't Change His Habits

Paying off high interest credit card debt seems like the best thing that one could do with their settlement money, right? Think again. Regis paid off his credit cards, and it felt great, until he wanted a new television set. And the latest video game system. And new wheels for his car. And... well, you get the idea. Regis charged those cards right back up and now, four years later, he has no settlement income and the same credit card debt that he had before.

Selling your settlement to pay off credit card debt is not a wise decision if you simply charge the cards up again. CNN finance advisor Clark Howard is concerned that too many people who consolidate or in other ways pay off their credit cards simply charge them back up, which leaves them worse off than they were originally. One of the structured settlements benefits is that it protects you from your own bad habits.

If you are considering taking settlement money to pay off credit card debt ensure that you are mentally prepared to change your habits. Cut up your cards. Close the accounts. Vow to yourself that you will never buy anything less than a car or house on credit again. If you feel that you can live without credit, even without your debit card (living on cash is the safest way to prevent overspending) then paying off existing debt is a wise decision for you. Check out our Strategic Capital website in detail because there we give you some advice on managing your money in these, and other, situations.

Tip #11: Move on if you make a mistake. We all make bad decisions from time to time. If you have made some bad financial decisions that you now regret, there is nothing to do but forgive yourself, learn from the experience, and move on. Famed financial adviser Suze Orman says that the biggest obstacles to financial security are fear, shame and anger. You need to forgive yourself for any mistakes in the past and move on, in a better direction. But it is possible that selling your structured settlement will help you recover from a previous bad decision, as long as you are careful and think it through.



2.4. Should You Sell Your Settlement? The Experts Weight In – What Financial Guru Suze Orman Says about Structured Settlement Sales

One partial myth that you will read in the world of structured settlements is that you cannot sell your settlement payments if your paperwork says that you cannot. But in many cases this isn't really true – federal law gives you the right to sell your structured settlement much of the time, if you have a true financial need.

However, just because you can do a thing does not necessarily mean that you should do that thing. There is a lot to consider before you decide to sell your structured settlement.

So, you might wonder, what do the financial experts say?

Well, one famous financial expert is money guru Suze Orman. For twenty years Suze has educated and advised people on money matters from debt pay off to retirement, stock investing to insurance, and everything in between. So, with structured settlements Suze Orman has a few things to say...

In a posting on famed talk-show host Oprah's website, Suze said that for too many people selling their structured settlement seems an easy way out and is just putting a Band-Aid on a bigger problem. Suze, likening structured settlement sales to taking money out of one's 401k, said that too often people use these tools just to shift money around without making any real change in their financial life.

This is exactly how we feel at Strategic Capital. For a structured settlement sale to make good sense you must change your money management habits.

Change your habits and a sale might be the perfect choice for you.

One prominent legal website, Expert Law, admits that selling a structured settlement is one viable way to get cash when you need it. They simply caution that you should get multiple quotes to ensure your best deal. And, that you should work with a company whom you trust and who has a solid financial history and good customer service.

Suze Orman Outright Tells One Writer that Selling is Bad – *for Them*

One person wrote to Suze asking her advice about her husband selling a settlement just so they could pay off bills. The caller said they had \$110,000 in a settlement, but a sale would net them just \$17,500. They had \$30,000 worth of bills to pay off. Suze,

smartly, told the writer no way – to sell would cost far too much money and would not even net them the money that they needed to be debt free. Suze was right here – this situation was easy, there is no way that the writer should sell. But not every case is this cut and dry.

When it comes to structured settlements, Suze Orman cautions that before you sell your payments you should rethink your current situation, considering questions such as:

- Can I afford this home?
- Should I downsize?
- Are there changes we could make to lower our need for money?

Suze also says that you should avoid just moving the debt around. Taking money out of a settlement or 401k investment plan to pay off credit cards is just geography. Consider:

- Can I get the money another way?
- Will this sale fix my situation into the future or just put a bandage on the problem for now?

Finally, Suze suggests that you should change your attitude towards spending money. For some people simply changing their spending habits can make a bit impact on the bottom line. Ask yourself:

- Do I really need to buy that?
- Can I pay more than the minimum payments so that I can get out of debt faster?
- If I sell my settlement to pay off credit cards can I avoid charging them up again?

The bottom line is that with structured settlements Suze Orman recommends against selling your payments when that is simply a short term solution to a long term problem. However, at Strategic Capital we know that when done as part of a well thought out, viable plan, selling your structured settlement payments can be a logical decision. Call us to discuss your situation today.

Tip #12: Consider the uniqueness of your situation. Suze is probably right to caution against selling settlement payments in most situations, but remember that every situation is unique. Suze acknowledges, frequently on her TV show, that you often have to make a decision that fits your personal situation and that relieves your emotional stress.



2.5. Should You Sell Your Settlement? The Experts Weight In – What Money Expert Dave Ramsey Says about Structured Settlement Sales

Financial advisor Suze Orman cautions that you should not sell your structured settlement unless you are truly prepared to change your financial habits. This is a theme that you will see if you talk to other financial advisors and lawyers who are not affiliated with structured settlement factoring companies. Few people outright argue against selling payments. Instead, they advise caution, like attorney Eugene Ahtirski, from California, who reminds his clients that there are fees and time constraints associated with selling structured settlements and thus such a sale should not be taken lightly. This advice applies to all of you, not just structured settlements in California.

What does Dave Ramsey Say?

Now, let's look at another famous and respected financial advisor, Dave Ramsey. Dave is author of a number of financial books, providing hundreds of pages of financial advice and answering questions for average people.

The answer from Dave is clear.

He writes on his website, "There would be nothing wrong with getting a buyout of a structured settlement so long as the discount's not so deep that you wished you hadn't done it." David recommends that the seller be careful to weigh their needs against the costs. He also reminds the reader that the further out the payments are that they are selling the less money they will see from the sale. This comes back to the time value of money that we discussed, that money in the hand now is worth more than money owed to you in the future.

So if you wonder, "Can I sell my structured settlement?" The answer is yes you can, and in some cases even Dave Ramsey thinks it could be a good idea in some cases.

Tip #13: Remember that there is no "one size fits all" financial recipe. Dave raises some good points about the benefits of structured settlements and that there is nothing wrong with selling your settlement if the price is right. But consider your personal needs along with his general financial advice before you make a decision.

Advice to Avoid Payday Loans at all Costs

One financial writer for the online journal *The Examiner* suggests that debt settlement may be a better option for those seeking to pay off high interest credit card debt than selling structured settlement payments to pay off credit cards. But she also cautions strongly against payday loans, and suggests, as we have, that those considering selling settlement payments get multiple quotes and consider their other options, before making a decision based on their individual situation. She makes some good points, but remember that debt settlement damages your credit and often only

saves you 20-40% of your balances, so selling your settlement might make just as much sense.

Seniors Should Be Careful

Prime Time News, a news website dedicated to helping seniors thrive, provides similar advice. They suggest that you consider the costs of sale before selling any type of periodic payments. They also remind the reader to consider the ethics, reputation and customer care of the company they are considering selling payments to.

Consult a Financial Advisor but Use Caution

Before you make any big decision, including deciding to sell structured settlement payments, you would do well to ask the advice of a financial advisor in your area. Patrick Hindert, Managing Director of S2KM Limited and a lawyer highly experienced in the settlement industry, said that a major problem with structured settlement sales is when people considering the sale of their payments “compare multiple offers without assistance from advisors who are knowledgeable about transfers and can help negotiate favorable terms including but not limited to price.” However, use caution – ensure that you ask an advisor who has no interest in your decision.

Find an advisor that is paid a set fee, one who does not recommend a factoring company to you and earn a fee for that referral. In states where independent professional advice is required the company buying your payments may pay your fee, so ask about it. Only with independent advice will you get an honest opinion. But also, be sure that the advisor knows about your situation and structured settlement sales so that they can give you an honest, credible recommendation.

The General Consensus

So, there you have it. Suze Orman recommends that you look at your entire financial picture and how you can change your own habits before you sell a structured settlement. Dave Ramsey says that there is nothing wrong with selling as long as you understand what you are



getting into. Other advisors caution you to consider your own situation and look at the bottom line, then make the best decision for you. Strategic Capital agrees. The ball is in your court, but call us today if you have questions or want some additional information.

2.6. Should You Sell? What Factoring Companies Say

The American economy works off of supply and demand. When it comes to structured settlement sales this means that there are people, probably like you, who are receiving settlement payments but would prefer a lump sum. This demand leads to the development of companies who purchase these payments, often called “factoring” companies. These factoring companies are in business to make money, but that doesn’t mean that they don’t satisfy a real need. And it doesn’t mean that they can’t satisfy that need in a way that is positive and beneficial to both parties.

That being said, most factoring companies will, on average, suggest that you sell your payments. What you want is a company that doesn’t just beg you for your payments so that they can take their cut; you want a company whose business model is about making money *and* helping people make the best financial decisions they can.

You can sell your structured settlements tax free, but you have to find the right company.

But is this possible?

To help you decide we hired someone to do a little research, contacting more than ten such factoring companies and asking them questions about selling a potential settlement and attempting to find the best structured settlement buyers. What we found is that most companies are eager to get you on the phone and give you the hard sell. That is, other than Strategic Capital, none of the other companies was willing to answer questions over email. A couple companies were willing to answer some basic questions over online chat, but all of them other than Strategic Capital pushed to get our researchers on the phone. Strategic Capital was one of only two companies that mentioned the fact that you can sell only some of your payments without our even asking – an important point. None of the other companies that we contacted mentioned this in any of our conversations or correspondence, though when directly asked they all agreed that selling only partial payments was possible.

The Scenario

When our researchers contacted these companies they presented them all with a very basic scenario of a person who was working now and receiving structured settlement payments, and who wanted to sell some of them to pay off some credit card bills and buy a car. All of the companies who responded with any information said that this was generally considered an acceptable reason to sell payments. All companies

were very positive and encouraging about how we could sell our structured settlements tax free.

Tip #14: Choose the company that you sell to carefully. Choose a factoring company that will help you consider YOUR personal situation, not just their bottom line.

Making Money at All Costs

Unlike Strategic Capital, some structured settlement purchasers seem in business to make money at all costs. However, each that our researchers talked to did agree that a vacation was not usually considered a good reason to sell settlement payments, so some of the companies out there do seem to have some common sense, knowing that the court would be unlikely to accept such a sale.

Then again, a review of court hearings shows that some companies try to charge far too much for buying payments, drawing their ethics into question. A look through more than a dozen court cases on the topic, and reading of some newspaper articles, reveals that the above mentioned J.G. Wentworth is one of the most often denied companies, frequently denied based on too high of fees. Add in the often heard slogan of “It’s your money” (J.G. Wentworth) and other slogans such as “Don’t wait for your money” (Woodbridge Structured Funding) and you feel like many companies in this field want to convince you to sell your settlement, even when it may not fit your needs.

But some of the best structured settlement buyers seem to do well without advertising, thriving on word of mouth. Such companies, like our company, Strategic Capital, might prove a better bet. If they don’t have to solicit new customers because they get enough through referrals then they are probably doing something right. For the record, Strategic Capital will call you



just once and email just once after you submit an online quote – no pressure; but other companies usually call and email more than twice as much, with Peachtree and Imperial

proving to be the most aggressive; we hear they often call and email at least once a day for a week, trying to push you to sell.

So what does this all mean? It comes down to this: don't buy into the hype and don't let yourself be pressured. Ask questions. Get good information. Compare quotes. Consider customer service. Then, call Strategic Capital and see why we are the best choice for your situation.

2.7. Keeping Your Money Safe

A major positive about structured settlement payments is that they keep your money safe. Safe from theft. Safe from investment loss. Safe from overspending. But let's answer a few specific questions about keeping your money safe.

Should I Sell my Structured Settlement Payment to Invest?

Many people wonder, "I got a great tip and want to invest, should I sell my structured settlement payments to invest in this?"

The short answer is that this is a personal decision, but it is unlikely that a judge will approve such a sale, unless you are planning to "invest" in starting a new business. No investment is a sure thing. Look at Facebook stock, which everyone thought would be a sure thing, but it wasn't. Or the fall of the .com stocks in the last couple decades. And the shocking recovery of Ford stock, so quickly after the crash. You just never know what is going to happen. So while how you invest your money is a very personal thing, you should seriously think about it before you trade your "sure thing" of settlement payments in on a gamble.

Can I Lose My Payments?

Another thing that many people want to know is, "Can I lose my settlement payments if my wages are being garnished?"

Some people decide to sell their structured settlement payments not because they necessarily need the cash now, but because their wages are about to be garnished, they owe back taxes, they are being sued, or there is some other situation where they feel that someone might get access to their settlement payments and take the money away.

The truth is that every situation is different. In most situations settlement payments from personal injury cases are safe from bankruptcy, garnishment and legal action. However, this is not always the case. You should contact a lawyer, tax consultant or other type of financial advisor if you are worried that someone can gain access to your settlement payments.

Every situation is different.

Whether you could lose your structured settlement payments, or a lump sum cash out, varies from situation to situation, and even varies based on local and state laws. It

is, for example, possible for a spouse to gain access to a share of settlement payments if the payments originated while the couple were married. But, likely, if you were to sell the payments they would still be entitled to half of the lump sum. Child support is another type of money owed where a structured settlement, payments or a lump sum, might be taken.

As for investing money, this is always something to be done very carefully. If you wonder, “should I sell my structured settlement payment to invest, you are walking on dangerous ground. To take a “sure thing”, such as structured settlement payments, and gamble with them, even on an investment that you feel extremely confident about, is perhaps not a wise decision. And, most likely, it is not a reason for a judge to approve the sale of your payments.

The short answer here is to call Strategic Capital to learn about your unique situation and the laws of your state.

Tip #15: Investments are complicated things, do not invest lightly. Day trading, that is buying stocks with the idea of making a fast profit in a day or few days, is a hobby, not a career, and is one best left to the wealthy. That is not to say that you should never invest, certainly stock investing is a great way to make money. But be careful about taking money out of a structured settlement to put it into something less secure.



Chapter 3: Deciding to Sell Your Settlement: The Financial Decision

You may be thinking that selling your structured settlement is a good way to some fast money. And you might be right – this may be the best decision that you can make. But there are a few more things for you to consider before you choose a structured settlements factoring company and make that final decision. In this section we will look at other ways you might find the cash you need without endangering your future, the legality of selling your structured settlement and more.

3.1. Finding the Money You need in Other Ways

A lawyer and author specializing in structured settlement sales, Joseph J. Dehner, noted the one big mistake that people make when considering the sale of their payments is, “Not taking enough time to think before concluding they must have money now versus waiting for the periodic, regular payments that a structured settlement provides”. Thus, as we have said repeatedly, this is not a decision to be made lightly.

For people with a structured settlement selling those payments may seem like an easy way to finance your current life. However, it should not be your first decision. If you are wondering, “Are structured settlements a good idea” and should you sell, consider some of these options first:

- **Cut Your Spending**

The best way to manage your money better is to cut your spending. This is simple, just reduce how much you shop, eat out and otherwise use your discretionary income and you may find that you can save for what you need.

- **Negotiate Rate Reductions**

For many people mortgage payments and credit card minimums take a huge chunk out of the money available to them. But often you can contact these companies to negotiate a reduced interest rate. You have nothing to lose by trying.

- **Personal Loans**

Personal loans are when a bank or credit union gives you money based not on collateral, but rather on your reputation and promise. Credit unions can be good places to go to for personal loans, with low rates. But usually you must have a very good credit score to get a personal loan from a credit union or bank.

- Family Loans

Sometimes it can be easy to borrow money from a family member. But do yourself a favor, establish repayment terms and a modest interest rate. Then, write up a contract and stick to it – this will prevent any hard feelings.

- Credit Cards

Credit cards can be a way to get the money you need, but you have to be careful. Interest rates can be high, especially on cash advances, which may have higher rates and extra fees.

- Home Equity

If you have a home you may be able to get a home equity loan, if your house is worth more than what you owe on it. But be careful, while home equity loans can be a good, low interest option, they can have origination fees and, if you finance your house too deeply and property values go down in your area you may find yourself owing more than your home is worth.

