

**Structured Settlements**  
SURVEY REPORT



# Executive Summary

The results of a new consumer survey of more than 1,000 Americans illustrate the need to educate Americans on structured settlements. Without awareness, the majority of those impacted by personal injury or accidental death cases run the risk of making ill-informed choices that may jeopardize long-term financial health.

The survey was conducted by Esearch.com, Inc., and was sponsored by **American General Life Companies Structured Settlements**. The research, conducted in September 2007, focused specifically on settlements awarded in personal injury cases. Of the respondents, 80 percent had no direct connection to a personal injury case, while the remaining 20 percent cited that they or a family member were involved in a personal injury case.

Those who had no connection to a personal injury case were asked to read two hypothetical scenarios and answer questions on how they would react. Those with a direct connection to a personal injury case were not only asked to read the hypothetical scenarios, but also answer questions on their real life experience. The following report shares the hypothetical scenarios and the findings from the survey.

### **Car accident scenario**

You are 35 years old, married with three kids and hold a full-time job. While at a busy intersection on your way home one night, your car is blindsided by an SUV. The driver of the SUV sustains minor injuries; however, you are not so fortunate. You are transported by helicopter to the nearest hospital where doctors are able to save your life, but determine you are paralyzed from the waist down. After months of physical and emotional rehabilitation, you are able to return home to your family and with physical therapy may be able to some day resume your career. After years of litigation, the courts determine that the driver of the SUV was at fault and award you \$750,000. At this point you must now make a decision on what to do with the lawsuit award.

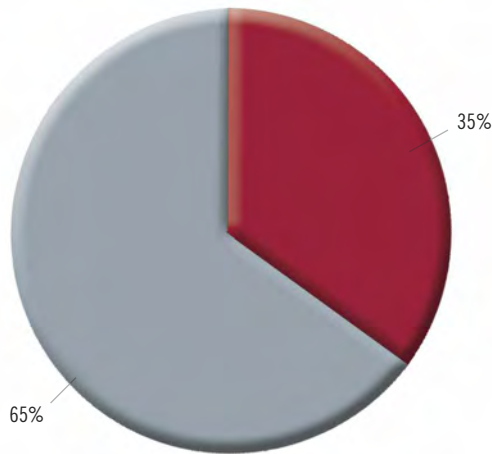
### **Killed on the job scenario**

You are a recently married, 22-year-old woman whose spouse works in construction. You are expecting your first child in the next three months. You are currently not employed and your spouse's job is the family's only source of income.

While at a skyscraper construction site one rainy day, your spouse loses his footing and plunges 15 stories. He is pronounced dead at the scene. Not looking for negative publicity and to put the case behind them, the construction company offers you a settlement of \$2.5 million. After careful consideration and knowing how stressful the next few months will be for you, your attorney advises you to take the settlement.

**CHART 1 – Car accident scenario**

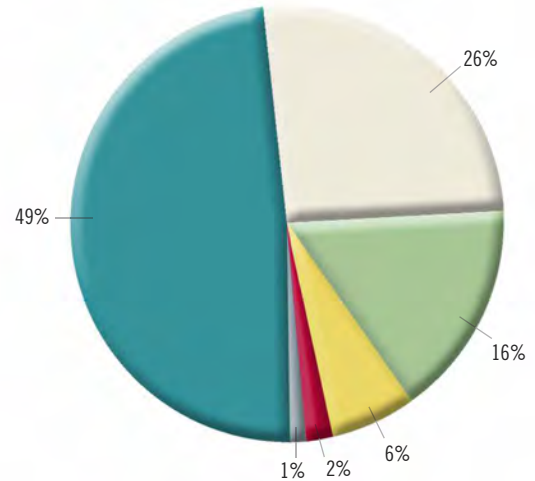
After an incident of a car accident involving a personal injury case for the respondent was presented, the survey inquired as to how the victim would prefer to receive his/her settlement. With no education on the difference between a lump-sum and a structured settlement, 65 percent of respondents chose a lump-sum settlement and 35 percent chose a structured settlement.



