



The Hartford's Attorney Fee Program

For Personal Injury Attorneys



The Hartford Edge

The Hartford Attorney Fee Program

Is distinguished by a supporting Memorandum of Law:

- Prepared by a nationally recognized law firm for The Hartford
- Supports tax deferral for attorneys structuring their fees under The Hartford's program

Offers additional features to help you customize your structure:

- Fees can be structured on a stand-alone basis
- Lifetime and term certain payouts
- Rated age underwriting
- Joint annuitants
- Flexible beneficiary designations
- Commutation upon death of attorney (selected at the time of settlement)



Want to Learn More?

To learn more about The Hartford's Attorney Fee Program, call your local Structured Settlement broker. Or, call us toll-free at 800.200.6822 – we'll be happy to answer your questions and put you in touch with a broker in your area.



Introducing

The Hartford's Attorney Fee Program

Are you an attorney who receives fees resulting from personal injury cases? If so, The Hartford's Attorney Fee Program can help you to reduce your current income taxes through income deferral until a predetermined future time of your choosing.

Your clients aren't the only ones who can benefit

You already know that structured settlements help maximize settlement value for your clients by providing a steady, low-risk source of income with long-term tax advantages, but...

Have you considered that structured settlements can help you to achieve your own financial goals?

By structuring all or a portion of your fees for each case, you gain a financial planning tool that provides:

- The opportunity to have today's case fees paid at a later date
- A stable income stream of guaranteed¹ payments to help cover:
 - Predictable and unforeseen expenses (*e.g., firm overhead expenses*)
 - Children's educational costs
 - Retirement income needs
- Low investment risk and a competitive rate of return
- Income deferral to years when personal tax rate may be lower²
- 1099 reporting in the year payment is made³

CHILDS vs. COMMISSIONER (103 T.C. 634 (1994))

- Attorney fees resulting from a case involving personal physical injury or physical sickness can be paid as periodic payments
- The court held that:
 - The attorneys in question did not have current income in the year in which the settlement agreements were effected because the promise to make payments under the structured settlement agreement was not funded or secured
 - The doctrine of constructive receipt was not applicable because the attorneys had no right to receive their fees before the time the agreement establishing a structured settlement became effective

More than a decade later, CHILDS VS. COMMISSIONER endures as the basis for structuring attorney fees.

¹ Guarantee is based on the claims paying ability of Hartford Life Insurance Company.

² Consult your tax advisor with regard to SECA tax liability.

³ Annuity payments made to a beneficiary after the death of the attorney will continue to be reported to the attorney's estate and to the Internal Revenue Service on IRS Form 1099-Misc. the attorney should consult a tax advisor to determine the impact of this reporting based on the benefit option selected and the beneficiary designated.

How do structured settlements compare to other investments?

Consider the following three examples.

Example 1: Structured Attorney Fees vs. Taxable Investment Account

Compare a structured settlement annuity with an alternative taxable investment account. The taxable account would require an additional 2.7% rate of return to match the structured settlement annuity level payout.

Receive Attorney Fees as Part of Structured Settlement				Receive Attorney Fees as Cash and Invest in Taxable Account				
Hypothetical Rate of Return:		5.0%		Hypothetical Rate of Return:		7.7%		
Assumed Federal Tax Rate:		35.0%		Assumed Federal Tax Rate:		35.0%		
Annuity Premium:		\$300,000		Cash:		\$300,000		
Year	Payment Pre-Tax	Total Tax Amount	Payment After-Tax	Year	Payment After-Tax	Interest Earned	Total Tax Amount	Account Value
Settlement Date Tax Upon Receipt of Cash	N/A	N/A	N/A	Settlement Date Tax Upon Receipt of Cash	\$0	\$0	\$105,000	\$195,000
1	\$0	\$0	\$0	1	\$0	\$15,071	\$5,275	\$204,796
2	\$0	\$0	\$0	2	\$0	\$15,828	\$5,540	\$215,084
3	\$0	\$0	\$0	3	\$0	\$16,623	\$5,818	\$225,889
4	\$0	\$0	\$0	4	\$0	\$17,458	\$6,110	\$237,237
5	\$0	\$0	\$0	5	\$0	\$18,335	\$6,417	\$249,155
6	\$0	\$0	\$0	6	\$0	\$19,256	\$6,740	\$261,671
7	\$0	\$0	\$0	7	\$0	\$20,224	\$7,078	\$274,816
8	\$0	\$0	\$0	8	\$0	\$21,239	\$7,434	\$288,622
9	\$0	\$0	\$0	9	\$0	\$22,306	\$7,807	\$303,121
10	\$45,000	\$15,750	\$29,250	10	\$29,250	\$23,427	\$8,199	\$289,099
11	\$45,000	\$15,750	\$29,250	11	\$29,250	\$22,343	\$7,820	\$274,372
12	\$45,000	\$15,750	\$29,250	12	\$29,250	\$21,205	\$7,422	\$258,905
13	\$45,000	\$15,750	\$29,250	13	\$29,250	\$20,010	\$7,003	\$242,662
14	\$45,000	\$15,750	\$29,250	14	\$29,250	\$18,754	\$6,564	\$225,602
15	\$45,000	\$15,750	\$29,250	15	\$29,250	\$17,436	\$6,103	\$207,686
16	\$45,000	\$15,750	\$29,250	16	\$29,250	\$16,051	\$5,618	\$188,869
17	\$45,000	\$15,750	\$29,250	17	\$29,250	\$14,597	\$5,109	\$169,107
18	\$45,000	\$15,750	\$29,250	18	\$29,250	\$13,070	\$4,574	\$148,352
19	\$45,000	\$15,750	\$29,250	19	\$29,250	\$11,466	\$4,013	\$126,555
20	\$45,000	\$15,750	\$29,250	20	\$29,250	\$9,781	\$3,423	\$103,662
21	\$45,000	\$15,750	\$29,250	21	\$29,250	\$8,012	\$2,804	\$79,620
22	\$45,000	\$15,750	\$29,250	22	\$29,250	\$6,154	\$2,154	\$54,370
23	\$45,000	\$15,750	\$29,250	23	\$29,250	\$4,202	\$1,471	\$27,851
24	\$45,000	\$15,750	\$29,250	24	\$29,250	\$2,152	\$753	\$0
TOTAL	\$675,000	\$236,250	\$438,750		\$438,750	\$375,000	\$236,250	