- Payday Loans

We mention these here because they are heavily advertised and are possible. But their fees are very high, and you really just put your problems off and amplify them. Stay away from these.

- Grants to Attend College

If you need money to go to college, or to live while in college, look for grants, scholarships and student loans. There are many grants and scholarships, that is money that you do not have to pay back later – ask your college's financial aid department or the dean of your particular school. Student loans are also good choices, but try to stay with federally guaranteed Stafford or Plus loans; avoid private student loans which carry high fees and less favorable terms.

Tip #16: Consider a personal loan. There are many ways to access the money that you need. If you have good credit consider a loan from a bank or from family members. Remember that while you cannot use a structured settlement as a form of collateral, you can probably put it in the “other income” section of a loan application.

Getting Creative – Take a Lesson from Sara

Sara was a college student, who was paying her tuition with payments she received from a car accident when she was younger. Now, Sara needs a new car and she wants to pay for a study abroad program in college. Her parents do not have any extra money to help her, so Sara was thinking about selling some of her structured settlement payments – in fact, it would have finished out her settlement, leaving her nothing to help get on her feet after she graduated college and looked for a job.

Not wanting to take that step unless she had to, Sara did a lot of research, and she talked to many people in her school and in online chat rooms. Sara ended up learning about a study abroad scholarship that she qualified for. And, she found that her school offered a small scholarship that she had not been taking advantage of. Then, she did some research and learned that if she had a cosigner she could get a zero interest car loan through her credit union, and she could easily afford that payment if her structure was still in place. Sara was able to finance both her plans without touching her money.

Everyone is Different

Of course, every situation is different. Your situation may have a creative solution, but it may not. It is certainly worth taking the time and energy to give it a try. Talk to people who may have been in a similar situation, or who may have more knowledge than you. Look for creative ways out. Keep selling your payments in mind as a viable option, but don't make it your first choice –exhaust your other possibilities first. Keep on reading the Strategic Capital website, or give us a call, to learn the best way to sell structured settlement payments.



3.2. The Legality of Selling a Structured Settlement in Your State

The federal structured settlement law as laid out in IRC 5891 gives all U.S. citizens the right to sell their structured settlement payments, provided that the court approves such a sale. However, if you sell a structured settlement payment without receiving judicial approval the buyer can be subject to a 40% tax penalty on the payments that you sold. Thus, it pays, literally, to do things legally. Read on for more details about these laws.

Court Approval Required

Court approval of the sale is required throughout the United States. However, in most states the person selling has to appear in court; in others they do not (Florida, Illinois, and Virginia do not require you to attend the hearing). Structured settlement laws by state vary.

Other state rules can impact your sale. For example, some states require that you receive independent professional advice (IPA), that is that a financial advisor looks at your situation and provides advice to you. As of the beginning of 2014, the states that require IPA were: Alaska, Delaware, Louisiana, Maine, Maryland, Minnesota, Missouri, North Carolina, and Ohio.

Other states require that you notify the beneficiaries of your policy. That is, the person who is to inherit your structured settlement annuity if you were to die must be informed that you are selling payments. In all states non-revocable beneficiaries need be notified; in fact, in most states *only* non-revocable beneficiaries need be notified. However, in the following states, as of early 2014, all beneficiaries must be notified: Alaska, Delaware, Georgia, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, and North Carolina. Most of the time the factoring company buying your payments will do this notification for you.

Getting Approval where You Live

As said the Strategic Capital website says repeatedly, every situation is different, and your chance of approval is unique. However, our research has revealed that the most difficult states to get approval to sell in are New York and California; this is due, for the most part, to how busy their courts are. Missouri, New York, and Texas tend to be denied most often, but this is at least partially due to the sheer volume of sales in these states. New Hampshire and Wisconsin do not have their own structured settlement protection act, so it may be challenging to sell in these states. However, you can still sell a settlement if you live in these states as long as the insurance company who owns

your annuity is located in a different state – you can get court approval in that state. Some have suggested that claims are most likely to be approved in Florida, Illinois, and Virginia, but these are just generalizations and should not deter you from attempting a sale in any state.

Getting approved depends upon a variety of things including your reasons for needing the money, the rate your company is offering, the personal views of the judge and more. Each situation is unique, but when you call Strategic Capital we can walk you through the specifics of your state and your situation.

Tip #17: Double check your information. The Strategic Capital website provides you with tons of information about selling structured settlements. There are many websites and articles dedicated to the topic as well. But laws change, guidelines change, and times change. In addition, laws can vary from state to state. So always double check the information that you receive, especially as relates to the legality of selling your settlement. Call Strategic Capital to verify that what you read applies to you, your state, your situation, and the present time.



3.3. Quotes are Important

When it comes to asking “should I sell my annuity”, one of the most important things to consider is how much the sale will cost you. You need to think about a variety of things as you get quotes and choose which payments to sell.

Quotes Help You to make the Best Decision

A great way to learn about selling your settlement is to look at the experiences of others. There was one actual court case where one man was denied selling their structured settlement payments. Rahman was denied because the discount rate he was quoted, 17.8%, was deemed too high. But when we asked questions of other companies we learned that some companies would have offered a much lower rate of 10.9%, netting Rahman nearly \$8,000 more and perhaps getting his sale approved. We can't help but wonder if Rahman received numerous quotes for comparison. Probably not.

Now, we have said that getting a quote is important before you sell your structured settlements annuities. And if you search the internet you will find dozens of websites offering to give you a free quote online if you just fill in a few numbers. Well, our clients have talked to many other companies and they tell us that not one was willing to provide a discount rate over email or as a result of their “online quote” submissions. In fact, some companies want extensive information, including the name of the annuity company that made the payments and the exact details of all payments before they will answer any of your questions. So it may be difficult for you to get a “ballpark” quote, though Strategic Capital is happy to answer your questions, to the best of our ability, by phone or email, even early in your thinking process.

For the most part, when you call for a quote on selling your structured settlements annuities you need to be prepared. You should have your original settlement paperwork with you. You should know exactly how much your payments are, who sends them, how many you have left, and when you received your last payment.

Which Payments Should I Sell?

Another question that you will be asked when you call a structured settlements buyer is which payments you wish to sell. Now, you should know by now that payments which extend further into the future are worth less than payments that are sooner – next month's payment is worth a lot more than the same payment in 10 years. So, which payments do you sell?

It depends upon your situation.

If you sell your earlier payments – those coming to you sooner – you will get more money for those payments. However, this will impact your cash flow now, when you may really need money. If you sell payments that are further into the future, say five, ten, fifteen years or more, you don't impact your cash flow now, but you will net less money for each payment. And, you are sacrificing money in the future, a time when you don't know what your life will be like.

Some people have settlements that provide them with a lump sum at certain intervals. This leaves them wondering if they should sell the lump or the payments. Again, it is a personal decision based on whether you need that regular income stream or whether you more rely on the occasional lump sums.

You must evaluate your individual needs. Strategic Capital can help.

Tip #18: Get multiple quotes. Like anything else in life it pays to be informed. Get quotes from two or three companies before you make a decision. When you get a quote do tell companies that you are getting multiple quotes, but do not tell them how much you have been quoted – you will get a better offer if you keep your other quotes anonymous. But remember to consider the amount of money as well as the service that you will receive when making your final decision.



QUOTE: \$45,540

3.4. What to Expect When You Call for a Quote

When you begin the process of getting information about which structured settlements buyer to choose or if you should sell you will have the option to fill out online quote forms, call companies, participate in online chats and even use email.

Filling Out Online Quote Forms

Filling out an online quote on a website usually gets you nothing except for a return phone call from most companies. Your best bet is to forget this and just call when you are prepared to talk and it is convenient for you.

If you do decide to fill out an online quote, everyone will ask you for the following information, and it will be required to submit the form:

- Name
- Phone number
- Email

Some companies will also require the specific terms of the settlement, such as insurance company and payments due, before you can even submit the form. Not Strategic Capital. We want to talk to you on your terms, however you feel comfortable.

Sending an Email

In most cases sending an email to a settlement buyer will get you nothing except an invitation to call the company – except with Strategic Capital. In fact, our clients tell us that Strategic Capital is the only company who ever answered any of their questions via email, sending a personalized message, not just a generic template that didn't really apply to their situation.

Calling Directly

Calling a buyer directly will likely get you the most information, fast. Most companies will answer your call immediately and can answer some questions for you in that first conversation. However, without extensive details most will not quote an actual number at this stage unless you have all of the information that they need. This highlights how important it is to have your paperwork with you and be prepared when you call, otherwise you may be just wasting your time. When you do call you should be prepared to answer the following questions which we were asked by almost every company we talked to:

- How many payments do you have left and how much are they?
- When did you receive your last payment?
- Have you ever sold any payments before?
- How much money do you need now? Why do you need it?
- What insurance company issues your payments?

Top Questions to Ask when You Call

The savvy shopper should ask certain questions when calling for quotes, including the following:

- 1) Should I sell my payments for this reason?
- 2) In your experience, will a judge approve this sale?
- 3) Will I have an individual contact at your company, a specific person that I can call when I have questions?
- 4) How much will it cost to sell my payments? What is the structured settlements discount rate?
- 5) Which payments should I sell to maximize my total proceeds, earlier payments, later payments, lump sum, etc.?
- 6) What can I do to speed the process up?

Of course the top question to ask yourself is, “Who should I call?” The clear answer is, call Strategic Capital. We are there for you with a great price and great service.

Tip #19: Don’t be pressured. When you call a company you are taking them for a test drive – you want to see if it feels good to work with them. Avoid working with a company that tries to pressure you to make a rushed decision. A caring company will give you the information that you need and then give you the space that you need to mull it over and make the best decision for you and your family. If someone tries to pressure you too much you may want to move on to another company.



3.5. A Walk through the Structured Settlement Sales Process

Anytime you embark on a major undertaking you should understand the steps in the process, including your own responsibilities and what goes on “behind the scenes.” Here is a general, high level list of what will likely go on if you pursue your own structured settlement sale:

1. You will gather your paperwork and prepare a few questions. Then, you will submit an online quote or email to say that you want a quote and someone will call you back. Or, you will just call directly and be routed to a customer service specialist.
2. You will tell your story, saying that you want to sell payments and would like to know how much you can get for them.
3. The company you are talking to will ask you a variety of questions, such as why you want to sell and how much is left in your structure.
4. You and the company representative will talk, discussing your options for how many payments you can sell, what they might be worth, and whether that meets your needs. A caring company will also ask you how you will get along without those payments and whether you have considered other methods of getting the money that you need.
5. You will probably receive a quote verbally, and be asked to commit (agree to the quote) verbally. Then, actual documentation will be mailed to you for you to sign. Note that this is the point when you should pause, thank them for their time, but say that you require at least three quotes. Let them know that after you have three quotes and considered all offers you may call them back, if you choose them or have more questions. Expect some salesmanship here, as they push you to choose now. But be firm – never commit without at least three quotes.
6. Once you choose which firm to work with you will notify them verbally that you would like to proceed with the sale.
7. The company will send you documents to sign, either via postal mail or email – ask them which method they will use or tell them your preference. Be sure that you understand what you must sign, if you can fax or email, or if anything must be notarized.
8. You will read the documents, ensure that you understand the structured settlements discount rate and all terms of sale, sign the documents and return them.
9. The documents will be processed by the company and their attorney. This attorney will then file for judicial approval or request a court hearing.
10. If necessary, the pre-sale structured settlement hearing will commence and you may be asked to appear in court.
11. Someone from the company should contact you to prepare you for court and provide details of what you can expect. Then, you will attend the structured settlement hearing, answering questions from the judge.
12. If the judge approves the sale he or she will sign the court order.

13. The purchaser will send a copy of the sale order to the insurance company that holds the annuity, requesting that the payments be transferred to them. The purchaser should pay any transfer fees.

14. After the insurance company acknowledges the transfer the purchasing company should send you a check or deposit the money into your bank account.

At Strategic Capital we work with you to push your sale through and get your money fast.

Tip #20: Ask questions about the process. It is important that you understand the structured settlement process and anything specific to the company that you are working with. If you don't understand something, or are not sure what is required of you, be sure to ask. As they say in grade school, the only stupid question is the one that goes unasked.



Chapter 4: Choosing the Right Company to Sell to

Once you have decided that putting your structured settlements for sale is the best decision for you and your family your work has just begun. Now, you must find the best company to work with in order to ensure that you receive the most money for your settlement and that you get the best service possible – you must choose the company that you will sell your structured settlement to.

You may think that this is easy, that it is just about getting quotes and picking the best one. Certainly quotes are part of the equation, but you also want to take other things into consideration.

4.1. Choosing a Structured Settlement Company

When it comes to putting a structured settlements for sale, the most important decision that you will make is whether or not to sell at all. But after that, the most important decision will be choosing the company that you will sell your payments to. Why? Because the company that you choose will influence the amount of money that you receive, how fast you receive it, and how pleasant the entire process is for you.

Imagine How Bad it could be

Picture it, a few years ago life was tough when you had an accident and, finally, received a structured settlement. Now, sometime later, life has hit you hard again and you need to access some fast cash from that settlement. Now, imagine that you choose one of the structured settlements companies based only on their advertising, or the fact that they called you first. This company is constantly pressuring you to make decisions, constantly badgering you to sign a contract, continually recommending that you sell more payments than you really wanted to, and offering you less money than you need. And they are doing all of this in a way that is not friendly or helpful, with different people calling you all of the time.

Your already difficult situation has become a nightmare. You dread answering the phone. You don't know what to do.

Imagine How Good it can be if you call Strategic Capital

Now, imagine that you were a bit more careful and took the time to choose one of the structured settlements companies based on reputation, customer service, and

value, like Strategic Capital. This company answers your questions before you even have to ask them. You have a single, dedicated account representative that you talk to every time you call. You always feel informed and know where you are in the process. You never feel pressured, but always feel attended to.

A difficult situation is made just a bit easier when you work with the right company.

What to Consider

Eugene Ahtirski, a lawyer who has represented sellers, purchasers and investors of structured settlements said that it is important to choose the right company, writing, “common mistakes and/or pitfalls that sellers of structured settlement payment streams often make is [to assume] that all purchasers are the same; when the truth is that the ethics, customer service and business practices between purchasers are vastly different.” When you choose a settlement payment purchaser you must consider all of these things: reputation, customer service, attentiveness, willingness to answer questions, quote, and, honestly, their willingness to give you time to think without pressuring you.

You also want a company that has your best interests in mind, not just their own. You want a company that will help you decide how many payments to sell, not just push you to sell all of your payments. In fact, in your preliminary conversations with companies the two most important questions that you should ask are:

1. Do I have to sell all of my payments?
2. Will I have a dedicated account representative so I talk to the same person every time that I call?

You want a company, like Strategic Capital, that encourages you to sell only what you must. And one who gives you dedicated, individualized service. Not the hard sell. Call us today for a no obligation, no pressure conversation.

Tip #21: Run from the company that pushes too hard. If you are uncertain about whether selling your settlement is the right choice you want to work with a company that helps you make a well thought out decision. A good company will tell you the benefits and negatives and encourage you to think things through. If the company you are talking to simply pushes you to sell and ignores your concerns hang up and call someone else.



4.2. Who Regulates Structured Settlement Factoring Companies?

Living in the United States we rather expect that someone is always looking out for us, that there is a government organization making sure that we are not being taken advantage of in whatever it is that we are doing. Thus, you might assume that there is a government agency responsible for regulating the factoring companies that purchase structured settlement payments.

But there isn't.

No Overseeing Organization

While IRS code regulates structured settlements and taxes and legal code tells that you do have the right to sell with court approval, no governmental body has any rights or responsibilities in regards to regulating factoring companies. There are no certifying organizations. No licensure. No governmental group that ensures you are being given a fair deal or even accurate information. In short, there is no structured settlement regulation with regard to sales, other than the requirement to have court approval.

The U.S. Securities and Exchange Commission has published a document which provides some good information for you to know, but it is a far cry from any regulation. You can read this document on the government run website (http://www.sec.gov/investor/alerts/ib_income_streams.pdf). In short, though, no one regulates this industry, in the traditional sense of the term.

