



structured **settlement vs variable Life** *policy*

Issue/Concern	Structured Settlement	Variable Life Policy
What types of securities/insurance products support the payments?	A fixed annuity contract issued by a life insurance company.	A variable life policy (VLI) issued by a life insurance company. Assets are invested in separate accounts that invest in equities, bonds or money market instruments.
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.	Designed to provide a death benefit rather than an income stream. In most cases, you have to pay the periodic premiums.
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.	Some contracts guarantee a minimum death benefit as long as you continue to pay the premium. The cash value of policy is subject to risks that affect the underlying investments.
What are the costs and fees associated with this option?	No additional cost to annuitant.	Charges and expenses are deducted from the gross premium, the policy, the separate account and/or underlying funds. If deducted from gross premium, fees may include an administrative charge, a sales load and state premium taxes. Deductions at the policy level may include insurance fees. Deductions from separate accounts may include investment management fees, mortality risk and expense risk fees.
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.	Depends on the performance of underlying investments.
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.	No income taxes on death benefit. Local premium and estate taxes may apply. Loans or withdrawals will reduce the policy's cash value and death benefit. Liquidation of earnings is subject to ordinary income tax and if taken prior to age 59½, a ten-percent federal penalty may apply.
Is this option affected by market fluctuations?	No. Benefit payments are determined and fixed.	Yes. Cash values and death benefit will fluctuate (may decrease to 0) based on market conditions.
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.	Policy may be terminated or cash value may be obtained through policy loan provisions. Surrender charges may apply. Loans or withdrawals will reduce the policy's cash value and death benefit. Liquidation of earnings is subject to ordinary income tax and if taken prior to age 59½, a ten-percent federal penalty may apply.