

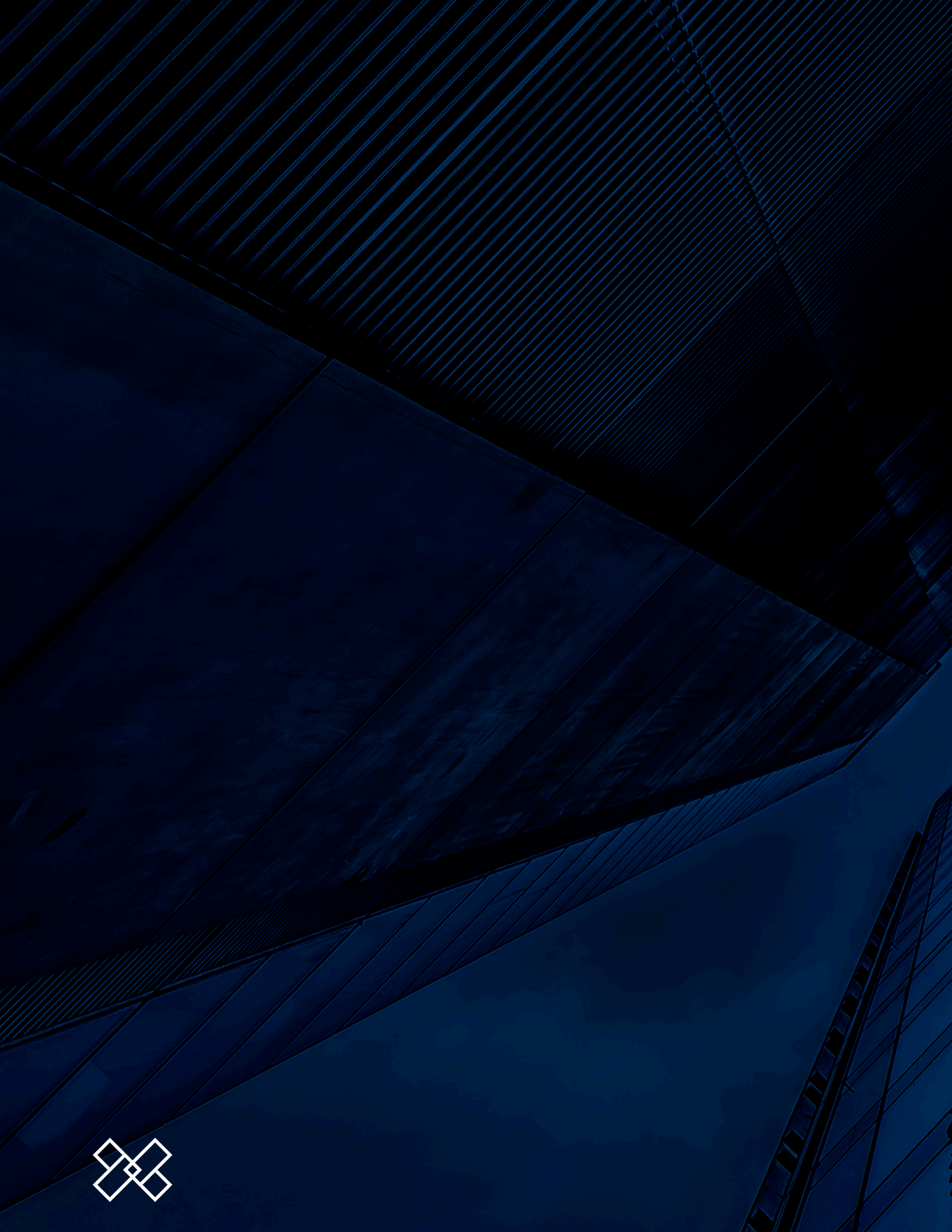
# FEE STRUCTURE PLUS<sup>+</sup>

## THE POWER OF INNOVATION

Tax-Deferred Investment Solutions with Market-Related Returns  
Exclusively for Attorney Contingency Fees