Regulation, of a Sort

The only type of structured settlement regulation that a factoring company is actually subject to is the court approval. In almost all situations the state court in your area will have to approve the sale. Given that other types of sales and transactions do not need such court approval we suggest that this is a type of regulation. But not really regulation, again, in the traditional sense.

However, all of this doesn't mean that you can't find good information about whether a company you are considering working with is a solid choice. One thing that you can do is look for endorsements from financial organizations. For example, the Consumer Attorneys of California (CAOC) does endorse some structured settlement purchasing companies – you can do a search online.

Actually, as of the start of 2014 the CAOC only endorsed one factoring company, Strategic Capital, because only we met their rigorous standards. The same can be said

for the National Association of Trial Lawyer Executives (NATLE), the Kentucky Justice Association (KJA), the New Hampshire Association for Justice (NHAJ), and the Maryland Association for Justice (MAJ) - only Strategic Capital has earned recognition and endorsement by these prestigious legal organizations.

A lawyer experienced in helping buyers and sellers of structured settlement payments, Earl Nesbitt, said that choosing the right company to sell your payments to is important, writing that NASP membership can be a benefit. He wrote, "Sometimes, the company offering the most money for a particular transaction is still not the payee's best option. There are funding companies, unfortunately, that include provisions in the transaction documents (i.e. rights of first refusal, onerous arbitration provisions requiring arbitration in faraway places or the imposition of arbitration fees on the payee, security interests in all of one's payments, etc.) that should be considered carefully and which might not be beneficial to the payee. I would always recommend doing business with a funding company that is a member of NASP."

Consumer Ratings can Provide Valuable Insight

Consumer ratings can also help you to choose a factoring company, or even decide if selling your settlement is right for you. Remember that most often people post comments on various ratings websites when they are upset. If you search, for example, "J.G. Wentworth complaints" or "Peachtree complaints" you will be suddenly struck with page after page of unhappy customers. Take a quick look online and you will see a variety of complains about J.G. Wentworth using "strong arm" tactics to push people to sell, buying \$100,000 worth of payments for just \$10,000 and more.

On the other hand, if you are considering working with a company and you search their name with "complaints" and find nothing (as you will with Strategic Capital) then there is a good chance that this company is satisfying its customers so few people are complaining. Do your research, then call Strategic Capital.

Tip #22: Look for endorsements. The settlement purchasing industry is not regulated like so many other industries are. But one way to find a reputable company to work with is to look for endorsement from professional organizations, such as the CAOC.

A Note of Caution

Endorsements, judge's rulings and even consumer reports are not enough on their own. You need to create a complete picture before you make a decision. Look at all of these, and blend that with the quote you receive and the treatment of you, as a person, before you decide what company to work with in selling your settlement.



4.3. Five Things You MUST Consider when Choosing a Company

You've probably heard it said that choosing the right company to sell your payments to is important. But it bears repeating – it is *that* important. Following are the top 5 things that you *must* consider when you choose a structured settlement factoring company to sell your payments to.

#1: Personal Attention

You deserve personalized attention. Beware of any company that sends out form letters that don't apply to your situation or answers your questions in vague ways that, again, don't seem to apply to your situation. Insist on a company that pays attention to you, where you get personal assistance by a dedicated account specialist who knows your case and is always available.

#2: Respect for You and Your Time

Before you sell structured settlements choose a company that respects your time. This means that they call you back promptly (within one business day) when you leave a message. They keep you informed. But they do not call or write you constantly, pushing you to make decisions before you are ready. Choose a company that treats you with respect, at all times.

#3: Attentive Service

In addition to being reachable and respectful, you want a company that is proactive in that they answer your questions before you even ask them. A reliable, ethical company should want you to be informed. They should tell you what is going on, explain the process to you, and always be available to answer your questions.

#4: Looking out for your Best Interests

You want to choose a company that helps you make a decision, honestly. They should be willing to tell you the benefits of keeping your settlement and be honest that, for many people, keeping a settlement is a better option. They should always tell you the truth, even when it means advising against a sale. If at any time you feel like you are being pushed into selling when you are uncertain then you should find a different company to work with.

#5: Gives You the Best Deal

You also want a company that gives you the best deal. An ethical company will demonstrate those ethics by giving you a reasonable, affordable quote. You can tell if a rate is reasonable by comparing it to other quotes. An ethical company will not mind if you want to get other quotes; in fact, they will encourage it. They will also encourage you to get independent financial advice, or at least should not mind if you want to. If they are truly dedicated to your best interests they will answer your questions and then give you the time that you need to make the best decision based upon those answers. That's what we do at Strategic Capital – we are here for you.

Tip #23: Value customer service above all. Money matters, obviously. You need money to live and thus you want to get the most money that you can for your settlement payments. However, how you are treated is also important. Be sure to look for a company that makes you feel as though they are placing your needs before money.



4.4. Who is the Largest Buyer of Settlement Payments?

As Americans, we have a tendency to think that bigger is better. We want the biggest cars, the biggest homes, and the biggest hamburger and French fry meals. But then again, we lament “big government” and we often criticize “big business” and “big box” stores, like Walmart. So which is it: is bigger better or not?

Well, bigger might be better in a paycheck or a comfortable bed, but not necessarily in business.

Who is the Biggest and Why?

Let's pause now to say who the biggest buyer of structured settlement payments is: the answer is, J.G. Wentworth. This company has purchased billions of dollars' worth of structured settlement payments from people around the country. But why? Is it because they are better? No. It is because they advertise.

In fact, the CEO of the company itself admits that advertising is what made J.G. Wentworth huge. J.G. Wentworth is not only the biggest buyer in the business, but they are the biggest advertiser in the business. Their “It's your money” advertising campaign has made them a household name. But their commercials say nothing about their customer service or advice, only their existence. Is that meaningful?

What's more, you may be interested to know that the company who owns J.G. Wentworth purchased Peachtree in 2011; they began to run the company on their own but continued to market it as a separate company. In 2012 they were sued for deceptive practices, as they were leading people to believe that they had options when really it was the same company operating under different names. This practice continues as of the writing of this guide, so selling your structured settlements to Peachtree is the same as selling to J.G. Wentworth. That's dishonesty.

Size does bring some Advantages

Now, that being said, J.G. Wentworth is not a bad company simply because it is large. This is a situation where size is not an indicator of value. The fact that they buy a lot of settlements is more testament to their pushiness, advertising tactics and aggression than ethics or customer service. Yet, you do want to choose a company that is large enough, and has been around long enough, to know the business, be able to fund your purchase, and be prepared to accurately advise you and represent you. So size is but one small factor to consider.

Strategic Capital is big enough to serve you, but small enough to give you the personalized service that you deserve. Strategic Capital, in fact, is one of the largest financiers in the private cash flow market, having bought more than 1.5 billion dollars' worth of payments. And they did this without advertising. All with word of mouth. They have a good reputation and that is what matters.

When it comes to selling a structured settlement loan rates and size are not the only thing to consider, as you have read throughout this structured settlement guide. Call

Strategic Capital now and see how we can help you make the best decision for your individual situation.

Tip #24: Remember that bigger is not always better. Certainly size can tell you about experience, but it doesn't tell the entire story. When shopping for the right company to sell your payments look for one that is big enough to meet your needs but also one that can offer you personalized attention and service.



4.5. Is there Value in a BBB Rating?

With the advent of the internet we have become accustomed to reading reviews about everything. If you make a purchase online, or even just research a product, you can almost always find a list of user reviews, complete with stars given or thumbs up and a discussion of what was good and bad. These have helped us to shop in a new way.

What about the Old Way?

In days gone by the only ways that we really had to hold businesses accountable were through word-of-mouth and then the Better Business Bureau (BBB). When the world got too large and our needs too vast to rely on the opinions of our friends and family alone the BBB was born.

This is a company that serves two purposes. One, they allow companies to register with them, for a fee, and be listed in their registry. Two, they allow anyone to file a complaint against companies, both companies who are members and those who are not, and maintain a database of these complaints for anyone to review. The BBB provides a service, much like any other ratings website.

What is the BBB, Anyway?

Many people think that the BBB is a government run agency, and thus with it comes a level of credibility. But do you know what? It's not. Nope. No government affiliation. In fact, it's not the non-profit that you probably think it is. The BBB is simply a company out to make a dollar. They charge hundreds of dollars to join, and that fee, many assert, actually buys you a good rating. Really.

Let's explore the BBB ratings a bit.

You might have heard that a certain company has an A+ BBB rating, and you might assume that this means this company has few complaints. Actually, that is not necessarily true. Companies with good BBB ratings have many structured settlements complaints when it comes to buying payments. To earn a good BBB rating a company needs only meet some BBB specific criteria. Among these they must promise to uphold the BBB standard to reply to consumer complaints (not satisfy, just reply), must not engage in dishonest advertising (according to BBB standards), must respond to consumer complaints in a way that the BBB deems appropriate, and must not have too many complaints that the BBB feels are serious.

But the BBBs own ethics are often questioned. One researcher found that the BBB was allowing companies to pay fees to maintain a high BBB rating; the BBB had this company ejected from the BBB itself, but never issued a statement of denial or clarification. Could they be hiding structured settlements complaints as well?

Checking a Company's Rating

When considering what a BBB rating means, think about this: if you look at J.G. Wentworth's listing on the BBB you will find that they have an "A+" rating. This sounds great. But if you look further you will see that they have had 40 complaints filed against them, through the BBB. That is 40 complaints, but still a perfect rating? Stone Street Capital has an "A+" rating as well, though they have had 57 complaints as of this writing. Imperial Structured Settlements, on the other hand, has only an "A" rating (no plus), yet they have only two complaints filed against them. And Strategic Capital doesn't even appear on the BBB website, presumably because no one has ever complained about them to the BBB.

So now, you have to answer for yourself, what value does a BBB rating really hold when choosing a company to purchase your settlement payments? Does it make sense that no complaints warrants no grade, two complaints warrant an "A" and 57 complaints are still awarded "A+". You decide.

Tip #25: Know how to weigh information appropriately. Gathering information about a company is always good before you start a relationship with them. But today, BBB ratings are not a reliable way of choosing a company. A search of a company's name with the word "complaints" after it can reveal if people are happy or upset and can be much more revealing than any BBB rating.

Previous president of the National Structured Settlement Trade Association (NSSTA), previous director of Society of Settlement Planners (SSP), and author of a blog on structured settlements, Patrick Hindert, said, "One criterion to consider when selecting a purchaser is whether that purchaser belongs to the National Association of Settlement Purchasers (NASP), a professional



association that promotes best practices among its members and provides industry education about the transfer process.” Credibility does not come from buying a BBB rating. Credibility is born when respected people and agencies recommend you, as they do Strategic Capital. You can feel secure when you call Strategic Capital.

4.6. Nightmarish Rip-off Stories

While most businesses and people in the structured settlement industry are legal, they often push the boundaries and bad things do happen. Following are four things for you to consider, and learn from, as you move forward with your sale.

Far too Little

When it comes to nightmarish rip-offs, there was one that was, fortunately, stopped before it happened. This was the case of Amanda Ferrer trying to sell \$130,000 worth of payment from a structured settlement to J.G. Wentworth. The court denied the sale because Ferrer was offered just \$15,000 for the payments, a ridiculous cost in our opinion, as well. This reinforced a concept that we have said repeatedly – get multiple quotes and get independent financial advice.

Some Rip-Offs aren't so Obvious

Now, let's do some thinking. The case of Alison Grieve is one where she tried to sell nearly \$105,000 in payments for less than \$40,000. The judge denied the sale, citing the discount as far too high. Yet, three years later a different judge in a different location allowed Joseph Spinell to sell \$190,000 in payments to First Providian for just over \$31,000. That was a much higher discount rate than Grieve was denied, and yet it was approved, Spinell netting just one seventh of the gross sum. The fact is, some rip-offs can squeak through court without being discovered.

Tip #26: Don't count on others to save you. One of the jobs of the judge who approves your structured settlement sale is to ensure that you are not being charged an extreme amount of money. However, there is no set guideline for these judges to go by. Thus, what they feel is extreme and what is extreme for your situation could vary drastically. So don't count on the judge, or anyone else, to save you from making a bad decision. Do the research on your own and ensure that selling at the rate you were given is the best decision for you.

Ripping Yourself Off

One rip off story comes not from being ripped off by a company, but by making a mistake and ripping off one's self. Joe sold his structured settlement payments because his car broke down, his roof was leaking and he needed money now. A judge approved the sale, even though it left Joe, who was working only part time, with insufficient money

coming in each month to pay all his living expenses. Eventually, unable to secure full time work, Joe lost his home to foreclosure, so the roof didn't matter much.

Earl Nesbitt, a lawyer experienced in helping buyers and sellers of structured settlement payments, said that "Payees who are unable to work and depend entirely on their structured settlement payments for their monthly income and necessities should think long and hard about these transactions and should endeavor to retain sufficient income and funds to ensure that they will not be left destitute."

The Devil is in the Details

Another way that you can rip yourself off is by not having a professional look over your paperwork. Attorney Earl Nesbitt, mentioned above, said that buyers should beware and read their paperwork carefully. You can't just yell, "I have a structured settlement and need cash now!" and expect to have a safe, positive transaction. You have to do your due diligence.

Specially, Nesbitt advises sellers to, "Make sure that the transaction documents do not include a security interest or right of first refusal in payments that the payee is not being assigned. For instance, say a payee is receiving \$2,000.00 per month for life with 30 years (through 2025) guaranteed. The payee decides to transfer/assign 120 partial monthly payments of \$500.00 each from January 2013 through December 2022, and will retain \$1,500 per month during that time period and will remain entitled to receive all payments after December of 2022. Some companies will include a security interest and/or right of first refusal in all of the payee's future payments. That is not proper and can create a lien/claim/encumbrance on the payee's non-assigned payments, restricting their future flexibility relative to those payments." Sometimes you will see this in a

disclosure statement, and Nesbitt cautions you to refuse to sign until the language is removed.



At Strategic Capital you never have to worry that there are hidden costs or misleading wording. We work with you to help you decide if selling is right for you and we help you to understand every step in the process. At Strategic Capital we are there for you.

4.7. How YOU Can Avoid Getting Ripped Off

Bad things happen to good people. And vice versa. There are simply times when we try to do what is right but we end up making poor decisions. Or, what seemed like a good decision backfires. Sometimes, we all get ripped off.

You may have a structured settlement but need cash now – that’s understandable. But before you sell your structured settlement payments there are 10 things that you can do to avoid getting ripped off:

1. Don’t believe everything that you read.

Advertising is designed to get you in the door. Companies embellish when they advertise – they stretch the truth. And if you are lucky they may put the truth in microscopic text that flashes by at the bottom of an advertisement. So be cautious. Be a careful consumer and look into a company before you buy into their marketing campaigns. At Strategic Capital we do not advertise. We don’t need to. We get our clients through word of mouth, and we only buy a structured settlement if it is truly in the client’s best interests.

2. Get multiple quotes.

The best way to avoid getting ripped off is to get multiple quotes before you commit to a company. You can use the quoting process to ensure that you are getting the best price, but also as a way of testing out a company and ensuring that they are easy to work with.

3. Sell only what you must.

You do not have to sell all of your payments; don’t let anyone tell you that you do. You should keep as many payments intact as possible, selling only what you must to meet your current need. You have a structured settlement but need cash now, but this doesn’t mean that you have to sell it all.

4. Choose the right company.

Next to deciding to sell your payments at all, the most important decision that you will make is who to sell them too. You should “Interview” companies. That is, you should ask them questions and get to know them before you choose to work with them.

5. Get everything in writing.

Be sure that you have your quote in writing, of course. Also, get something (even an email) that says you will have no out of pocket fees and answers any other questions that you feel are important.

6. Consult a lawyer or financial advisor.

You should get independent professional advice to help you make the right decision. We know, a lawyer can be expensive, but you can often hire a financial advisor for a small, hourly fee. Consider it. When you call Strategic Capital ask them if there is any way that they can help you get this advice for free.

