



CLAIMANT SETTLEMENT OBLIGATION PLAN

Tailored Strategies for Tax-Efficient Deferral and Security

This plan may be suitable for claimants who wish to structure receipt of their qualified or non-qualified settlements in a tax-efficient manner until money is required.

Havelet is able to offer a variety of carefully designed and dynamically invested strategies, providing flexible and competitive structures utilizing world-class investment management, annuity and estate planning partners.

The plan may be appropriate for any Claimant who receives a qualified or non-qualified settlement, provided that the settlement monies are not immediately required and the Claimant has not already entered in to a court approved settlement agreement in respect of that settlement. The nature of the case is irrelevant. Havelet can accept assignments of periodic payment liabilities from defendants, insurers and self-insureds in personal injury as well as non-personal injury cases. Not necessary for the plaintiff to structure.

This is achieved by utilizing an assignment contract under which the defendant pays a sum representing some or all of the settlement to Havelet, and Havelet agrees to make periodic payments to the Claimant in the future. The precise value of the periodic payments will be determined by the performance of the selected portfolio. As the funds are invested on a pre-tax

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Key Take Aways*

- Flexible deferral and payment terms
- Suitable for qualified and non-qualified cases
- Secure flow of funds
- Legally documented strategy
- Estate tax efficient
- Unbiased investment opportunities both variable and fixed

*Havelet does not offer client specific tax, legal or investment advice but is able to liaise with your advisors in this regard.

Claimant Settlement Obligation Plan

basis and the investments can grow tax-free, there is a much larger capital base than would otherwise be the case. The net result is potentially a higher post-tax sum to be received by the claimant.

Havelet's flow of funds procedure is carefully designed to be secure and avoid constructive receipt and does not rely on shortcuts such as cash funding mechanisms to be compliant.

Havelet will purchase an annuity contract which enables them to fulfill its obligations to the Claimant under the assignment contract. An irrevocable instruction is given to its bank to immediately transfer any money it receives to purchase the annuity, thereby providing the Claimant with security that all monies will be applied according to the terms of the assignment contract. The Claimant will be named as the annuitant under the annuity contract and Havelet will be the owner of the contract. Once the assignment contract has been completed and the money has been transferred to the annuity provider, the annuity provider will invest the sum in the appropriate investment portfolio. Each Claimant selects their appropriate investment strategy, based on personal financial objectives and time horizons, with the help of a licensed advisor. The investments are not guaranteed, and is based on the claimant's personal risk parameters and time horizons and these portfolios are subject to market fluctuation, both positive and negative. A monthly investment statement, containing portfolio holdings and performance, will be provided.

Payments being made to claimants under the assignment contract will be made directly by the investment manager via written instruction from Havelet, the annuity provider and Trustee if applicable. Once again, this provides the Claimant with security that the funds will be distributed in accordance with the assignment contract.

The US tax code imposes a tax up to 30% on earnings of dividends and realized capital gains within each claimant's account. Havelet can mitigate these taxes by 'wrapping' each account with a Private Placement Annuity which complies with US Treaty benefits under Article 18(2).

A private placement annuity contract is a customized contract designed specifically, in this case, to accommodate Claimant fee deferrals in the most tax efficient way. It provides more flexibility and

purpose-designed benefits than traditional retail annuity contracts offered through the life carriers.

The Claimant can benefit from asset protection and estate tax planning by assigning their contract to a grantor trust and other advanced tax planning strategies performed in conjunction with a Havelet deferral with the assistance of legal and tax counsel.

Each Claimant can nominate a beneficiary and contingent beneficiary. The Claimant can also decide whether the beneficiary should receive a lump sum or the remaining periodic payments in the certain period, as scheduled. There is no death benefit or other insurance component associated with the fixed or variable contracts.

Importantly, Havelet's clients are able to participate in market rates of returns, customize deferral and payment terms, select beneficiaries and contingent beneficiaries and receive a monthly investment statement.

Deferral and payment terms can be customized, as can an appropriate investment portfolio. Assignments through Havelet have more flexibility than those offered through domestic assignment companies funded with annuities, which are subject to IRS § 72(u).

This may be especially helpful for individuals who are trying to defer on taxable damage Cases. Havelet clients can customize deferral and payment terms, can receive lump sum payments and irregular distributions.

A custom designed fixed investment offering a variety of market based, or variable investment products ranging from conservative to aggressive strategies. The claimant selects their investment objective, which is managed by a registered investment advisor in compliance with Havelet's Investor Control Policy, to protect the Claimant against constructive receipt.

Changes can be requested by the Claimant on the investment objective level but cannot be made on the securities level. Any greater client influence can result in breaching investor control guidelines, which may negatively impact the tax benefits of the deferral.

Guaranteed programs are available.

FOR MORE INFORMATION

For further information or specific inquiries, please contact Jason Sutherland (info@haveletservices.gg) +1 (949) 529-9433.

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