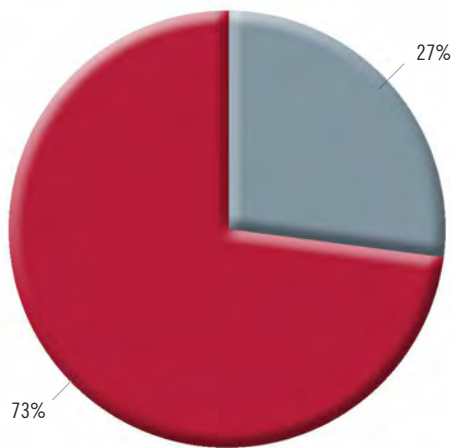
- Chose lump sum
- Chose structured settlement

**CHART 2 – Reasons for choosing a lump-sum settlement**

Of the respondents that chose the lump-sum option, 49 percent made that election because they believed they could make their own long-term financial decisions and plans. In addition, 26 percent of those who chose the lump-sum option did so because they wanted to allocate money to pay off large bills and reduce debt.



- Can make own financial decisions and plans
- Pay off large bills and loans
- Provides flexibility and not locked into an annuity
- Guarantees financial independence
- To avoid living on public assistance
- Other



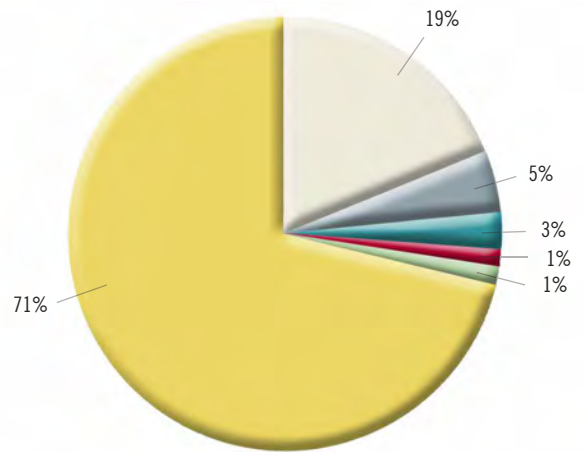
**CHART 3 – Killed on the job scenario**

Descriptions of lump-sum vs. structured settlement were presented to respondents. They were then presented with a description of an incident where a spouse was killed on the job. Of the respondents, 73 percent chose the structured settlement option, and 27 percent chose the lump-sum settlement option.

This is a 108 percent increase, or a 38 percentage point increase from the car accident scenario.

**Key takeaway:** After being educated on the difference between a lump sum and a structured settlement, 73 percent of Americans would choose a structured settlement payout when they received their settlement in a personal injury case.

- Chose structured settlement
- Chose lump sum



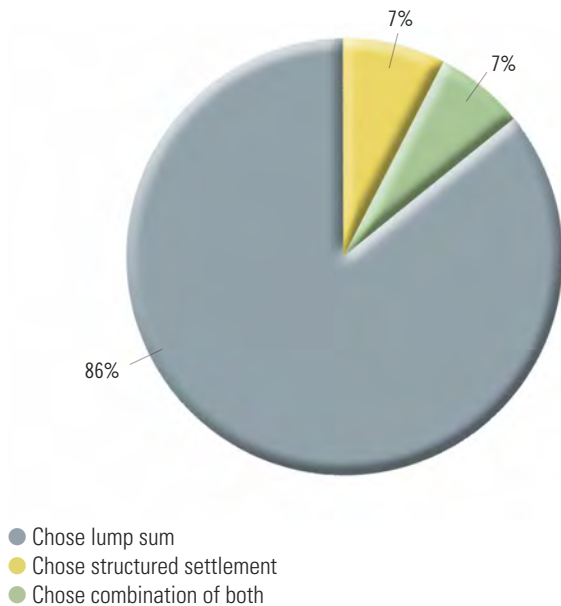
**CHART 4 – Reasons for choosing a structured settlement**

71 percent of the respondents that chose the structured settlement made that choice because it would provide a regimeted income for monthly expenses.