7. Read structured settlement companies reviews online.

Online reviews can be a great asset in choosing a company to work with. Some people like to use the BBB, but they have limited usefulness as they generally don't tell you what complaints were made or how they were resolved. And their rating system has little to do with how many complaints a company receives. Instead, do a general web search for the name of the company you are considering and the word "complaints" or "review" and see what you find. You can also try "Company Name Endorsement" and see who gives the company you are considering a thumbs up. To see what endorsements Strategic Capital has, simply click here: <http://bit.ly/1gSyVGD>

8. Don't count on the judge to save you.

The judicial approval is designed to help ensure that you have thought the sale through well. Do not count on the judge to make the decision for you.

9. Create a budget to secure your future.

The sale of your payments is not the end of your responsibilities. Now, you have to do what needs to be done with the money, and get along in the future. Creating a budget can help you to do both.

10. Reduce your spending.

The biggest way that people get into financial trouble is through overspending. Reduce your spending and your entire financial life will improve.

Tip #27: Do not buy into the hype. Advertising has been around for generations, as have salesmen. People have been selling snake oil and other meaningless concoctions for years. Just watch a little late night TV and you will see from the infomercials that people will say anything to get your money. So, again, this means it is up to you to wade through the rhetoric and find the truth before you commit to selling your settlement.

Terry Taylor, an experienced professional in structured settlements whose credentials include serving as president of the National Structured Settlements Trade Association (NSSTA), says that while he is generally in favor of structured settlements, he knows that sometimes a bad situation can cause a client to want to sell their payments. Taylor cautions, though, that many factoring companies are not to be trusted. Yet, Taylor says, "There are companies out there that are concerned more with the person selling their structured settlement than the profit they can make from the sale. I

was fortunate enough to find one of those companies in Strategic Capital. When I first started referring business to them I was shocked to find that they actually



talked one of my referrals out of selling his structure before filing bankruptcy, when I could not convince him to do that." This quote by Taylor highlights the importance of you doing your research and finding a caring company, like Strategic Capital, to sell your payments to, not just going with the one that advertises the most or gives you the hard sell.

4.8. Buyer Beware – 7 Crazy Statements and Ploys in Settlement Factoring

You are doing your research and that is smart – it makes you an informed consumer. Go you! Now, allow us to point out a few crazy statements and ploys, some that you may have already encountered, but all that you should be wary of as you decide whether to sell your structured settlement payments.

Crazy Statement #1: It's Your Money!

This is the main tagline of one of the biggest purchasers of structured settlements. But it is a ploy, designed to appeal to your sense of control. The truth is that your settlement money is already *your money*, it is just being managed for you and delivered in a way to promote your continued financial security. Don't be fooled into selling your payments only because you think it gives you some extra control. Sell your payments if you have a real financial need, not because an advertising slogan convinced you.

Crazy Statement #2: Selling Your Settlement is something to Sing about

Receiving your structured settlement originally probably helped ease the financial burden of a physically or emotionally damaging event, as it should have. And selling your payments may do the same if times have turned tough. But selling your payments should not be an emotional decision, like the recent *Opera* commercials, of "It's my money" and "I have a structured settlement and I need cash now" published by one company make it seem. These commercials are well done and fun, to be sure. Advertising money well spent. But they are an attempt to use emotion and psychology to influence you. Sure, you have a structured settlement but need cash now – is that reason to sing? The commercials say nothing of the costs, considerations, customer care or anything else about the company – they just appeal to your basic emotions and make you feel good about selling your settlement. Of course, if you need to sell your settlement then you *should* feel good about it, but a singing fat man in horns shouldn't be the reason that you decide to sell.

Crazy Statement #3: Your Money will be Worth Less Later

One important consideration in selling your settlement is the time value of money. That is, the idea that your future money is worth less than money today. This is part of the discount rate calculation and part of the reason that your sale will net you less cash than you would get through those future payments. Yet, some companies try to twist this around and make it a reason to sell.

Liberty Settlement Funding, on their website, wrote that inflation was a reason to sell payments. They asserted that your money loses value over time and that having the

money in hand now is better than having it in the future. But they don't go on to say how much less you will receive for later payments *because* of that time value decrease. Sure, the money is worth more now, but you will get less of it exactly for that reason and you lose more than you would lose from simple inflation. The presentation of the information is misleading and unethical.

The fact is that yes, according to structured settlement watchdog and seller advocate John Darer, money in hand today does have more purchasing power. But that is not a reason to sell your settlement. You should sell your settlement only if you have an immediate need.

Crazy Statement #4: You Must Sell all Your Payments

Some websites and companies neglect to tell you that you can sell just part of your payments; they may encourage you to sell all of your payments, even if you don't need to, just to get your money. Be sure that the company that you choose is not only honest, but encourages you to sell only what you need to.

Crazy Statement #5: You Can Only Sell Payments Once

In an effort to get you to sell more payments some companies may lead you to believe that you can only sell your payments once, so you should sell them all now. This is not true. You may sell payments as many times as you need to.

Crazy Statement #6: The Judge will Protect You from Fraud

Structured settlements law is designed to give you rights, and the judicial review is designed to help protect you, yes. But you can't count on it to do the entire job for you. Judges will deny if they think that you have a poor reason or that the fee is too high, but they might have a different idea of what is acceptable than you would if you researched it thoroughly.

Crazy Statement #7: It's Smart to put your settlement into a Higher Interest Investment

Some companies will tell you that you should sell your settlement if you believe that you can invest it in a way that will earn more money. However, this is dangerous ground to be treading. No investment is a sure thing; no business effort a guarantee. If you pull your money out of a structure by selling payments and put that money into an investment you could lose everything, including the security of settlement income.

At Strategic Capital we work with you to inform you, listen to you, and help provide you with the information that you need to make the best decision for your family and your future.

Tip #28: If it sounds too good to be true it probably is. Salesmen will say anything to get your money. They will also appeal to your emotions. One popular commercial for a purchasing company tells you that, “It’s your money” and encourages you to use it when you want. But this is not about ownership or control, it is about deciding which way your money serves you best – in a lump now or in payments later. So make the decision that is right for you and don’t be pushed into a decision by people who appeal to you with slogans and emotions.



Chapter 5: Preparing to Sell Your Settlement

As you continue the process of deciding to sell your settlement you may still wonder if you have other options, such as taking out a loan against your payments. You may also wonder what the process for selling is, what information you will need to supply and more – read on to find these answers throughout this chapter.

5.1. I'm Hesitant to Sell – Can I Just Take Out a Loan Against my Settlement Payments?

The short answer is, no. Structured settlement loan rates don't matter because you cannot, legally, take out a loan against your structured settlement. In fact, we did some research and asked loan officers at four different banks, and we also asked four different structured settlement purchasers, and each one agreed that no, you cannot take out a loan using your settlement payments as collateral. But that doesn't mean that a loan may not be possible for you.

Getting a Loan

There are two basic types of loans that you can get: *secured* and *unsecured*. A *secured loan* is one where money is loaned against collateral – an object that is worth money and can be seized if you fail to repay the loan. You get this type of loan when you buy a house or a car. With a secured loan the collateral can be taken away from you (like having your house foreclosed on or your car repossessed) if you do not pay back the loan. You cannot use your structured settlement payments as such collateral because this would require court approval and banks aren't going to do that.

An *unsecured loan* is when you are lent money based on your credit score and your signature – there is no object which provides collateral for the loan. Thus, if you default, nothing is taken away from you. Of the five banks that we contacted, two mentioned that you could put your structured settlement payments on your personal loan application as “other income”, thus improving your chances of being approved for a personal loan. So there are no structured settlement loans pros and cons, because there are no structured settlement loans. But if you have questions about getting the money that you need call Strategic Capital today and get all your questions answered.

Your Structured Settlement is not a Bank Account

Some people will ask how they can withdraw money from their structured settlement account. It is important to know that your structured settlement is not an account like a savings account or even a stock account – you cannot just withdraw money when you wish. It is an annuity, a type of investment that pays out regular, scheduled payments. You cannot take money out of it when you will. You cannot close it and cash it out. You cannot get a loan against it. But you can sell it.

If any structured settlement company tells you that they are giving you a loan on your payments they are either misleading you because they are really buying it, or if they truly are giving you a loan, then they are probably doing something that is not entirely ethical or legal. If you want to know that you are working with an honest, legal and ethical company, call Strategic Capital today.

Tip #29: Know your options. As you consider your options for getting the money that you need you may decide that a loan works for you. Just understand that a loan is different than selling your payments, and a structured settlement cannot be used as collateral on a legal loan. Usually, a loan will require you to meet certain credit guidelines and then to make regular monthly payments.



5.2. Negotiating Your Best Deal

If you choose the right structured settlement purchaser to work with, and you have done your due diligence and received at least three quotes to compare, then there should not be a lot of negotiating left to do – you should know that you are being offered a fair price. However, there are some things to consider as you strive to get the most out of the transaction.

Be Sure You know the Details

They say that the devil is in the details, and this is usually true. Be sure that you know, in writing, that with your structured settlement buyout paying out of pocket will not happen – there should be no out of pocket fees. And be certain that you are very clear on exactly how many payments you are selling, which payments they are, and how much money you will be given. If at any point you have a question or something is unclear be sure to ask. And if the company you are selling to is unwilling to answer your questions then try another company who will give you the answers that you deserve.

Negotiations

There is some level of negotiating that you can do when trying to get the most for your payments. The most important tool that you have will be other quotes.

Begin by getting quotes from three different companies. Tell each company that you are getting other quotes – this way they are more likely to give you their better offers. However, *do not* tell them who has quoted you or how much they have quoted. Force each company to give you a blind quote, where they don't know what other quotes you have received.

Once you have these three quotes, start with the highest quote on the list and call them again. Tell them the other two quotes and see if they will beat them. Get the offer in writing, even just an email.

Then, call the next highest quoted company and tell them the two quotes that you have from the other companies – see if they can beat them. Go around like this until every company refuses to go lower. Now, you know that you have each company's lowest bids. And, what's more, you have experience working with each company. You can use this experience to choose the company that you will sell to. Or, you can call Strategic Capital first and know that you will get the best price the first time you call.

Choosing a Company

But, you think, I should simply choose the lowest quote, right? Not necessarily. At this point you should have three quotes that are pretty similar. But you also know what each company is like to deal with: how fast they return your calls or emails, how helpful they are, if they are pleasant, who you are dealing with, etc. And, if you don't choose carefully you could put yourself in a position to simply get turned down. When it comes to structured settlements John Darer, an advocate for sellers and structured settlement watchdog, mentions in his blog how Peachtree has publically suggested that people sell their settlements to retire or take a vacation. As Darer points out, in this case it is fortunate that the court would have final approval to avoid such frivolous sales.

But let's say you have a good reason to sell; do you choose based complete on cost?

No. You should make an educated decision about which company to use based on a variety of factors. If one company is treating you poorly but they offer you \$600 more, is it worth it? You may be working with this company for weeks, even a couple months – is \$600 worth the worry and stress of working with a company that you don't feel comfortable with? You must decide. On the other hand, you can call Strategic Capital for a quote and know that you will get the best service and the best price right away, with one easy call.

Tip #30: Don't be afraid to negotiate. Some companies will make you a low offer, expecting you to come back with a counter offer and leaving some room for them to seemingly give in to you. At Strategic Capital we will give you our best, most reasonable offer up front. No games. Don't be afraid to try and negotiate a better deal with some companies. But also do not be upset if Strategic Capital tells you that our first offer is our best offer – it usually is, and that says something about the honesty of our company. Compare our quotes to those of other companies to see how we stack up.



5.3. What Documents Will I Need to Provide?

Wondering, “How do I sell my structured settlement annuity?” The process itself is actually pretty easy, but it will require some paperwork. During the process of selling your structured settlement payments you will be asked to provide information and complete various forms. Some of these forms will vary based on the company that you work with, but any company you try to sell your payments to will, first and foremost, need to see a copy of your original settlement agreement. Be sure to send them a *copy*; always ensure that you retain your original and that you keep copies of anything that you sign and return for your own records.

Getting Your Original Paperwork

Hopefully, you are a very organized person and know exactly where every important paper in your life is. Or, you may be a normal person and have misplaced your original settlement paperwork. If that is the case contact the company who owns your structured settlement annuity – the company who sends you your check – immediately, and ask them for a copy of your original settlement paperwork. Or, you can contact the lawyer who did your settlement and their secretary should be able to get you a copy. If necessary, you may be able to get copies from the courthouse, for a fee and time delay. Do this immediately – requesting copies like this can take time and you won’t be able to get a firm quote, or begin the structured settlement buyout, without these documents.

Other Paperwork

The factoring company that you work with will also ask you to fill out some of their paperwork, including contact information, data about your settlement, and perhaps even a brief statement of why you need this sale. Some of this information will be used to file the court papers and other information just to inform their conversations with you.

Returning Paperwork Fast

The faster you get your purchaser the information that they request the faster they can complete and file the paperwork and request a court date to seek approval. Court hearings take time, so if you need your money now do your part and return things promptly.

There is really little paperwork for you to complete during the structured settlement buyout. Your purchasing company should do most of the paperwork for you and file all court papers, asking you for basic information and some signatures. They will also submit notice, as necessary, to beneficiaries and to the annuity holding insurance

company, letting them know of the transfer of payments. And then, of course, they will do the most important part – send you your check or money transfer.

Tip #31: Keep good records. Make notes of every company that you call, what their quote was, and what information they told you that you would need to provide. After you choose a company to sell to, keep notes every time that you call them. Note down who you talked to, what was said, and list anything that you are required to do as follow-up. That way you will not risk slowing down your sale because you forgot to do something and if anything ever goes awry you will be able to say exactly who you talked to, when and what was said.



5.4. How Long will it take to get My Money and How can I Speed Up the Sale

Selling your structured settlement, from the time that you accept a quote until the time that you have a check in your hot little hands, usually takes about 90 days. However, anywhere from 30-90 days is pretty common. Most companies will say that it takes 30-90 days to get your cash, though occasionally it is more or less, depending on the state.

But I Read that I can have My Money in a Week!

You have probably seen advertisements online that you can complete your structured settlement buyout and have your money in a week. This can be true, sort of. Many companies advertise that you can have your money in 5-10 days, but what they are really offering is an advance on your lump sum. Basically, they will give you some of the cash up front while they wait for the court hearing and approval. Usually, they will only give you a couple hundred dollars. Though, in some cases, and if you have a real need, you might be offered more. Strategic Capital often provides substantial advances when there is a true, immediate need.

Be careful, sometimes the advertising is misleading. For example, one company wrote on their home page that “once the insurance company complies and we have the required documents, funding can occur within 5 to 10 days” – well, that’s great, but those things can take weeks, so really, this is an empty promise.

At Strategic Capital we complete many of our sales in less than 30 days. In fact, we have completed sales in as few as 18 days. But this is usually only possible in states with very fast court systems, such as Illinois and Virginia. In most other states you are looking at 30-60 days. When you sell structured settlements in New York or California it will be more like 90, even 120 days, simply because their court systems are so busy.

Here are 6 Tips that You can use to get Your Money Faster:

1. Have your paperwork handy. Be sure that you have your original settlement paperwork in hand before you even call for your first quote.
2. Agree to a quote quickly, as soon as you are ready. This is not to rush you – take your time and get multiple quotes. But know that these time frames given above start from the time you accept a quote, so the sooner the faster.
3. Return all paperwork quickly. The faster you get your paperwork in the faster things will go.

4. Be flexible on the court date. Most of us have lives, including work and other schedules. But if you force the company to reschedule your assigned court date you will delay your payment. Try to be flexible.

5. Show up in court. This one is easy; if you are required to be there and are not, the sale will be delayed or even denied.

6. Ask questions before the hearing. Be sure that you know what the judge will ask and are prepared to answer. You don't want any surprises. Of course, when you call Strategic Capital there won't be.

Tip #32: Hold up your end of the bargain. The best way to get your money fast is to do what you need to do quickly. Don't procrastinate. Provide paperwork that is requested quickly, sign and return documents fast, and show up to court on time and you will speed up the sale and get your money faster.



5.5. Getting Court Approval

For many people who are selling their structured settlement payments the idea of getting court approval is either distasteful or stressful. But don't worry; it is a relatively easy process and most of it will be handled by the company that buys your payments. Let's break down a few things for you.

The Law

Federal law requires that every sale of structured settlement payments include court approval. If you fail to get this approval for your structured settlement buyout the buyer could be subject to a 40% tax penalty on their profits. So, it is important for them to do things right. If you try to sell your payments to a company that says that no approval is necessary then you should find another company.

