



## *structured* **settlement vs equity mutual fund**

Issue/Concern	Structured Settlement	Equity Mutual Fund
<b>What types of securities/insurance products support the payments?</b>	A fixed annuity contract issued by a life insurance company.	An investment company operates the fund, pooling the assets of many investors and investing in equity securities.
<b>Can this option provide a stable, lifetime income?</b>	Yes. Payments and distribution schedule are determined up front. Can provide a dependable, predictable income stream that you cannot outlive.	Historically, equities have shown the greatest potential for long-term growth. But they also entail a higher degree of investment risk, which means they may not be a reliable source for ongoing income needs. Earnings may stop altogether if fund performs poorly.
<b>Is there a guarantee with this option?</b>	Yes. The annuity issuer guarantees payments as provided by the terms of the structured settlement agreement. Guarantee is based on the claims-paying ability of the issuer.	No. Share prices and returns will fluctuate with investment performance.
<b>What are the costs and fees associated with this option?</b>	No additional cost to annuitant.	Management and expense fees cover the costs of managing the fund and are deducted from returns. Fund may also charge a front-or back-end "load" (i.e., sales charge), redemption fees (paid by investors when they "redeem," or sell shares) and 12(b) 1 charges.
<b>Will this option keep pace with inflation?</b>	A cost of living adjustment (COLA) feature is available that can help offset the effects of inflation. This option must be elected when the settlement is designed.	Designed for long-term growth. Historically, a good choice for keeping up with inflation. Total return will depend on the performance of underlying securities. Past performance is not an indicator of future results.
<b>What are the tax consequences?</b>	Income provided by a qualified structured settlement is <b>TAX-FREE</b> , provided the damages received as periodic income (other than punitive damages) are the result of personal physical injuries or physical illness or wrongful death.	<b>Taxes must be paid as income is earned and distributed.</b> Capital gains or losses from sales of mutual fund shares have additional tax consequences.
<b>Is this option affected by market fluctuations?</b>	No. Benefit payments are determined and fixed.	Fund yield, share price and return will vary, depending on market conditions. You may have a gain or loss, depending on when you sell your shares.
<b>Can I make changes to this option after I select it?</b>	No. Payment amount and schedule are fixed and may not be changed or accelerated.	Money can be withdrawn or moved from one mutual fund to another. Charges, fees and taxes may apply to each transaction.