



structured **settlement vs** *us treasury securities*
(*t-bills, notes and bonds*)

Issue/Concern	Structured Settlement	US Treasury Securities
What types of securities/insurance products support the payments?	A fixed annuity contract issued by a life insurance company.	A debt instrument issued by the US government and sold as securities to investors.
Can this option provide a stable, lifetime income?	Yes. Payments and distribution schedule are determined up front. Can provide a dependable, predictable income stream that you cannot outlive.	Yes. Available with a wide range of maturities, Treasuries offer predictable income and repayment of principal in full if held to maturity.
Is there a guarantee with this option?	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.	Considered among the safest of all investments. Payment of interest and principal at maturity is guaranteed by the full faith and credit of the US Government.
What are the costs and fees associated with this option?	No additional cost to annuitant.	T-bills are issued at a discount from face value. Treasury issues may be purchased directly (the primary market) or via outstanding issues sold prior to maturity by other investors through a broker (the secondary market). If purchased via the secondary market, brokerage fees will apply.
Will this option keep pace with inflation?	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.	Does not provide a hedge against inflation.
What are the tax consequences?	Income provided by a qualified structured settlement is TAX-FREE , provided the damages received as periodic income (other than punitive damages) are the result of personal physical injuries or physical illness or wrongful death.	Subject to Federal taxes, but exempt from state and local taxes.
Is this option affected by market fluctuations?	No. Benefit payments are determined and fixed.	If Treasuries are held to maturity, investors receive the full face value—regardless of market conditions. If sold prior to maturity, value is subject to market conditions. Investors may receive more or less than they paid, resulting in a potential capital gain or loss.
Can I make changes to this option after I select it?	No. Payment amount and schedule are fixed and may not be changed or accelerated.	An active secondary market provides liquidity. There may be a gain or loss if bond is sold or redeemed prior to maturity.