Appearing in Court

Now, getting court approval and actually appearing in court yourself are *not* the same thing. While every state requires court approval of the sale, not all require you to actually appear in court. As we mentioned previously, you do not have to appear in court when you sell structured settlements in Florida, Illinois, and Virginia. In every other state you will have to show up for court, and likely answer a few questions that the judge poses to you.

Do not be afraid.

These are usually simple questions that you can answer honestly. It is good to know that your factoring company probably knows these rules pretty well. In our research we asked six companies whether we had to go to court and each one answered accurately for our state.

Reasons that Judges Deny

The most common reason for a judge to deny a sale is because the cost of the sale – that is, the “fee” that the factoring company is taking – is too high. We will discuss this more in section 37 of this guide. Judges can also deny because they don't feel that you have a good reason to sell, or they think the sale is simply not in your best interests. They can also deny a sale that is for a minor or elderly person, feeling that it is not in their best interests.

Sales can also be denied if there is another party who has a claim to the money. This is most often done if your spouse is not part of the sale and may have a claim. Or, if you owe money for past due child support, taxes or to some other government agency.

It is also important to know that if your structured settlement is owned by the government, most likely because you earned it suing the U.S. federal government in some way, you probably cannot sell it, no matter what state law, state courts or the insurance company say. A search of court cases shows a strong history of the U.S. government denying people who want to sell settlements with the government; even the appeals have failed time and again. Apparently, the federal government is above the jurisdiction of the state courts.

What if You are Denied?

Sometimes, what seems like the best structured settlement buyout gets denied. Sometimes there is a good reason, but other times the reason is not valid, or it involves only the cost of the sale. In these cases you can go back to court again, often with a different company offering a better sale rate, and get approval.

You will not necessarily see the same judge, but the new judge will know that you were denied previously and will consider that. If you are denied again you can, theoretically, appeal to a higher court, but this is rare. In fact, we know of no such case where this has happened, but it could... in theory. Your best bet is to go to court prepared, with a good reason, and hope that the sale is approved. Even if you were denied in the past, call Strategic Capital and we will work with you to get your sale approved!

Tip #33: Know the law. Know, up front, whether or not you will have to appear in court. Some states require that paperwork be filed but do not require the seller to actually appear in court; other states do require that you appear. Do your research and ask the representative of the company that is buying your settlement so that you know, up front, what to expect.



5.6. Understanding the Judge's Role

Many people who want to sell their structured settlement do not even understand why court approval is necessary, much less what the role of the judge is. So let's consider these two issues.

The Need for Court Approval

Judicial approval is required to sell a structured settlement throughout the United States. This requirement is written into Federal law, as well as most state laws. As we said before, in most states you, the seller, must appear in court to answer some questions.

The basic reason for this required approval is simple: To protect people from themselves and make it a bit harder to sell a structured settlement. Really. The government feels that these settlements are good for you, that they offer security in difficult times. They feel that you should keep them. So, before you can sell one, they want a court to look at your reasons, and the sale, ensure that you understand what you are doing, and check that you are not being taken advantage of.

The Role of the Judge

The role of the judge is to approve or deny your sale; it's that simple. They usually do this by asking you questions to ensure that you understand the terms of the sale, as well as the ramifications. See the Strategic Capital website for a list of questions that the judge might ask you to ensure what they consider the best structured settlement buyout.

Reasons for Declining a Sale

The biggest reason that a judge will decline a sale is if he or she feels that the discount rate is too high. That is, they feel that you are being charged too much to sell your payments. A judge may also deny if they feel that you are simply making a bad decision; that selling your payments is not a good idea. Of course, a judge will most certainly deny the sale if you change your mind about the sale at the hearing; this happens, sometimes, when the judge questions a person and they think more deeply about it.

A judge may also deny if you have sold too many payments in too short of a time, feeling that you are managing your money poorly. And judges often deny sales when a parent is trying to sell payments that belong to their minor child. Of course, anything can impact a sale, including, simply, the judge's attitude towards structured settlement

payments and sales. But usually, if you have a good reason to sell and can show that you can live without the payments you are selling, the judge will approve your sale. At Strategic Capital almost all of our sales are approved, easily.

Tip #34: Recognize that the judge is there to help you. While many people feel intimidated at the idea of having to appear in court or talk to a judge, just remember that the judge is actually there to help you. His or her goal is to protect your interests and help ensure that you are not being taken advantage of. If you recognize this positive role you may feel less intimidated and bothered by the court appearance.



5.7. Questions that the Judge Might Ask You

Getting approval of your structured settlement will require your appearing in court in 47 states. Most likely, the judge will ask you some questions. These should be relatively easy, all things that you readily know. You should answer the judge honestly and openly, and be courteous at all times.

General Questions

First, the judge is likely to begin with some basic questions. He or she may ask your name, address, job title, and living situation (alone, with spouse, etc.). They may ask you about the history of your payments – why you received them – and if you still need them for medical bills or living expenses. They will want to ensure that you understand the cost of the sale, can live without your payments, and in general are certain that this is the best decision for you.

Eleven Specific Questions

In addition to these background, preliminary questions, the judge may ask you many other questions, including the following:

1. What do you plan to do with this money?
2. Have you ever sold payments before? If so, what did you do with that money?
3. Do you know what the fees are for selling these payments and do you understand the structured settlement buyout rates?
4. Did you contact this factoring company or did they seek you out?
5. Have you obtained other quotes?
6. Have you considered other options, such as family loans, to get the money that you need?
7. Have you discussed this matter with an attorney or a financial advisor?
8. Will you be able to live without this money or do you need these structured settlements for retirement or living expenses?
9. Do you realize that if I approve this sale you cannot come back later and change your mind or get your payments back?
10. Do you understand that your payments are currently worth \$X but that you will only receive \$X if I approve this sale today?
11. Considering all that I have asked you today, do you want to have additional time to think about this sale before we proceed?

Being Prepared

The most important thing here is that you be prepared. Answer the questions that the judge asks honestly, completely and clearly. You want to show the judge that you understand the situation, that you have thought this through, and that this sale is what you want. If you are worried about appearing in court call Strategic Capital. Your representative will give you some insight into what to expect in your state.

Tip #35: Ask questions before the hearing. While the judge may ask you a number of questions the court hearing is not really the time for you to be asking questions. If you have any questions about procedures or your settlement sale ask your Strategic Capital representative before the court hearing so that you can go into the hearing with a good understanding of what is going on and without any questions.



5.8. Dressing and Behaving in Court

A court denial when you are trying to sell your annuity payments will put a real damper on your plans. People have their structured settlement sales denied for various reasons. Some of these reasons you have little control over, like a judge's attitude. Others you can control. For example, people have damaged their case by walking into court badly dressed, talking back or yelling at the judge at the hearing, or arguing with a family member at the hearing. When you do these things the judge doubts your credibility and your ability to make sound financial decisions.

If you really want your sale to be approved how you present yourself is important. Following is a list of DOs and DO NOTs in court to make it easier for a judge to approve your sale:

- Dress well. Wear your “Sunday best”, which means nice, clean pants that are not made of denim (jean material), do not have holes in them, and look professional. Business casual dress is fine. For example, Dockers-type khaki pants are fine, for men or women, with a button down shirt, or, at minimum, a collared “Polo” style shirt. A suit, shirt and tie, or nice dress, is even better.
- Avoid hats, outlandish colors, strange hair color, excessive visible piercings or tattoos, chewing gum, chewing tobacco, and so forth. We say this not to stifle your personality but because judges are still generally conservative. If you want approval then you need to look respectful and responsible.
- Come alone or with another person who is also respectfully dressed and well behaved. The judge will notice your companions. If you have an unruly child who is disturbing the courtroom, or a grubby friend in a baseball cap snapping their gum, this will not reflect well upon you.
- Never go to court under the influence of alcohol or drugs. If you are slurring your words or otherwise seem under the influence the judge will feel you are unfit to make long-term financial decisions and may deny your sale; At Strategic Capital we've seen it happen.
- Be prepared to answer questions about the sale. The judge will want to know that you understand the terms of the sale. You should know the discount rate, the value of payment, what you are receiving for those payments, and what you plan to do with the money.
- Be prepared to discuss the future. The judge will probably want to know how you will get along in the future without those payments. The best thing to do is to prepare a budget in advance, showing the judge what you will do with the money and how you will manage without the payments that you are selling.

- Be respectful. Answer all of the judge's questions in a polite, friendly tone. Do not be sarcastic. Do not make any tasteless or questionable jokes. Do not speak unless asked a question.
- Call Strategic Capital. When you talk with us our friendly customer service reps will ensure that you are prepared and feel comfortable with your role in the court hearing.

Tip #36: Dress for success. Dressing appropriately for court is a courtesy in that it shows that you respect the judge and the judicial process of the United States. Dressing appropriately also demonstrates to the judge that you are thoughtful and serious, it gives you credibility. This will make the judge less likely to doubt the validity of your request (he or she will be more likely to think that the reason you want a lump sum is a good one) and be more likely to believe that you understand the repercussions of your sale and are making an educated decision.



5.9. Five Cases where the Court has Denied Sales

Before you can sell structured settlement payments you have to get court approval. Not all sales are approved by the courts. Following are brief descriptions of five cases where the court denied a sale, and the reason why the sale was denied.

Citing “Disingenuous” Advertising, Judge denies Sale

One New York judge turned down a sale to Peachtree in 2010 due to an excessive discount rate, as well as a practice considered somewhat unethical as far as where in the process the legal fees were deducted. This case, presided over by Judge Ruiz, would have sold \$60,677 worth of payments for \$17,340, but the sale was denied. In the judicial order the judge cited a “proliferation” of disingenuous TV commercials promoting structured settlement sales that propagate an illusion that leaves people empty handed or cheated in the end.

Denied for Excessive Discount Rate

In 2012 the courts denied Amanda Ferrer’s sale to J.G. Wentworth stating that the sale amount (receiving \$15,000 for \$130,000 worth of payments) was unfair.

Seller didn’t do what was Required

In 2010 Mr. Vincent Angelilo attempted to sell structured settlement payments to pay for school, credit card debt and dental work. The court denied his request. Why? These seem like reasonable expenses. The court cited a number of reasons. Among these are the fact that Angelilo said that he was employed, and thus could get by without his payments, yet he never provided proof of income. In addition, Angelilo did not consult a lawyer or financial advisor, as required by state law. Furthermore, the court asserted, Angelilo could get a student loan for school and pay for his debt and dental work out of his payments or his salary, thus the case was denied.

Business Purchase and Rate Combined

Judge James Canfield denied a sale of payments from Neil Cunningham to Settlement Funding of New York. The sale of \$151,702 worth of payments would have netted Cunningham \$75,000, with which he planned to buy recording equipment for his own business. The judge denied the sale, saying that the cost was too high and the need insufficient.

Not in the Seller’s Best Interests

Richard Ballos was denied selling his \$225,000 worth of payments to Petitioner Settlement Corporation for \$100,000. The judge said that the discount rate was too high and that the sale simply was not in Ballos’ best interests.

Some things to Consider

Earl Nesbitt, a lawyer experienced in helping buyers and sellers of structured settlement payments, said that “Judges are less likely to view a transaction favorably if the payee/annuitant is young (less than 25 years old). The typical thought process is that younger people are more likely to make unwise financial decisions. Selling structured settlement/annuity payments to “invest” in the stock market, or other passive

ventures, or to put money in savings is almost always viewed by courts as unwise. The reason for this is that the payee is giving up future tax-free income/structured settlement payments (discounted to present value at a discount rate of 12 or 15%) to “invest” in assets or a venture where the return will be taxable. Economically and financially that is not a good bet.”

If you want to sell structured settlement payments it is imperative that you have a good reason, are receiving a fair rate, and are able to answer the judges questions in a way that show you to be financially responsible. Call Strategic Capital today to get on the road to approval.

Tip #37: Live to fight another day. Most of the time if you have a reputable, experienced factoring company on your side they will have a pretty good idea about whether your sale is viable before you get too far into the process. In other words, they will anticipate that the court will approve your sale. However, sometimes the judge may surprise everyone and deny for some reason. If the judge denies your case but you feel that you do have a valid need and should be approved, do not get visibly upset. Keep your calm and talk to your factoring company, or call another company, to see if you can reapply and if they feel that changes should be made to your paperwork before reapplying. There have been times where a person’s sale was denied initially, but another future judge approved the sale.



5.10. What Factoring Company is Denied Most?

Your structured settlement, originally, should have been designed to meet your needs, throughout the life of the settlement. But this isn't always the case. Maybe the structure wasn't even right for you in the first place; this is one case when it might be time to sell structured settlement payments.

Patrick Hindert, previous president of National Structured Settlement Trade Association (NSSTA), previous director of Society of Settlement Planners (SSP), and author of a blog on structured settlements seems to support the sale of structured settlements when, in an interview, he said that, "The first pitfall occurs if individuals "over-structure" when they settle their personal injury claims. An appropriate settlement plan should include an analysis that justifies periodic payments and anticipates changing circumstances and liquidity needs." But you must use caution when you sell a structured settlement. And you must always get court approval.

Getting Approval to Sell

In every state you must have approval to sell your settlement payments, no matter how good your reason is or what your current situation. Often, when you have a good reason, your request will be approved.

Sometimes the Request to Sell is Denied

There are times, though, when the judge will deny your sale. It is difficult to say exactly why judges deny sales, though we touch on some of these reasons throughout the guide. The truth is, a thorough search of the internet, discussions with companies, and reviews of court cases still shows that there are many different reasons for denial, and each depends on the unique situation. However, our research showed that the most common reason for denial of a sale was when the judge felt that the cost of the sale was too high.

For example, in 2012 a woman tried to sell her payments to J.G. Wentworth. The judge turned her down. She was trying to sell payments totaling \$130,000 and had been offered just \$15,000 for those payments. The judge said that this was far too much of a loss and denied.

A similar case found Alison Grieve denied selling her payments. This was because the payments, totaling \$104,800 were going to be purchased for a mere \$39,862. The court felt this was an unethical discount rate and denied. The company she was trying to sell to was Singer Asset Financial.

The list of denied court cases like this goes on. Many of these cases involve J.G. Wentworth, but this makes sense as they are also the company who attempts to purchase the most settlements. No legitimate, reliable documentation exists to say exactly what company gets denied the most.

What You Can Learn

What you can learn from this is that just because a company makes you an offer and tries to get it approved doesn't mean that it is a good offer. If someone is offering you just a fraction of the value to sell a structured settlement get another quote by calling Strategic Capital.

Tip #38: Follow your instincts. Often our stomach or heart know more about what is right than our brains do. If you feel “good” about selling your settlement, and you feel “good” about the company that you have chosen, then go with it and hopefully things will turn out well. However, if you feel uncomfortable at any point, worried that selling is not the right decision, or bothered by the behavior of the company that you are selling to, then stop the process. You can always stop, keep your payments, and think about selling again in the future when it feels like the right thing to do.



Chapter 6: Selling Structured Settlements around the Country and the World

Now you've decided to sell a structured settlement and you just need to get some last questions answered – you've come to the right chapter! Perhaps you still wonder about some legal issues – we'll reassure you a bit here. In this chapter we'll tell you how to speed up your sale and mention a few last minute things that you should know to be a structured settlement expert.

6.1. Federal and State Laws give You the Right to Sell

We talk throughout the Strategic Capital website about federal and state law, but let's go over some specifics, very clearly, and give you some structured settlement 101 as relates to the law.

Federal Law and State Law

Federal law gives you the right to sell your structured settlement payments for a lump sum, as long as you get court approval. Nearly every state also has their own structured settlement protection acts, which further guarantee these rights and set up the courts to review structured settlements sales. These acts are largely based on, even taken from, the federal protection act. The states who do not have their own structured settlement protection acts are New Hampshire and Wisconsin. However, you can still sell a settlement if you live in these states as long as the insurance company who owns your annuity is located in a different state – you can get court approval in that state.

Non-Transfer or Assignment Language

Some original structured settlement contracts may have language in them which says that you cannot sell or transfer payments, called non-transfer or non-assignment language. Sometimes, the judge will uphold such language.