STRUCTURES



# FEE STRUCTURE PLUS<sup>+</sup>

## TAX-PLANNING INVESTMENT SOLUTIONS

Exclusively for the Contingency Fee-Based Attorney

### Table of Contents

Fee Structure Plus®	3
Then & Now	4
The Benefits	5
Structured on Your Terms	7
Pre-Tax Growth With FSP®	9
Questions & Answers	11
Structured Assignments, Inc.	13
About <i>Structures</i>	15
Financial Disclosures	17

# FEE STRUCTURE PLUS®

**You work hard for your legal fees. It's time to let your fees work hard for you.**

---

*Structures*, the leading provider of proprietary structured settlement solutions in the United States, has developed Fee Structure Plus® (FSP), an innovative tax planning program for attorneys working under contingency fee agreements.

This unparalleled program from *Structures* offers trial attorneys a unique alternative to traditional structured attorney fee options by now allowing them to have their contingency-based fees placed in a program that will enjoy market-related returns on the full value of their contingency fees, completely tax-deferred.

The introduction of Fee Structure Plus represents the next era of structured attorney fees.

**Innovative Investment and Tax Planning Solutions for Plaintiff's Attorneys.**



# THEN & NOW

## Industry-leading, fee structure programs to meet your unique needs.

The tax court decision *Childs v. Commissioner*, affirmed by the 11th Circuit in 1996, was a watershed event that gave attorneys the ability to defer taxes on contingency fees received as periodic payments.<sup>1</sup>

### Identifying the Limitations of Traditional Fee Structure Programs

The *Childs* case provided some measure of tax relief for contingency fee attorneys whose income may fluctuate. Until now, fee planning options under this decision were limited to fixed-rate annuities. From a timing and security standpoint, these fixed-rate funding vehicles are unique, offering broad design flexibility and a proven history of performance through both rising and falling economic cycles. Attorneys, however, wanted the chance to defer taxes through a structured settlement, but they also wanted to invest in equities and bonds. Such market-correlated investment options would allow for greater growth than what current interest rates could offer.

Fee Structure Plus is a ground-breaking and most welcome addition to the world of structured settlements, made possible by the landmark *Childs* decision.

<sup>1</sup>103 T.C. 634 (1994); affirmed without opinion, 89 F.3d 856 (11th Cir. 1996).

# THE BENEFITS

Earning attorney fees on a contingency basis is uniquely challenging and FSP offers a practical solution.

**FSP® offers unique features that can provide long-term financial benefits.**

◆ **Income and Tax-Deferral**

By deferring income and taxation, the full amount of the contingency fee may be placed into the program pre-tax, allowing for more growth than if the fee were taken as a lump sum and invested post-taxation.

---

◆ **Market-Related Returns**

In addition to tax deferral on contingency fees, deferred funds may be allocated to market-related investment portfolios.

---

◆ **Asset-Class Diversification and Inflation Protection**

Fee Structure Plus can help attorneys achieve asset-class diversification to address income, retirement planning, operating expenses, and other financial needs.

---



### ◆ **Periodic Payment Plans**

Periodic payments are designed to deliver the flexibility and customization needed to meet an attorney's specific financial goals.

---

### ◆ **Cash Availability Option**

Contact a member of the *Structures* team for more information about cash availability within the FSP program.

---

### ◆ **Management Strategies to Suit Every Need**

Attorneys can now select a passive or active investment management approach using a respected trust company or their personal financial advisor. This allows for the investment to work in conjunction with their specific needs and overall wealth management strategy.

---

# STRUCTURED ON YOUR TERMS

## Why attorneys use Fee Structure Plus®

---

“Fee Structure Plus provided us with the ability to have our fees managed by our independent investment advisor on a tax-deferred basis. If you are looking for a trusted solution, look no further.”

### **Perry Weitz, Esq. and Arthur Luxenberg, Esq.**

Weitz & Luxenberg, New York, NY

“Preparation, preparation, preparation — that is the foundation to all of my cases, as well as my philosophy to my personal finances. That’s why I chose Fee Structure Plus to defer my contingency fees. The program offered me the opportunity to place my fees in a low-cost portfolio at a U.S.-based trust company on a tax-deferred basis.”

