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The United States Internal Revenue Code defines a structured settlement as a financial or insurance arrangement involving periodic payments which either the claimant accepts to resolve a personal injury tort claim or consists of a statutory periodic payment obligation.

In most cases, the periodic payments are created through the purchase of one or more annuities, which ensure regular future payments. This kind of periodic payments first became popular in America in the 1970s, as a more feasible alternative to ordering lump sum settlements in a tort case.

Investment professionals consider structured settlement plans to be excellent asset-backed securities.

The value of such settlements, despite a certain amount of delay in obtaining funding, is their ability to provide a regular, steady and ongoing income for the plaintiff and their families for a number of years. Whatâ€™s more, with this kind of an annuity, there is less of a chance of the recipient losing entire sum in risky or poor investment choices.

Best of all, recipients can always â€˜cash outâ€™, i.e. sell structured settlement plans to various legal financing companies and investment forms. These companies typically offer to buy the whole or part of a claimantâ€™s annuity, offering the latter a lump sum of cash in return. This allows the claimants or owners of annuities to use part of their settlement for major financial decisions such as buying a house or send a child to college, or pay off one's debts.

Once you have made the decision to sell the whole or part of your settlement, you will need the advice and help of certain specialized professionals. A good investment professional experienced in working with structured payment plans for example needs to be consulted to help you answer certain key questions such as:

* Is it indeed a good idea to sell part of your settlement now or are there other, better ways of receiving the funding you require?

* How much of your annuity needs to be guarded for future use?

* What is a feasible sum you can expect if you sell part of your future payments now?

* What is the best way to present your case for a change of terms in court?

To conclude, a structured settlement is a great way to assure a reliable and steady income for a given number of years. The decision to sell all or part of your annuity therefore needs to be taken with great care to prevent regrets in the future.

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