As Patrick Hindert, Managing Director of S2KM Limited and a lawyer highly experienced in the settlement industry, said, "Anti-assignment' clauses in settlement documents are enforceable and, if enforced, could prevent structured settlement recipients from selling their payment rights." For example, one Florida court case (Rapid Settlements, LTD., v. Kimberly Dickerson, et al.) made it up to the court of appeals, and still the judge declined the sale, saying that the sale was clearly against the agreement. But judges do not always uphold such language. Thus, even if your paperwork has such

a clause it may be worthwhile to consult with a Strategic Capital representative and see what they say about your chances of approval.

You can Sell a Lottery Annuity

We have talked a lot about selling structured settlement payments, generally those that arose from lawsuits. However, some people also wish to sell a lottery annuity or casino winning payments. These are considered “periodic payments” rather than “structured settlement payments,” though in many ways they are the same.

In most states these periodic payments can be sold as well, but they usually require court approval, also. The same structured settlement factoring companies that purchase lawsuit settlements can purchase lottery payments as well. In most states, except New Jersey, you do not need court approval to sell casino jackpot payments. However, you do need approval in every state to sell lottery winnings. So, much of what is written here would apply to those sales; thus it is important that you be informed and make an educated decision. Likely, one can assume that the court approval phase might be a bit easier on selling winnings, as these funds were received by happenstance and not intended to help you heal from injury or make ends meet.

Tip #39: Be familiar with your paperwork. It is always a good idea to be very familiar with documents before you sign them, and to understand the contracts to which you are bound. So, before you get too far into your structured settlement sale take the time to read over your initial settlement paperwork. Some of it may be in overly legal language that is difficult to read, but at least skim it over and ensure that you understand the basics of what the settlement papers say. And if you have questions about language, such as anti-assignment clauses, ask Strategic Capital about it. And of course, before you sign any sales paper be sure to read them carefully.

A Word of Caution

Coming from a background of business and finance, Terry Taylor has worked as an advocate for those trying to sell structured settlements, not trying encourage sales but trying to protect their rights, for decades. Terry’s biggest worry is that people too often fail to thoroughly read their settlement sale contract. He says that the language in this document is as important as the original settlement structure and has the potential to cause grave financial disaster. Terry notes that one particular problem that sometimes

occurs in these contracts is when the purchaser sneaks in language that directs all future payments to be paid directly to the buyer, allowing them to serve as broker, sending the seller their share. This, Terry asserts, delays payments and could end in disaster if that purchasing company goes into bankruptcy.

The advice here... before you sell annuity payments of any kind choose a company, like Strategic Capital, that you feel is ethical, but no matter who you work with

ensure that you read your contract paperwork thoroughly or have a legal advisor review it for you.



6.2. Four Things you MUST know before You Sell

Making the decision to sell annuity payments from a structured settlement is a big one. You may understand by now that there is more to this decision than you initially realized. So, let us break it down. Following are the four most important things that you *must* know before you sell your structured settlement payments.

Structured Settlement Payments offer Stability

As famous financial adviser Suze Orman wrote, structured settlements provide a continuous income stream that ensures one does not overspend and make poor financial decisions; using a structured settlement wisely can improve one's financial security. But sometimes using structured settlement money wisely might mean selling your payments – you must decide.

Sell Only what You Must

Likely the biggest, most important tip – the one thing to take from this guide if you remember nothing else – is to only sell part of your payments, if you can. Sell only the number of payments that you absolutely must in order to meet your immediate financial need. If you need more money in the future you can always sell more payments.

Avoid Buyer Servicing

Sometimes the buyer will offer to service your sale payments. This means that they will take control of all your payments, and then send you your share. But what if they go out of business? Buyer of structured settlements J.G. Wentworth filed for Chapter 11 bankruptcy and had to reorganize – if that happened to a company that was buying your payments and acting as servicer you could lose your unsold payments. Ensure that you have a separate servicer and that the company buying your payments pays any applicable fees.

There is No going Back

Once you receive your structured settlement buy-out check there is no going back. You can't change your mind. A few states, such as New York, have a required waiting period between the court approval and the actual receipt of money to allow you time to think things through and change your mind, but most states do not. And, unlike with some large purchases, there is no right to rescind – so you can't just change your mind a few days after you get the money and get your payments back. You can stop the sale any time before court approval. But once the payments have been transferred to the

purchaser that is the end. So be sure to make your decision wisely, as it is final. Strategic Capital can help you to think it through and ensure that this is the best decision for your family; call Strategic Capital today.

Tip #40: Sell only the payments that you have to. Since this is such an important point it bears repeating: A structured settlement is an excellent investment for the future, and for most people the payments are a better choice than a lump sum of cash. Do not sell your payments lightly and sell only as many as you really have to in order to meet your immediate financial needs.



6.3. Five Ways You Can Speed Up the Process

Completing a structured settlement sale takes time, just as learning how to sell annuity payments does. There are some built-in delays, such as the time that it takes to get a court hearing and receive approval, and in some cases a required waiting period between court approval and funding. There can be delays with the insurance company acknowledging the transfer and more. But in general, most structured settlement sales, from start to finish, take 60-90 days.

Strategic Capital has completed an entire sale in as little as 18 days. But certainly this is not the norm. Most companies, including Strategic Capital, agree that it usually takes 30-60 days to complete a sale.

When you see companies advertising that they can get you your money in five to ten days they don't really mean the actual sale. Rather, this is an advance on your sale and receiving your full settlement funds will usually take at least 30 days, up to 90 days.

Of course, there are ways that you can help to speed up this process. Here are some tips on how to sell annuity payments fast:

1. Have Your Settlement Documents Handy

It is important that you have your original settlement documentation available early in the process. This is required for your quote and to get the process moving. The faster you get this out the better.

2. Return everything Quickly

During this process you will be asked to provide information (like the original paperwork mentioned above) and sign documents. The more quickly you do these things the faster your entire sale will go.

3. Request an Advance

If you have a very immediate need for money do not be afraid to request a cash advance. Most factoring companies will willingly give you a cash advance equal to some amount less than the anticipated sale as long as they see a real need and feel that your sale is sure to be approved.

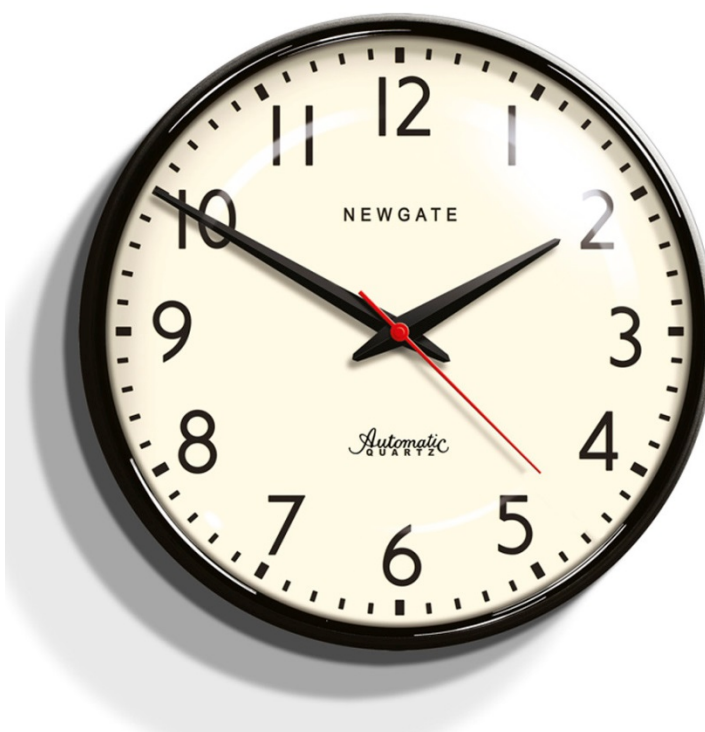
4. Ensure that Everything is in Order

Most of these companies are going to move pretty fast because, let's be honest, they want your money. The faster they start buying your payments the more money they can make, and the sooner they can start making it. So most of these companies will stay pretty active in getting your sale approved. But just to be sure, ask your

representative if they have everything that they need from you and if there is anything that you can do to speed up the process.

Tip #41: Ask if a cash advance is possible. Selling a structured settlement can take anywhere from 18 to 90 days, even more if there are court delays. Sometimes, if you have a very important, immediate need for money, Strategic Capital will give you a portion of your cash up front. It never hurts to ask.

So, how long does it take to sell a structured settlement? Part of that answer is up to you. Follow our advice above, and call Strategic Capital, and you will get your money faster.



6.4. Can You Sell Payments for Children, Elderly and Disabled?

Structured settlements can be paid to almost anyone – young, old, and in between. If your child or mentally unstable, elderly parent has a settlement you may be in control of how that money is managed. If the family is in trouble or the person in question has a specific financial need then you might wonder if you can sell structured settlements for children to get some cash now. The short answer is that yes, you can. But it can be a challenge.

In the Best Interests of the Person

If your child is 18 or over, and of sound mind, then it will be up to them to attempt to get permission to sell their payments. The same is true of your elderly parent; unless a doctor has declared them incompetent, to sell or not to sell will be their decision. But if you are the person responsible for the finances of your child or elderly parent you may have the right to sell their settlement. However, that sale must be in the best interests of that child or parent. The court will require it.

An example of a sale of structured settlements for children being in the best interest of the child or elderly parent might be if the person needs expensive medical treatment, beyond what the payments can afford. Or if they require special schooling. It could, though, in some cases involve saving the family home, but a situation like this is more blurry and would be up to the individual judge. In short, you have to show that the sale is in the best interest of the person who owns the payments, not you. This can be challenging.

Protecting their Rights

The court approval process is designed to ensure that the rights of the person who owns the payment are protected. If you want to sell payments for a dependent then likely the court will appoint what is called a guardian ad litem, that is a person who can examine the situation from the outside and make a recommendation to the judge. When it comes to structured settlements for minors sales the court is very cautious.

The role of the guardian is to do just that, to guard the person, to protect their interests. Selling payments of such a dependent will usually take longer than it would to sell your own payments because this appointment, appraisal and recommendation process takes time. In addition, there is a much lower rate of approval for sales of minor's payments than for adults. But if you truly feel that this sale is in the best interest of your dependents then you should call Strategic Capital today and give it a try.

Tip #42: Ensure that you have a sound argument. Selling settlements that belong to those who cannot make decisions for themselves, such as children, is the most difficult thing to get court approval on. Before you try to sell a child's settlement ensure that you have a really valid reason for doing so, one that is clearly in the best interests of the child.



6.5. What about My Dependents? How are They Protected?

So, can I sell my structured settlement and still protect my children? This question can be answered in two ways. First, we can consider how your dependents can be protected in the event of your death. Second, we can look at how laws ensure that you consider the best interest of your dependents.

Leaving Your Money Behind

One way that you can protect your dependents is to leave your money, including your structured settlement payments, behind in a way that will not cost them anything to access it. When it comes to structured settlements how they work is that you simply appoint the person that you wish to inherit your money as the beneficiary of your policy. It's easy – you will be asked to specify a beneficiary when the structure is first set up. Or, you can call the administrator of the annuity at any time to update or change the beneficiary.

When you designate a beneficiary you can be certain that in the event of your death this person will be given your settlement payments, tax free (if the payments were tax free to you), with little paperwork. You may also add a commutation rider which allows them to receive the proceeds as a lump sum, rather than maintaining the payment structure. Otherwise, those who inherit your settlement will have the same right to sell the payments for a lump sum as you do.

If you fail to identify a beneficiary then your dependents will have to go through probate court in order to access your money after you die. This is very time consuming and can be extremely expensive. By extremely we mean thousands, even tens of thousands of dollars, depending upon the amount of the settlement. So, unless you want the government to take a huge cut of your money it is important that you always have an updated beneficiary in place.

The Law Protects Your Dependents

Another way that your dependents are protected in regards to structured settlements has to do with the need to get court approval to sell payments. One reason for this requirement is to ensure that if a person is supporting a family the family's security will not be compromised by selling settlement payments. Can you sell your payments if you have children who depend upon you? Yes. But only if you can prove to the court that this sale is in the best interests of the entire family.

Before you go to court to try and sell your payments ensure that you have a good reason to sell. You will need to show the judge that such a sale is in the best interests of you, your children and the entire family. And remember, if you try to sell structured settlements for children it will take longer and be more difficult than selling a settlement that you own. But when you call Strategic Capital we can help you to navigate these difficult waters.

Tip #43: Take the time to update all your beneficiaries now. Life flies right by and years seem to pass as quickly as stops on a subway. Because we move at such a fast pace we sometimes forget to do small things, like update financial beneficiaries when life changes. Now that you are considering selling your payments to get your finances in order this is a great time to look at other areas of your financial life. Take the time now to look at all your financial policies (life insurance, checking account, retirement account, etc.) and update your beneficiaries to ensure that the right person will inherit your money if something happens to you.



6.6. I Inherited a Structured Settlement – Can I Sell it? Will it be Taxable?

If you inherited a structured settlement you probably have some questions, you may wonder, structured settlements, how do they work? The easiest way for us to manage this is to go through some likely questions one by one, so here goes.

If I Inherit a Structured Settlement will I have to Pay Taxes on it?

No, you will not have to pay taxes on it if the original structured settlement was tax-free. You won't have to pay taxes on the payments and you won't have to pay taxes if you sell it for a lump sum. You are free and clear. The only way that you may have to pay some money is if you were not listed as a designated beneficiary. So, one of the structured settlement death benefits is that you can inherit it tax free if it was tax free to begin with and you were listed as a beneficiary.

If the person who owned the settlement listed you as the official beneficiary the money should transfer to your name relatively quickly and easily, once you provide a death certificate and your identification. However, if you were not listed as beneficiary, if no one was listed or the person listed also died and you are the next closest survivor, you may have to go to probate court to be assigned as beneficiary. This could take time and cost money.

Can I Sell a Structured Settlement that I Inherited?

Yes, you can sell a structured settlement that you inherited. You will need to wait for it to be officially turned over to you, per above. Then, you can sell it – though this will require the same court approval as any other settlement sale would and everything that we have written in this guide would apply to you. And you would get the lump sum structured settlement death benefits tax free.

It is important to note that some structured settlement agreements will have a commutation rider which will automatically convert the payments to a lump sum and give the beneficiary a lump sum upon inheritance. You should look into this before you spend your time researching how to sell it.

Can I give my Structured Settlement away?

Yes, you can assign another person as the beneficiary or just assign the payments to them now, similar to how you would assign it to a company that purchased payments

from you. So, say for example that you are retired and doing fine financially and you just inherited a settlement from a family member who passed away; you could contact the insurance company that owns the annuity and have the payments transferred to say your son or daughter who needs more financial help than you do. But you would not be able to ever get those payments back, so make such a decision carefully and talk to Strategic Capital about your options before you make a final decision.

Tip #44: Consult a financial advisor. The internet is a wonderful tool, just as our Strategic Capital website is a great resource, full of information and facts to help you make life decisions, small and large. But sometimes you really should consult a professional. When it comes to tax advice and major financial decisions, such as selling a structured settlement, it is a good idea to seek the advice of a tax professional or financial advisor, one who is paid by the hour to give you advice and has no stake in the decisions that you make and thus is giving you the advice that you need.



6.7. Selling Your Structured Settlement: A Global Perspective

The main focus of our website is the sales of structured settlement in the USA. However, given the global nature of the internet it seems prudent to provide some information about global structured settlements as well, so here we are.

In the United States, as we have noted previously, structured settlements make up a huge portion of personal injury and medical malpractice settlements – as much as 80%, maybe more; this equates to thousands of structured settlements a year. In the UK, Australia and other areas of the world, however, this is not the case. The UK has only hundreds of structured settlements per year, and Australia even fewer. And in these countries, just for clarity, they do call them either “structured settlements” or “periodic payments.”