Assumptions For All Examples

- 10-year deferral, with 15-year level annuity payout guaranteed by claims paying ability of Hartford Life Insurance Company.
- Actual structure of annuity payments is determined at issuance and can be designed to meet each attorney needs.
- Actual rate of return for structured settlement annuity determined at issuance.
- The Hartford's Attorney Fee Program is only available for qualified IRC 104(a) (1) or (2) damages.
- Structured settlement uses an individual annuity contract issued by Hartford Life Insurance Company and owned by Hartford Comprehensive Employee Benefit Service Company (Hartford CEBSICO).
- Example does not include applicable state and local income taxes or SECA tax liability.

Example 2: Same Rate of Return Comparison

Let's assume that the structured settlement annuity and the taxable account both offered the same rate of return.

Payouts for the taxable account would be **\$7,071 less than the structured settlement payout each year – that's a total of \$106,065 less!**

Receive Attorney Fees as Part of Structured Settlement					Receive Attorney Fees as Cash and Invest in Taxable Account					
Hypothetical Rate of Return:		5.0%			Hypothetical Rate of Return:		5.0%			
Assumed Federal Tax Rate:		35.0%			Assumed Federal Tax Rate:		35.0%			
Annuity Premium:		\$300,000			Cash:		\$300,000			
Year	Payment Pre-Tax	Total Tax Amount	Payment After-Tax		Year	Payment After-Tax	Interest Earned	Total Tax Amount	Account Value	
Settlement Date Tax Upon Receipt of Cash				N/A	Settlement Date Tax Upon Receipt of Cash				\$0	\$195,000
1	\$0	\$0	\$0		1	\$0	\$9,750	\$3,413	\$201,338	
2	\$0	\$0	\$0		2	\$0	\$10,067	\$3,523	\$207,881	
3	\$0	\$0	\$0		3	\$0	\$10,394	\$3,638	\$214,637	
4	\$0	\$0	\$0		4	\$0	\$10,732	\$3,756	\$221,613	
5	\$0	\$0	\$0		5	\$0	\$11,081	\$3,878	\$228,815	
6	\$0	\$0	\$0		6	\$0	\$11,441	\$4,004	\$236,252	
7	\$0	\$0	\$0		7	\$0	\$11,813	\$4,134	\$243,930	
8	\$0	\$0	\$0		8	\$0	\$12,196	\$4,269	\$251,858	
9	\$0	\$0	\$0		9	\$0	\$12,593	\$4,408	\$260,043	
10	\$45,000	\$15,750	\$29,250		10	\$22,179	\$13,002	\$4,551	\$246,315	
11	\$45,000	\$15,750	\$29,250		11	\$22,179	\$12,316	\$4,311	\$232,142	
12	\$45,000	\$15,750	\$29,250		12	\$22,179	\$11,607	\$4,062	\$217,507	
13	\$45,000	\$15,750	\$29,250		13	\$22,179	\$10,875	\$3,806	\$202,397	
14	\$45,000	\$15,750	\$29,250		14	\$22,179	\$10,120	\$3,542	\$186,796	
15	\$45,000	\$15,750	\$29,250		15	\$22,179	\$9,340	\$3,269	\$170,688	
16	\$45,000	\$15,750	\$29,250		16	\$22,179	\$8,534	\$2,987	\$154,056	
17	\$45,000	\$15,750	\$29,250		17	\$22,179	\$7,703	\$2,696	\$136,884	
18	\$45,000	\$15,750	\$29,250		18	\$22,179	\$6,844	\$2,395	\$119,154	
19	\$45,000	\$15,750	\$29,250		19	\$22,179	\$5,958	\$2,085	\$100,847	
20	\$45,000	\$15,750	\$29,250		20	\$22,179	\$5,042	\$1,765	\$81,946	
21	\$45,000	\$15,750	\$29,250		21	\$22,179	\$4,097	\$1,434	\$62,430	
22	\$45,000	\$15,750	\$29,250		22	\$22,179	\$3,122	\$1,093	\$42,280	
23	\$45,000	\$15,750	\$29,250		23	\$22,179	\$2,114	\$740	\$21,475	
24	\$45,000	\$15,750	\$29,250		24	\$22,179	\$1,074	\$376	0	
Total	\$675,000	\$236,250	\$438,750		Total	\$332,685	\$211,814	\$179,135		