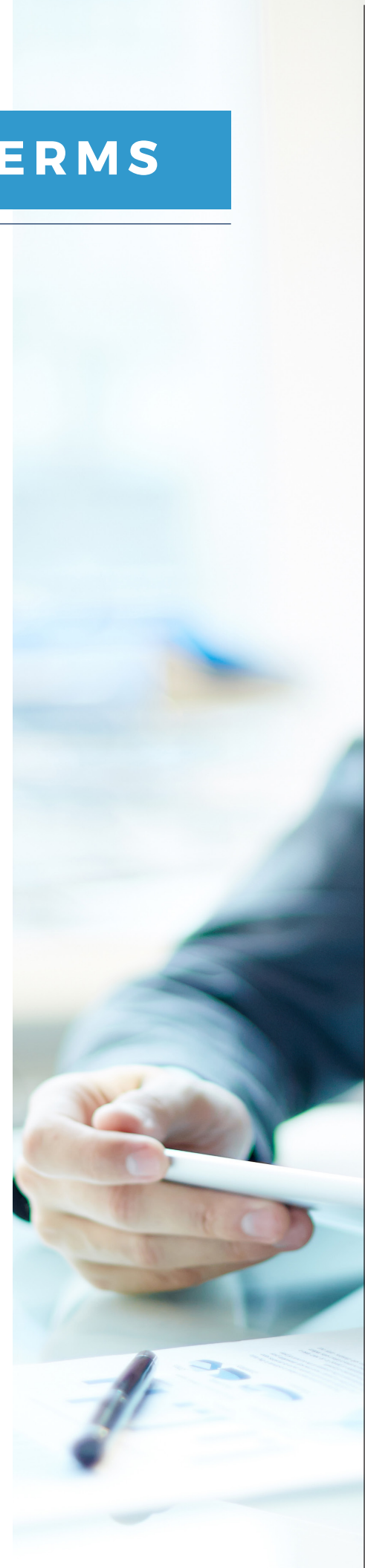
### **Keith Lovendosky, Esq.**

Bailey & Partners, Santa Monica, CA

“If you are considering an attorney fee structure, do yourself a favor and inquire about Fee Structure Plus. The options and flexibility afforded by the program are truly unique and advantageous to contingency fee attorneys.”

### **John F. Romano, Esq.**

Romano Law Group, West Palm Beach, FL







A New Approach to Legal  
Fee Structures.

# PRE-TAX GROWTH WITH FSP®

**How you structure your attorney fees now can make a significant impact on your financial planning for the future.**

## Investing a \$1,000,000 Fee:

### Immediate Cash Payment

- + Pay taxes now (**40% rate**)<sup>1</sup>
- + **\$600,000** left over to invest
- + Invest in market / fixed growth<sup>2</sup>
- + Taxed as it grows

### Fee Structure Plus®

- + Defer income and taxes
- + **\$1,000,000** invested<sup>3</sup>
- + Funds invested in market / fixed growth<sup>4</sup>
- + Taxed when paid out

### Other factors that will impact your tax rate when you receive payments:

1. Timing of payments - Are you taking payments at a time when you are in a lower tax bracket?
2. Scheduling future payments to cover firm operating expenses – Is there a tax benefit to your firm?
3. Are you moving from a high tax jurisdiction to a low or no tax jurisdiction?

<sup>1</sup> Hypothetical tax rate for illustrative purposes only. Consult your own tax and accounting advisors for specific recommendations or comments regarding tax rates that apply to your situation as individual circumstances may vary.

<sup>3</sup> Set-up and program fees apply.

<sup>2, 4</sup> Neither IFS nor its affiliates are licensed to sell variable or securities products, nor do we provide investment advice. Please consult your financial advisors for specific recommendations or comments regarding this material as individual circumstances may vary.





Get the most out of your attorney fees using Fee Structure Plus®.