The United Kingdom (UK) and Canada

In the UK structured settlements are only used as payment for the largest financial awards. Most cases are paid as a lump sum. But, it is important to note that the UK does provide the same tax protection for structured settlements as the United States does. That is that money received as part of a personal injury or medical malpractice structured settlement is not subject to income taxes. And, the number of such structures in the UK is growing, though at nowhere near the rate of growth as the United States. When structured settlements are used in the UK they are done much the same way as in the United States, most often through the purchase of an annuity. The above is the same for structured settlement payout in Canada, structured settlements, while tax free and providing long-term financial assistance, are rarely used.

Because structured settlements are such a small part of the equation in the UK and Canada there is not the big industry for selling settlement payments in those countries, as we have in the United States. In fact, searches online for “structured settlement UK” reveal, at a glance, few such companies in the UK, whereas such a search in the US reveals dozens of companies, easily. But these structured settlements, and thus sales, are becoming more common in the UK.

As one British law office writes on their website, “There are now companies in the market which will buy for a cash lump-sum the annuity stream agreed under a structured settlement.” The lawyers go on to caution that the initial decision to take a lump sum or structured settlement should be well thought out and be part of the negotiation process in any settlements.

Australia is even more Different

Australia has even fewer structured settlements than the UK. This is because according to Australian structured settlements law structured settlements are not tax free. Without that benefit few people choose to put off receiving their financial awards. However, some wonder if this might change given that studies have shown that Australians, similar to Americans, tend to go through all of their personal injury

settlement money in less than six years. Thus, structured settlements may yet come to light as a way to save people from their own bad spending habits.

Tip #45: Know the laws, and your options. Laws vary from city to city, state to state and country to country. But remember, sometimes you may be bound by not only the law where you live but also the law in the place where the insurance company who holds your annuity is stationed.

Selling around the World

If you have a structured settlement that originated in the United States you can likely sell it to a factoring company located within the States. However, if you live outside the US, have a settlement from outside the U.S., or are receiving structured payments from an annuity from a company based outside the U.S. then you should contact a financial advisor, tax planner or attorney in your area to see which laws apply to you and your situation. However, if you live in Canada but the insurance company who owns or pays your annuity is in the States then we may be able to help – call Strategic Capital today!



Chapter 7: Managing Your Money after the Sale

So you have decided to sell your structured settlement and hopefully you feel good about your decision – you are ready to move forward financially. However, this sale will only truly benefit you if you know how to manage your lump sum cash out into the future and keep your financial life in order. Read on for some tips on how to manage your cash flow for a brighter tomorrow.

7.1. Getting the Most Value from Your Current Settlement Payments

Structured settlements law allows you to sell your payments, but does that mean it is the best thing for you? Actually, the best way to handle your finances is to make the most of your existing structured settlement payments. By learning to leverage the money that you receive and plan for the future you can make your financial world a better place. This involves creating a budget, learning to live off cash, buying “needs” and not “wants”, and more.

Of course, if you do sell your settlement payments you will need to make a solid financial plan to manage that as well.

If you do not have the money saved to manage life's curve balls then this means that you need help – you are a poor money manager. That's okay. The past is behind you – what you need to do now is make a change for the future. You need to educate yourself and make a change in your habits.

Educate Yourself Further

There are a variety of great books on the market, as well as free information, if you need a bit of help learning to better manage your money. Knowledge is power, so get the information and make a difference in your life. Here are a few sources for you to consider reading:

- Suze Orman's website – Web search Suze Orman and you will find her official website. It is full of excellent, free advice on how to invest your money, but also how to manage your money carefully and learn to live on a budget. Suze also has a variety of excellent books that can give you the information that you need, including, *Suze Orman's Action Plan*. Remember, when it comes to structured settlements, Suze Orman says that you need to remember people first, then money, then things.

- Dave Ramsey's website – Here, you can get a ton of information from Dave Ramsey about saving your money, investing your money, and recovering from financial blunders. Dave's site is full of great tools, and there you can buy his book, *The Total Money Makeover*, which can help you get your financial life back on track.
- Clark Howard's website – Clark is an everyday guy who made himself rich by making money, but also being careful with his money. Clark has a show on CNN, and a website, where he offers advice on saving your money, getting good deals, and not getting ripped off. Clark also has a number of good books on the market.
- Jerrold Mundis' book – Based on the foundations from self-help group "Debtors Anonymous," Jerrold Mundis wrote an exceptional book called, *How to Get Out of Debt, Stay Out of Debt, and Live Prosperously*. This amazing book gives you the knowledge and motivation to stop living on credit and learn how to relieve stress and change your life by living on cash.

Watch and Learn how to Manage Your Structured Settlement Cash Out

Of course, if reading isn't your thing, or you want to help someone get their financial life on track but they don't like to read, remember that most of these sources are also available on audio book, or even DVD. Suze Orman has a great series on video about managing money in the new millennium called *The Money Class*. Dave Ramsey has a variety of books on audio CD – *The Total Money Makeover* and *Financial Peace* are both excellent. Your local library may have these, or you can rent them for cheap online via an audio subscription service.

The point is, you need to educate yourself. Remember that selling your structured settlement isn't the end. You have to then manage that money and your future earnings. The settlement cash is not the end, it is only the beginning of a new financial you! So keep on checking out the Strategic Capital website to get all the information that you need today!

Tip #46: Build a budget. The biggest financial blunder that people make is overspending. One way that people overspend is by getting their paycheck and going out to have fun before paying the bills. When you create a budget you give yourself a guideline for spending. You can then see, at a glance, how much money you need from your paycheck (or settlement sale) to pay bills, how much you can use for entertainment, how much you can save and more.



7.2. Attend to your Needs – do what You meant to do with the Money.

Now you have decided that selling your structured settlement makes the most sense for your current situation. And you are probably right. But, seller beware! Studies have shown that more than 80% of people who receive a lump sum settlement of cash spend all of the money in three to six years. Money that might have paid their rent for ten or twenty years, or may have kept the utilities running and food in the fridge for more than a decade, all gone – in just a handful of years.

Disaster.

When you ask yourself, “Should I sell my structured settlement?” You need to think about what you need the money for and what your financial situation will be after the sale. If you want to avoid becoming another “lost their money” statistic you need to adhere to the following steps:

Step #1. Spend the money on what you had planned.

The first step is to spend the money that you need to on the thing that originally necessitated your selling your settlement payments. This means if you sold your payments to get a new roof then get a new roof before you spend a penny. If the idea was to pay off the house, then pay off the house before you even buy a doughnut. Spend the money on what you meant to.

Step #2. Invest the leftovers.

If you do what you intended the money to be used for and there is money left over, the best thing to do is to invest it wisely. Black on a roulette table is not investing wisely. Investing wisely means to get financial advice or research an investment that you reasonably believe will make money and invest your extra cash there.

You might wonder, “Can I invest the money in a Roth IRA?” That’s may be a great idea! Suze Orman, Clark Howard and others tout the Roth IRA as one of the best investment vehicles around. This is because the money grows tax free, and you take the earnings out tax free when you retire. If you have extra money to invest consult a financial adviser in your area for advice.

Step #3. Be realistic, but be frugal.

Let's say that you sold payments and netted \$40,000 to buy a car or pay for some home repair. Lucky for you, that expense ended up only being \$32,000, so you have \$8000 left over. Yahoo! What do you do? Well, as we said in step #2, you should invest the money. But, come on. This is the real world. We know that you are going to feel that money burning a hole in your pocket and want to treat yourself a bit. So, our word of caution – be frugal.

Decide what amount you feel is okay to “enjoy” yourself with, take out that amount, and then invest the rest... fast. Maybe you decide to take out a few hundred dollars to take the family to Disney, or to buy a family computer – we are not saying this is a good idea, it is not. But, we are realistic and know that people need a treat every once in a while. Just be careful and make a smart decision – don't overspend.

Step #4. Budget for the future.

We talked about this already, but it bears repeating – you must budget for the future. Pay off bills to make your month to month bills easier to handle. Put yourself on a cash diet – no ATM cards, no debit cards, and no credit cards. Create a budget that accounts for every penny you earn and spend. Be wise with your money from here on out, because if you sold payments you may not have much of a nest egg to draw on in the future.

And at Strategic Capital it is your future that we are concerned about. Call us today and we will do our best to answer your questions, point you in the right direction, and provide you the resources to make the best of your financial situation.

Tip #47: Pay off necessities before you buy toys. We are all human, and as humans we are prone to temptation. It is natural that when you come into a lump sum of cash you will feel the desire to buy yourself a “treat” or a little indulgence. But use caution and common sense. Pay off the things that you really need to before you spend any money on anything frivolous. Also, here is a tip to avoid overspending... never spend on a whim. If you are thinking about buying something as a treat pick out what you want, then think about it for a few days before you actually make the purchase. By then you may decide that you can live without it after all.



7.3. Test Your Knowledge – Checklist and Quiz: A List of Items to Consider from beginning to end of the Process and a little Quiz of most Important Points

Test your knowledge and see if you mastered structured settlement 101 by taking the following brief quiz about selling your structured settlement for cash now:

1. If your structured settlement payments are tax free and you sell for a lump sum, do you have to pay taxes on that lump sum?

- a. Yes, I will have to pay taxes if I sell.
- b. No, I will not have to pay taxes if I sell.

Answer: The correct answer is b. No, your lump sum will be tax free also.

2. Do you have to sell all of your remaining payments or can you sell just some of them?

- a. Yes, I have to sell all payments.
- b. No, I can sell just some payments.

Answer: The correct answer is b. You can, and should, sell only as few of your payments as you have to in order to get the money that you need.

3. If you sold some payments in the past can you sell more payments now?

- a. No, you can only sell payments once.
- b. Yes, I can sell more payments.

Answer: The correct answer is b. Yes, you can sell payments as often as you need to, assuming you have a good reason and still have money left in your structure.

4. How many quotes should you get before you decide who to sell your payments to?

- a. 1
- b. 2
- c. 3

Answer: The correct answer is c. You should get at least three quotes so that you can ensure that you are getting the best deal.

5. The structured settlement discount rates are the only important factor when deciding who to sell payments to, right?

- a. Right
- b. Wrong

Answer: The correct answer is b. Wrong. The cost is very important, but customer service and reputation are important as well.

6. Is it true that if a judge approves your sale then you know it was a good deal and you made the right choice?

- a. Yes, the judge knows best.
- b. No, the judge is just one voice.

Answer: The correct answer is b. No, is the judge doesn't always know best. The judge's job is to ensure that you have thought this through and understand the risks and negatives. Their approval doesn't mean it was the right thing for you.

7. Which payments should I sell, the payments nearer or those further into the future?

- a. The nearer payments
- b. the further payments
- c. it depends on many factors

Answer: The correct answer is c. It depends. Payments closer to now will be worth more money but they will impact your current cash flow. You must decide what is best for you.

If you got all of the above answers correct, great! You are knowledgeable about selling your settlement, understand the benefits of structured settlements vs lump sum, and probably ready to make a good decision. If you got more than one answer wrong you may want to read this guide again, just to ensure that you are thoroughly prepared for the sale process.

Checklist

- 1. Find and keep handy original structured settlement agreement.
- 2. Begin a notebook or computer file to record notes during the sale process.
- 3. Get quotes from 3 companies:
 - a. Company one name: _____; quote_____
 - b. Company two name: _____; quote_____
 - c. Company three name: _____; quote_____

4. Consult a financial advisor or lawyer, or at least talk to a family member.
5. Negotiate best quote.
6. Accept quote, in writing or verbally, as required by company. Write down every conversation that I have with every person from the company.
7. Submit any required documentation.
8. Create a budget to make ends meet without payments that I sold.
9. Check with purchaser and asked if there is anything else that I need to do.
10. Keep in contact with purchaser at least once every week.
11. Attend court date.
12. Continue to keep in contact with purchaser until check is received.
13. After receiving check, do what I intended to do with the money.
14. Invest any leftover money appropriately.

Tip #48: Keep on reading. There are a few things in life so important that you should really educate yourself before embarking on them... having children, getting a pet, buying a house and selling a structured settlement are among them. You can never learn too much. Keep on reading, or call Strategic Capital, to ensure that you know all that you need to know in order to make the best decision for you and your family.



7.4. Be mindful.

Deciding the best way to sell structured settlement is a decision that only you can make. But if you have the right person helping you – if you have chosen a reputable, caring structured settlement company – the entire process will be easier.

Doing Your Job

Your job in this process is to think through your situation and ensure that you can afford to live life without your future payments, those you plan to sell. Then, choose the best factoring company to work with. The best way to sell a structured settlement is to remember a few of our Strategic Capital tips:

- Ask questions about the process: A caring company will be happy to answer all of your questions, wanting you to be informed and feel comfortable.
- Value customer service: Money matters, but you want to choose a company that makes you feel as though they are placing your needs before money.
- If it sounds too good to be true it probably is: Beware of hype and pressure from the larger factoring companies.

Improving Your World

Remember that the goal of selling your settlement payments should be to improve your present without sacrificing your future – strive to make a decision that does both. To that end, remember these tips:

- Sell only the payments that you have to: Do not sell more payments than you need to; you can sell those later if necessary.
- Attorney Matt Bracy, a lawyer specializing in structured settlement and sales, said that you must be sure that you can live without your future payments, saying, “One thing that potential sellers of structured settlement payments should carefully consider is whether they depend on the payments being assigned. No one should sell payments that they need in order to make ends meet, or if they are needed for medical treatment or care.”
- Consult a financial advisor: Talk to a financial planner or trusted, knowledgeable advisor and get their input on this important decision.
- Build a budget to ensure that you manage your money well into the future.

Some Final Reminders

In the end the decision to sell or not is up to you. And how you handle your money is up to you. Just remember to choose a good company, like Strategic Capital, to work with. Then, return information that we ask for quickly so that you can get your money fast.

Call Strategic Capital today, but in the meantime remember tip #49.

Tip #49: Stop and smell the roses. It is a cliché to say that money can't buy happiness, but it really is true. Sure, money can help prevent unhappiness, but true happiness comes from enjoying life. Take the time to set priorities – remember what Suze Orman said, “People first.” Enjoy your time with family and friends. Work not to buy things but to buy time with those you love, doing the things that you love. Plan for the future, but live for today. Of course, one way that you can plan for your future is to manage your money, and your structured settlement payments, well. Call Strategic Capital today to get the help that you need.



7.5. Important Resources to Grow Your Knowledge

The road to selling your settlement payments is a long one. It began with an unfortunate situation where you were compensated with a settlement. Hopefully, it continued with emotional and physical healing, and helpful payments coming in each month. Now, life has changed and you find that you need more money. Selling your structured settlement payments is a potential way to handle this situation. But before making such a big decision you cannot be too informed – the more you know the better! Please read the Strategic Capital website to inform you or call Strategic Capital to get answers for your specific situation today. But first, read our five top tips below:

1. Exhaust all other options before you sell your payments.
2. Sell only as many payments as you absolutely must to meet your current financial needs.
3. Be careful choosing a structured settlement company. Pick one that has a good reputation and treats you well, not one that pushes you to sell.
4. Consider selling “earlier” payments first – payments that are further into the future will be worth less if sold now.
5. Do what you mean to do with the money and invest any “leftovers.”

Resources to Grow Your Knowledge

This text represents hundreds of hours of research and review of thousands of pages of laws, cases, statistics, blogs, financial guru advice and more. We have done the footwork for you and provided you with almost everything that you could want to know about selling your structured settlement. But every person is different and each situation unique – you may need to learn more before you make that final decision.

Following are a list of the top sources that we recommend to help you get the rest of the information that you need to make that final decision, or simply to make the process of selling your payments or managing your money go more smoothly:

- U.S. Security and Information Commission. Pension or Settlement Income Streams: What to know before Buying or Selling them. Available at, http://www.sec.gov/investor/alerts/ib_income_streams.pdf
- A guidelines for North Carolina judges (much applicable to all states) for structured settlement sales hearings. Available at, <http://www.sog.unc.edu/sites/www.sog.unc.edu/files/Spivey.pdf>
- U.S. Code 5891. Available at, <http://www.law.cornell.edu/uscode/text/26/5891>
- IRS Code about tax relief for personal injury proceeds: http://www.irs.gov/irb/2012-12_IRB/ar05.html
- Educational Conference, sponsored by National Association of Settlement Purchasers. Available at, <https://nasp-usa.com/conference/>

- "Structured Settlements and Periodic Payment Judgments" - written by Hindert, Dehner and Hindert; published by Law Journal Press.
- Blog "Beyond Structured Settlements". Available at, http://s2kmblog.typepad.com/rethinking_structured_set/
- The "Structured Settlement Wiki". Available at, <http://structuredsettlement.wikispaces.com/Secondary+market>
- Blog, <http://factoringchannel.squarespace.com> blog, with many articles I have written and video interviews I have done, is a good resource.
- National Association of Settlement Purchasers. Available at, www.nasp-usa.com. From here you can connect to the website of a number of different originators, all of whom are NASP members.
- Law firm website on selling structured settlements. Available at, <http://structuredsettlementattty.com>
- John Darer's website – When it comes to structured settlements, John Darer is considered a watchdog, looking out for consumers and trying to help you make better decisions.

