

Structuring Your Attorney Fees

As a plaintiff attorney, you have worked hard to settle the claim for your client. Now that the case is over, you have a decision to make. **As part of the settlement, you have the opportunity to design your attorney fees as future periodic payments to meet the unique needs of your life... even if your client does not structure their settlement.** By structuring your fee, you will avoid immediate massive federal and state income tax liability and will only be required to pay taxes (*via 1099*) in the years that you receive payments.

Most of our attorney clients' income is variable. By utilizing annuity payments we can secure a predictable income for you and your firm that can finance office expenses and salaries of W-2 employees. Yes, your firm can defer taxation and be named as the payee. Most importantly, a steady cash flow from a large fee provides peace of mind for you and your partners.

There is specific language which must be incorporated into the settlement release concerning attorney fee structures. Therefore, **it is imperative that the decision to structure all or a portion of your fees be done prior to the execution of all documents and the receipt of settlement funds.**

When deciding if an attorney fee annuity is right for you, here are some questions you may want to ask yourself:

- Do you have a large fee pending?
- Do you have a fee of \$25,000.00 or more you do not need this year?
- Are you looking to guarantee your retirement with monthly lifetime payments?
- Would it benefit you or your firm to have guaranteed monthly or annual payments created out of this fee to cover expenses?

If you answered "YES" to any of the questions above, then a tax-deferred attorney fee annuity may work for you.

Structuring fees offer many benefits, which include:

- Lowering your tax-bracket by deferring income that could push you into the next bracket. (*ex. By deferring your attorney fees via an annuity, we can push the taxation of the first payment into retirement and often into a lower tax bracket.*)
- Increasing your net fee. Amount received over time is more than what you would receive in a lump sum cash payment.
- Stabilize future income for yourself or your firm by avoiding market fluctuations with guaranteed payments from a highly rated life insurance company. Enjoy the same tax deferral benefits of traditional qualified retirement programs and individual retirement accounts without the contribution limits.
- Provide a low risk foundation for a diversified investment portfolio. A structured attorney fee plan can be a great tool for funding an equity account (*401k, IRA, Cash Balance, etc...*). By structuring your fees to help fund a brokerage account, we can help you dollar cost average, which often provides better returns than annually funded accounts.

The expertise and services of a JCR structure broker are available to you free of charge, in every case.

Richard A. Childs, et al vs. Commissioner of Internal Revenue, (*103 T.C. No. 36 Docket No. 15639-92, The U.S. Court of Appeals for the 11th Circuit*) created the legal precedent for attorneys to structure their fees.

Ask us about a new product that is linked to the S&P Index and has a minimum guarantee, providing you with the best of both guaranteed income and a hedge against pending inflation.



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