# QUESTIONS & ANSWERS

## ◆ **Is there a minimum or maximum amount that can be placed into Fee Structure Plus® (FSP)?**

The minimum amount for FSP is \$100,000.00. There is no maximum.

## ◆ **Can the payee be the law firm?**

Yes, the payee can be either the attorney or the law firm. The payee will be reflected in the settlement documents.

## ◆ **Can FSP be used for a claimant in a non-physical injury case (non-qualified settlement)?**

Please contact us for use of this program for claimants on non-physical injury cases. Cases will be reviewed on a case by case basis, but FSP can be utilized in certain situations. Please contact us for information on Settlements Plus™, our market-based program for claimants.

## ◆ **Where are the assets funding the Fee Structure Plus payments held?**

Upon receipt of the funding amount in Barbados, the assignment company immediately sends funds via wire transfer to a trust company in the United States for custodianship and management. At the completion of the FSP transaction, the assets are held by the US domiciled trust company as the funds' custodian. Additionally, if requested by the attorney, the trust company may transfer the funds to an external financial advisor's platform.

## ◆ **What are the fees for FSP?**

The fees for FSP are:

- One-time assignment fee of \$1,000
- One-time administrative fee of \$400
- Annual FSP Program Fee of 1% of the value of the Fee Structure Plus account each year, taken at the time of account establishment and on or about each anniversary thereafter. This program fee covers the ongoing program administration costs, operating expenses of the assignment company and custodial and administrative services provided by the trust company. It also provides the attorney or law firm with access to the trust company's investment asset allocation models at no additional cost. If investment advisory services by an external financial advisor or active management by the trust company are desired, the fees of the external advisor or the trust company would be added to the fees outlined above.

## ◆ **Can an attorney structure fees with FSP even if his or her client does not select a structured settlement?**

Yes, a claimant structure is not necessary. FSP is available for stand-alone attorney fee structures.

## ◆ **Is FSP limited to physical injury cases?**

No, FSP is available to attorneys for any type of contingency fee case.



◆ **Are the assets within FSP accounts protected from creditors of the attorney or law firm?**

While the attorney or law firm would be the payee of the future payments, the assets used to fund the FSP payments are owned by the assignee, Structured Assignments, Inc., pursuant to a non-qualified assignment.

Since the attorney and/ or law firm have the right to receive periodic payments but do not have ownership rights in the underlying assets, the assets are not subject to claims of the attorney's or law firm's creditors.

◆ **Why is the assignment company located in Barbados?**

The Assignment Company is domiciled in Barbados to make use of the benefits of the US-Barbados Tax Treaty to prevent double taxation. More information regarding the use of our assignment company can be found on page 13.

◆ **What is the role of a trust company?**

A trust company serves as the master custodian and administrator of the FSP program. It is responsible for accounting, tracking, reporting (including tax reporting), and calculations on behalf of the assignment company.

◆ **Can the attorney designate beneficiaries?**

Yes, the attorney can designate both primary and contingent beneficiaries.

◆ **What type of tax reporting is required for FSP?**

The trust company, on behalf of the assignment company, will issue a 1099-MISC to the attorney or law firm payee during the year(s) that payments are made. The payments are reported as ordinary income.

◆ **Can the attorney view the balances in the FSP account online?**

Yes, online view-only access to the account is available.

◆ **Do the laws governing ERISA plans as well as other deferred comp plans apply to the FSP program?**

No, pursuant to the *Childs* case, a structured attorney fee payment is viewed as non-employee deferred compensation, not employee compensation (e.g., 401(k)). Further, it falls under Section 83 under the *Childs* decision and was exempted from the 409A deferred compensation regulations in Notice 2005-1. Copies of the *Childs* decision and Notice 2005-1 are available upon request.

## **Tax deferral of contingency fees is made possible in partnership with Structured Assignments, Inc.**

Structured Assignments, Inc. was founded in 2010 as an entity for the purpose of accepting nonqualified assignments of periodic payment obligations. It is guided by an esteemed and experienced board of directors, utilizes the Royal Bank of Canada (the largest bank in the Caribbean) for all banking needs, and was established with advice from the renowned law firm Chancery Chambers.