And of course, our Strategic Capital website and our friendly account representatives are there to answer your questions any time.

Tip #50: Be a life-long learner. Learning is not like painting a wall, you do not do it one time and then you are all done. Learning should be a life-long endeavor – that is part of the beauty of the internet, it puts so many resources at the palm of your hand. When you know where to find information and how to research things you have the key to knowledge. Track your resources, bookmark good sites, dog-ear your book pages, and you will always know how to find the information that you need.



Appendix: Tips for Selling Your Structured Settlement

Below we have compiled 50 tips to help you sell your settlement and take positive steps into your future.

Tip #1: Be informed. Take the time to understand the value of your structured settlement, considering the potential repercussions of selling your settlement payments, and comparing those trade-offs to what you will gain if you sell. Do not let anyone pressure you. Take your time and make the best decision for you and your family.

Tip #2: Explore your options. Selling your structured settlement should be a last resort, a decision that you do not take lightly. Explore other options before you sell your structured settlement.

Tip #3: Contact a tax consultant. While your Strategic Capital representative may be able to give you some basic advice, you should really consult a professional accountant or tax preparer before making any final decisions.

Tip #4: Always get a second opinion. Talk to at least two structured settlement purchasers, or at least verify the answers that you are given with online research. You can be more certain that information is accurate if you research it and find the same answer from at least two credible sources.

Tip #5: Keep your settlement, if possible. Do not sell your structured settlement if you can help it. If you must sell, sell only as many payments as you absolutely have to.

Tip #6: Understand the costs of selling your settlement. Nothing in this world comes for free – selling your structured settlement payments will cost you money. Be sure that you understand those costs and that they are worth it.

Tip #7: Crunch the numbers. Do some calculations and ensure that you will still be able to meet your life expenses if you sell your settlement payments. Ensure that you will still have enough money to pay rent, cover transportation expenses, and so forth.

Tip #8: Don't let bankruptcy scare you. It varies by situation and location, but a structured settlement can survive bankruptcy. While bankruptcy is a distasteful option for most people, sometimes you have to do what you have to do. Talk to a financial advisor or bankruptcy lawyer if you are considering this for yourself.

Tip #9: Be aware that selling your settlement is a viable option. Selling your structured settlement can be a viable option for getting the money you need. Just do your research so that you can make an informed decision.

Tip #10: Selling your settlement might change your life. Sometimes selling your settlement is the best thing you have ever done, offering you amazing financial freedom and relief from financial stress. Remember, finances are important but your emotional health is important at all. Selling your settlement could provide much needed stress relief.

Tip #11: Move on if you make a mistake. We all make bad decisions from time to time. If you have made some bad financial decisions that you now regret, there is nothing to do but forgive yourself, learn from the experience, and move on. Famed financial adviser Suze Orman says that the biggest obstacles to financial security are fear, shame and anger. You need to forgive yourself for any mistakes in the past and move on, in a better direction. But it is possible that selling your structured settlement will help you recover from a previous bad decision, as long as you are careful and think it through.

Tip #12: Consider the uniqueness of your situation. Suze is probably right to caution against selling settlement payments in most situations, but remember that every situation is unique. Suze acknowledges, frequently on her TV show, that you often have to make a decision that fits your personal situation and that relieves your emotional stress.

Tip #13: Remember that there is no “one size fits all” financial recipe. Dave raises some good points about the benefits of structured settlements and that there is nothing wrong with selling your settlement if the price is right. But consider your personal needs along with his general financial advice before you make a decision.

Tip #14: Choose the company that you sell to carefully. Choose a factoring company that will help you consider YOUR personal situation, not just their bottom line.

Tip #15: Investments are complicated things, do not invest lightly. Day trading, that is buying stocks with the idea of making a fast profit in a day or few days, is a hobby, not a career, and is one best left to the wealthy. That is not to say that you should never invest, certainly stock investing is a great way to make money. But be careful about taking money out of a structured settlement to put it into something less secure.

Tip #16: Consider a personal loan. There are many ways to access the money that you need. If you have good credit consider a loan from a bank or from family members. Remember that while you cannot use a structured settlement as a form of collateral, you can probably put it in the “other income” section of a loan application.

Tip #17: Double check your information. The Strategic Capital website provides you with tons of information about selling structured settlements. There are many websites and articles dedicated to the topic as well. But laws change, guidelines change, and times change. In addition, laws can vary from state to state. So always double check the information that you receive, especially as relates to the legality of selling your settlement. Call Strategic Capital to verify that what you read applies to you, your state, your situation, and the present time.

Tip #18: Get multiple quotes. Like anything else in life it pays to be informed. Get quotes from two or three companies before you make a decision. When you get a quote do tell companies that you are getting multiple quotes, but do not tell them how much you have been quoted – you will get a better offer if you keep your other quotes anonymous. But remember to consider the amount of money as well as the service that you will receive when making your final decision.

Tip #19: Don't be pressured. When you call a company you are taking them for a test drive – you want to see if it feels good to work with them. Avoid working with a company that tries to pressure you to make a rushed decision. A caring company will give you the information that you need and then give you the space that you need to mull it over and make the best decision for you and your family. If someone tries to pressure you too much you may want to move on to another company.

Tip #20: Ask questions about the process. It is important that you understand the structured settlement process and anything specific to the company that you are working with. If you don't understand something, or are not sure what is required of you, be sure to ask. As they say in grade school, the only stupid question is the one that goes unasked.

Tip #21: Run from the company that pushes too hard. If you are uncertain about whether selling your settlement is the right choice you want to work with a company that helps you make a well thought out decision. A good company will tell you the benefits and negatives and encourage you to think things through. If the company you are talking to simply pushes you to sell and ignores your concerns hang up and call someone else.

Tip #22: Look for endorsements. The settlement purchasing industry is not regulated like so many other industries are. But one way to find a reputable company to work with is to look for endorsement from professional organizations, such as the CAOC.

Tip #23: Value customer service above all. Money matters, obviously. You need money to live and thus you want to get the most money that you can for your settlement payments. However, how you are treated is also important. As famed financial advisor Suze Orman says, “People first, then money, then things.” So be sure to look for a company that makes you feel as though they are placing your needs before money.

Tip #24: Remember that bigger is not always better. Certainly size can tell you about experience, but it doesn’t tell the entire story. When shopping for the right company to sell your payments look for one that is big enough to meet your needs but also one that can offer you personalized attention and service.

Tip #25: Know how to weigh information appropriately. Gathering information about a company is always good before you start a relationship with them. But today, BBB ratings are not a reliable way of choosing a company. A search of a company’s name with the word “complaints” after it can reveal if people are happy or upset and can be much more revealing than any BBB rating.

Tip #26: Don’t count on others to save you. One of the jobs of the judge who approves your structured settlement sale is to ensure that you are not being charged an extreme amount of money. However, there is no set guideline for these judges to go by. Thus, what they feel is extreme and what is extreme for your situation could vary drastically. So don’t count on the judge, or anyone else, to save you from making a bad decision. Do the research on your own and ensure that selling at the rate you were given is the best decision for you.

Tip #27: Do not buy into the hype. Advertising has been around for generations, as have salesmen. People have been selling snake oil and other meaningless concoctions for years. Just watch a little late night TV and you will see from the infomercials that people will say anything to get your money. So, again, this means it is up to you to wade through the rhetoric and find the truth before you commit to selling your settlement.

Tip #28: If it sounds too good to be true it probably is. Salesmen will say anything to get your money. They will also appeal to your emotions. One popular commercial for a purchasing company tells you that, “It’s your money” and encourages

you to use it when you want. But this is not about ownership or control, it is about deciding which way your money serves you best – in a lump now or in payments later. So make the decision that is right for you and don't be pushed into a decision by people who appeal to you with slogans and emotions.

Tip #29: Know your options. As you consider your options for getting the money that you need you may decide that a loan works for you. Just understand that a loan is different than selling your payments, and a structured settlement cannot be used as collateral on a legal loan. Usually, a loan will require you to meet certain credit guidelines and then to make regular monthly payments.

Tip #30: Don't be afraid to negotiate. Some companies will make you a low offer, expecting you to come back with a counter offer and leaving some room for them to seemingly give in to you. At Strategic Capital we will give you our best, most reasonable offer up front. No games. Don't be afraid to try and negotiate a better deal with some companies. But also do not be upset if Strategic Capital tells you that our first offer is our best offer – it usually is, and that says something about the honesty of our company. Compare our quotes to those of other companies to see how we stack up.

Tip #31: Keep good records. Make notes of every company that you call, what their quote was, and what information they told you that you would need to provide. After you choose a company to sell to, keep notes every time that you call them. Note down who you talked to, what was said, and list anything that you are required to do as follow-up. That way you will not risk slowing down your sale because you forgot to do something and if anything ever goes awry you will be able to say exactly who you talked to, when and what was said.

Tip #32: Hold up your end of the bargain. The best way to get your money fast is to do what you need to do quickly. Don't procrastinate. Provide paperwork that is requested quickly, sign and return documents fast, and show up to court on time and you will speed up the sale and get your money faster.

Tip #33: Know the law. Know, up front, whether or not you will have to appear in court. Some states require that paperwork be filed but do not require the seller to actually appear in court; other states do require that you appear. Do your research and ask the representative of the company that is buying your settlement so that you know, up front, what to expect.

Tip #34: Recognize that the judge is there to help you. While many people feel intimidated at the idea of having to appear in court or talk to a judge, just remember that

the judge is actually there to help you. His or her goal is to protect your interests and help ensure that you are not being taken advantage of. If you recognize this positive role you may feel less intimidated and bothered by the court appearance.

Tip #35: Ask questions before the hearing. While the judge may ask you a number of questions the court hearing is not really the time for you to be asking questions. If you have any questions about procedures or your settlement sale ask your Strategic Capital representative before the court hearing so that you can go into the hearing with a good understanding of what is going on and without any questions.

Tip #36: Dress for success. Dressing appropriately for court is a courtesy in that it shows that you respect the judge and the judicial process of the United States. Dressing appropriately also demonstrates to the judge that you are thoughtful and serious, it gives you credibility. This will make the judge less likely to doubt the validity of your request (he or she will be more likely to think that the reason you want a lump sum is a good one) and be more likely to believe that you understand the repercussions of your sale and are making an educated decision.

Tip #37: Live to fight another day. Most of the time if you have a reputable, experienced factoring company on your side they will have a pretty good idea about whether your sale is viable before you get too far into the process. In other words, they will anticipate that the court will approve your sale. However, sometimes the judge may surprise everyone and deny for some reason. If the judge denies your case but you feel that you do have a valid need and should be approved, do not get visibly upset. Keep your calm and talk to your factoring company, or call another company, to see if you can reapply and if they feel that changes should be made to your paperwork before reapplying. There have been times where a person's sale was denied initially, but another future judge approved the sale.

Tip #38: Follow your instincts. Often our stomach or heart know more about what is right than our brains do. If you feel "good" about selling your settlement, and you feel "good" about the company that you have chosen, then go with it and hopefully things will turn out well. However, if you feel uncomfortable at any point, worried that selling is not the right decision, or bothered by the behavior of the company that you are selling to, then stop the process. You can always stop, keep your payments, and think about selling again in the future when it feels like the right thing to do.

Tip #39: Be familiar with your paperwork. It is always a good idea to be very familiar with documents before you sign them, and to understand the contracts to which you are bound. So, before you get too far into your structured settlement sale take the

time to read over your initial settlement paperwork. Some of it may be in overly legal language that is difficult to read, but at least skim it over and ensure that you understand the basics of what the settlement papers say. And if you have questions about language, such as anti-assignment clauses, ask Strategic Capital about it. And of course, before you sign any sales paper be sure to read them carefully.

Tip #40: Sell only the payments that you have to. Since this is such an important point it bears repeating: A structured settlement is an excellent investment for the future, and for most people the payments are a better choice than a lump sum of cash. Do not sell your payments lightly and sell only as many as you really have to in order to meet your immediate financial needs.

Tip #41: Ask if a cash advance is possible. Selling a structured settlement can take anywhere from 18 to 90 days, even more if there are court delays. Sometimes, if you have a very important, immediate need for money, Strategic Capital will give you a portion of your cash up front. It never hurts to ask.

Tip #42: Ensure that you have a sound argument. Selling settlements that belong to those who cannot make decisions for themselves, such as children, is the most difficult thing to get court approval on. Before you try to sell a child's settlement ensure that you have a really valid reason for doing so, one that is clearly in the best interests of the child.

Tip #43: Take the time to update all your beneficiaries now. Life flies right by and years seem to pass as quickly as stops on a subway. Because we move at such a fast pace we sometimes forget to do small things, like update financial beneficiaries when life changes. Now that you are considering selling your payments to get your finances in order this is a great time to look at other areas of your financial life. Take the time now to look at all your financial policies (life insurance, checking account, retirement account, etc.) and update your beneficiaries to ensure that the right person will inherit your money if something happens to you.

Tip #44: Consult a financial advisor. The internet is a wonderful tool, just as our Strategic Capital website is a great resource, full of information and facts to help you make life decisions, small and large. But sometimes you really should consult a professional. When it comes to tax advice and major financial decisions, such as selling a structured settlement, it is a good idea to seek the advice of a tax professional or financial advisor, one who is paid by the hour to give you advice and has no stake in the decisions that you make and thus is giving you the advice that you need.

Tip #45: Know the laws, and your options. Laws vary from city to city, state to state and country to country. But remember, sometimes you may be bound by not only the law where you live but also the law in the place where the insurance company who holds your annuity is stationed.

Tip #46: Build a budget. The biggest financial blunder that people make is overspending. One way that people overspend is by getting their paycheck and going out to have fun before paying the bills. When you create a budget you give yourself a guideline for spending. You can then see, at a glance, how much money you need from your paycheck (or settlement sale) to pay bills, how much you can use for entertainment, how much you can save and more.

Tip #47: Pay off necessities before you buy toys. We are all human, and as humans we are prone to temptation. It is natural that when you come into a lump sum of cash you will feel the desire to buy yourself a “treat” or a little indulgence. But use caution and common sense. Pay off the things that you really need to before you spend any money on anything frivolous. Also, here is a tip to avoid overspending... never spend on a whim. If you are thinking about buying something as a treat pick out what you want, then think about it for a few days before you actually make the purchase. By then you may decide that you can live without it after all.

Tip #48: Keep on reading. There are a few things in life so important that you should really educate yourself before embarking on them... having children, getting a pet, buying a house and selling a structured settlement are among them. You can never learn too much. Keep on reading, or call Strategic Capital, to ensure that you know all that you need to know in order to make the best decision for you and your family.

Tip #49: Stop and smell the roses. It is a cliché to say that money can't buy happiness, but it really is true. Sure, money can help prevent unhappiness, but true happiness comes from enjoying life. Take the time to set priorities – remember what Suze Orman said, “People first.” Enjoy your time with family and friends. Work not to buy things but to buy time with those you love, doing the things that you love. Plan for the future, but live for today. Of course, one way that you can plan for your future is to manage your money, and your structured settlement payments, well. Call Strategic Capital today to get the help that you need.

Tip #50: Be a life-long learner. Learning is not like painting a wall, you do not do it one time and then you are all done. Learning should be a life-long endeavor – that is part of the beauty of the internet, it puts so many resources at the palm of your hand. When you know where to find information and how to research things you have the key

to knowledge. Track your resources, bookmark good sites, dog-ear your book pages, and you will always know how to find the information that you need.