

Title:

Getting Cash Now for your Structured Settlement

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1157

Summary:

When you agreed to the terms of your structured settlement you accepted a series of financial payments that made sense for you at that time but is that still the case?

Keywords:

structured settlement, structured settlements, sell structured settlement, buy structured settlement

Article Body:

If you've agreed to accept a structured settlement, it's likely that you felt a sense of relief that your financial uncertainties were being resolved, and that you'd have the funds necessary to pay your bills, support your family and go on with your life. When you agreed to the terms of the settlement, hopefully with the help of a financial advisor, you accepted a series of financial payments that made sense for you at that time.

Perhaps you'd suffered personal injury in an auto or other accident, you were awarded damages in a product liability case, or you were the victim of medical malpractice or were even the plaintiff in a wrongful death suit. You agreed to a periodic (usually monthly) payment, maybe in the form of a lifetime income stream, that seemed to be the answer to paying your ongoing living expenses and perhaps your medical costs. You made the best decisions you could at the time, with the information you had - based upon how life was then, and what you expected for the future.

But life seldom works out as we expect. Maybe you're on the road to recovery from the accident or other event for which you received the settlement, and want to move and buy a house, get married, go to school, or buy a business. Maybe medical bills or high interest debt is an undue burden on you that you need to resolve now. Or, if your family has grown, and your children no longer need for you to provide for their education or other expenses, you may want to spend more of the money you have coming to you now, instead of later.

What can you do to match your finances - specifically your structured settlement

- with the life you now have or want to have? You should always consult an attorney or a financial advisor, but here's a basic overview of your rights and options in assigning your structured settlement:

Settlements are funded by single premium annuities, issued by insurance companies. Instead of paying you a lump sum amount, the party found responsible for injury or damages to you has paid a one-time lump sum to an insurance company, which has, in turn, invested it. The insurance company has projected the interest rate or securities dividends they will receive on the lump sum, and based upon the length of time and number of payments you chose or were offered for the structured settlement, they calculated the periodic payment amount you're now receiving.

So who owns what? The insurance company owns the annuity, and you, as the beneficiary, are entitled to an income stream, or the series of periodic payments. Because you don't own the underlying asset, the annuity, you therefore can't sell the annuity contract to another party to receive your money. However, under federal and state law you can, with court approval, sell all or a portion of the payments you are entitled to receive in the future. In doing so, you can receive a lump sum cash payout now.

What are your options? As an annuitant, or the beneficiary of the structured settlement annuity, you are, in most instances, able to assign to a third party the payments you are entitled to receive in the future. Some Structured Settlement Agreements state that payments cannot be assigned, and your legal counsel will advise you of options and alternatives if yours is written with such a clause. Fortunately, state laws and recent case law have rendered contracts written with such provisions unenforceable, although other regulations may apply.

How can you determine today's lump sum value of your structured settlement payments? This depends, in part, upon the amount of each payment and when it is due. The payment amount and schedule will be outlined in your Structured Settlement Agreement. It is also affected by the financial strength of the issuer of your annuity, because the better the financial position of the issuer, the more likely it is that the purchaser of your cash stream will be paid. The current financial climate, as well as interest rates will also affect your cash-out amount. Your financing company will explain these calculations and assumptions to you.

What steps do you need to take?

- First, you really need to take a hard look at whether receiving your funds now

will truly be best for you and your family. This is a big financial step, not to be taken lightly. That said, your circumstances may have changed sufficiently so that a lump sum or partial payment in the form of a lump sum makes sense, and is better for your family's current and future lifestyle and financial stability.

- Next, contact a reliable financing company that purchases structured settlement income streams. They can guide you through the process and help you consider alternatives, such as the sale of a portion of your structured settlement income stream, if this best meets your needs.

- The financing company will assist you by hiring an attorney experienced in structured settlement assignments. The attorney will explain to the court your desire to change your settlement, and any changes in your life that have caused you to make this decision. Because the attorney will be petitioning for judicial approval, he will need to understand your current finances, obligations and desires.

- Having all your documentation and agreements, and furnishing them promptly to your advisors and potential funding sources is key to receiving a cash payout in the shortest possible time. Because court approval is required, the time from the initiation of the request to the final approval is typically 45-90 days. So, just as with other large financial decisions, such as obtaining a mortgage or refinancing, it's in your best interest to begin the process with a little time to spare, before you feel a time crunch. You deserve an equitable deal, as quickly as is possible, not just the deal you can make in the very least amount of time.

- What can you expect now? Once you have chosen a finance company and attorney, the courts will put you on the docket and hear your petition for receiving your funds in a lump sum. They'll want details of the future payments due you, the proposed amount of the lump sum distribution, and any costs you will incur as a result of restructuring your settlement. Their basis for granting you an approval is satisfying themselves that the assignment of your payments to another party and receipt of current cash will be in your best interest and in the best interests of any dependents you may have.

- Once you've agreed upon a lump sum amount with your finance company, and obtained court approval, you'll receive a wire transfer or a cashier's check for your lump sum amount. You'll now have the cash you need - right when you need it most.