The assignment company is domiciled and managed in Barbados in order to make use of the benefits of the U.S.-Barbados tax treaty. This ensures that the ownership of the funding assets does not trigger double taxation.

An assignment company organized as a United States corporation would generally be subject to tax on the receipt of a payment for assignment of a periodic payment obligation — fee for services rendered — as well as any interest gained from the assets it purchased and owned. Further, it would not have any offsetting deductions upon the purchase of the funding assets until and as payments were made to the holder of the assets, such as when economic performance occurs. While there is an exception for this under Section 130 of the Internal Revenue Code, it is limited to periodic payment obligations that are tax exempt under Section 104(a)(1) or 104(a)(2) of the Code. Barbados is a highly regulated jurisdiction with a well-established and longstanding tax treaty with the United States that allows for the assignment of payment obligations and asset ownership in a tax-efficient manner.



A photograph of two men in business suits shaking hands on a balcony. The man on the left is Black and wearing a blue suit, while the man on the right is white with grey hair and wearing a dark grey suit. They are both smiling. The background shows a modern building with large windows and a balcony railing.

FSP® provides you with the tools to make the most of your contingency fees.



# STRUCTURES

---

*Structures* is the leading innovator and manufacturer of cutting-edge settlement solutions for plaintiffs and their legal counsel. Our team of professionals is equipped with the expertise to offer solutions that address some of the most difficult tax considerations. We can help you understand how these programs work, while providing you with the latest financial planning resources.

## **Program Flexibility**

*Structures* has developed several unique programs for contingency fee attorneys and settlement recipients. The flexibility of our programs allows clients to utilize them in many different applications, including areas such as installment sale transactions, employment litigations, environmental litigations, celebrity endorsements, as well as many other situations.

## **Market Creativity and Support**

In addition to creating programs, *Structures* provides access to new life insurance markets. Furthermore, *Structures* offers a full-service operations and support team that is dedicated to providing superior service to its customers anywhere in the country. This extensive network of knowledge combined with decades of experience allows our professionals to pioneer the most creative and cost-effective solutions available in the marketplace.

[info@structures.com](mailto:info@structures.com) | [www.structures.com](http://www.structures.com) | 844.689.3020







**THE INNOVATORS FOR THE STRUCTURED  
SETTLEMENTS INDUSTRY**

# FINANCIAL DISCLOSURES

Structures, Inc. and its affiliates (collectively, “*Structures*”) does not provide advice or services related to the purchasing of, selling of, or investing in securities or other financial instruments. Any discussion of securities contained herein is not intended or written to be used, and cannot be used, as advice related to the purchasing of, selling of, or investing in securities or other financial instruments. *Structures* does not provide legal, tax, or accounting advice or services. Any discussion of legal or tax matters contained herein is for illustrative purposes only and is not intended or written to be used, and cannot be used, as legal advice or for avoiding any penalties that may be imposed under Federal tax laws.

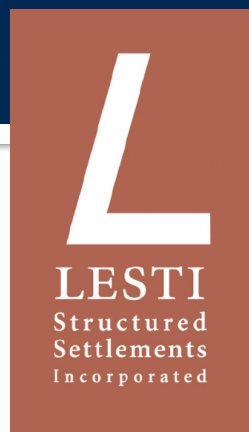




**STRUCTURED TO LEAD.**

# FEE STRUCTURE PLUS<sup>+</sup>

structures.com | 844.689.3020



Contact your qualified structured settlement consultant today to discuss your attorney fee deferral options and find out if Fee Structure Plus® is right for you.

**Paul J. Lesti, CSSC, RSP, MSSC**  
CA Insurance lic. 0654175  
President & CEO  
Lesti Structured Settlements, Inc.  
Website: [www.lesti.com](http://www.lesti.com)

745 Distel Drive, Suite 114  
Los Altos, CA 94022  
Office: 650-903-4100  
Cell: 650-468-4895  
Email: [paul@lesti.com](mailto:paul@lesti.com)