Example 3: Same Rate of Return and Equal After-Tax Payments

Assuming equal rates of return and after-tax payments, the taxable investment account ultimately runs out of money during the payout period. Bottom line – **the taxable account pays \$126,791 less in after-tax payments than the structured settlement annuity payout and is depleted sooner.**

Receive Attorney Fees as Part of Structured Settlement					Receive Attorney Fees as Cash and Invest in Taxable Account					
Hypothetical Rate of Return:		5.0%			Hypothetical Rate of Return:		5.0%			
Assumed Federal Tax Rate:		35.0%			Assumed Federal Tax Rate:		35.0%			
Annuity Premium:		\$300,000			Cash:		\$300,000			
Year	Payment Pre-Tax	Total Tax Amount	Payment After-Tax		Year	Payment After-Tax	Interest Earned	Total Tax Amount	Account Value	
Settlement Date Tax Upon Receipt of Cash				N/A	Settlement Date Tax Upon Receipt of Cash				\$0	\$195,000
1	\$0	\$0	\$0		1	\$0	\$9,750	\$3,413	\$201,338	
2	\$0	\$0	\$0		2	\$0	\$10,067	\$3,523	\$207,881	
3	\$0	\$0	\$0		3	\$0	\$10,394	\$3,638	\$214,637	
4	\$0	\$0	\$0		4	\$0	\$10,732	\$3,756	\$221,613	
5	\$0	\$0	\$0		5	\$0	\$11,081	\$3,878	\$228,815	
6	\$0	\$0	\$0		6	\$0	\$11,441	\$4,004	\$236,252	
7	\$0	\$0	\$0		7	\$0	\$11,813	\$4,134	\$243,930	
8	\$0	\$0	\$0		8	\$0	\$12,196	\$4,269	\$251,858	
9	\$0	\$0	\$0		9	\$0	\$12,593	\$4,408	\$260,043	
10	\$45,000	\$15,750	\$29,250		10	\$29,250	\$13,002	\$4,551	\$239,244	
11	\$45,000	\$15,750	\$29,250		11	\$29,250	\$11,962	\$4,187	\$217,770	
12	\$45,000	\$15,750	\$29,250		12	\$29,250	\$10,888	\$3,811	\$195,597	
13	\$45,000	\$15,750	\$29,250		13	\$29,250	\$9,780	\$3,423	\$172,704	
14	\$45,000	\$15,750	\$29,250		14	\$29,250	\$8,635	\$3,022	\$149,067	
15	\$45,000	\$15,750	\$29,250		15	\$29,250	\$7,453	\$2,609	\$124,662	
16	\$45,000	\$15,750	\$29,250		16	\$29,250	\$6,233	\$2,182	\$99,463	
17	\$45,000	\$15,750	\$29,250		17	\$29,250	\$4,973	\$1,741	\$73,446	
18	\$45,000	\$15,750	\$29,250		18	\$29,250	\$3,672	\$1,285	\$46,583	
19	\$45,000	\$15,750	\$29,250		19	\$29,250	\$2,329	\$815	\$18,847	
20	\$45,000	\$15,750	\$29,250		20	\$19,459	\$942	\$330	\$0	
21	\$45,000	\$15,750	\$29,250		21	\$0	\$0	\$0	\$0	
22	\$45,000	\$15,750	\$29,250		22	\$0	\$0	\$0	\$0	
23	\$45,000	\$15,750	\$29,250		23	\$0	\$0	\$0	\$0	
24	\$45,000	\$15,750	\$29,250		24	\$0	\$0	\$0	\$0	
Total	\$675,000	\$236,250	\$438,750		Total	\$311,959	\$179,937	\$167,978		

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