- Provides regimeted stream of income for monthly expenses
- Guarantees financial independence
- To continue paying large bills and loans
- Don't trust self or family to make financial decisions and plans
- To avoid living on public assistance
- Other

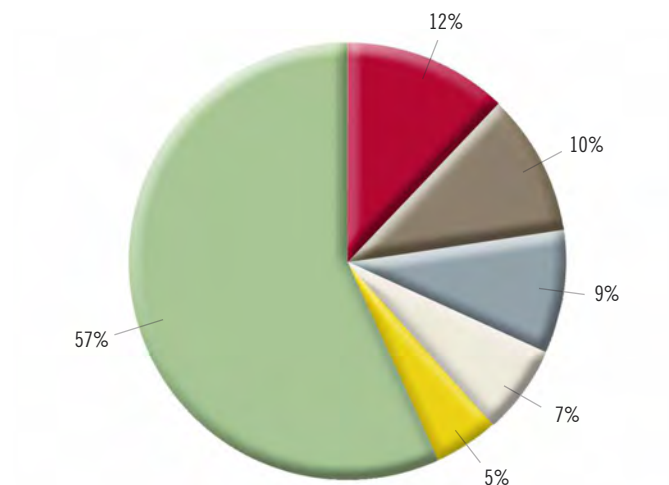
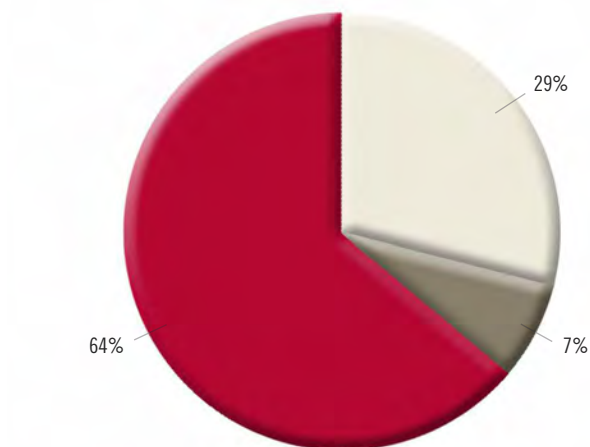
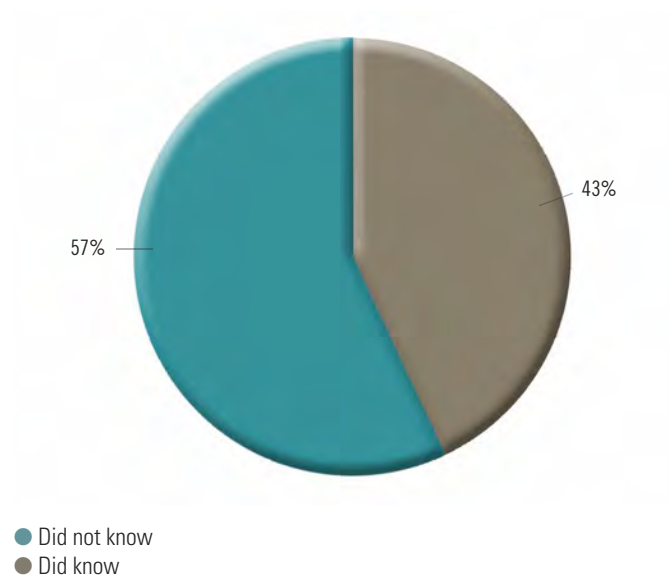
**CHART 5 – Real-life personal injury cases settlement award choice**

Of the 1,000 respondents surveyed, 20 percent reported they had a direct relationship with a personal injury case. In that group, 86 percent reported that they or a family member chose a lump-sum settlement option.



**CHART 6 – Personal injury victim’s or family’s knowledge of structured settlements**

Of those who chose the lump-sum settlement, 57 percent of them did not know what a structured settlement was.



**CHART 7 – Did attorney inform client of structured settlement option?**

In addition, 64 percent of those who chose a lump-sum settlement said that their attorney did not inform them about structured settlements.

**Key takeaway:** Personal injury victims and/or their families need to be educated by their attorneys or financial advisors of all settlement options available.

- Attorney did not inform them
- Attorney did inform them
- Did not remember

**CHART 8 – Remaining portion of lump-sum settlement**

Of those who took the lump sum, 57 percent reported that the entire settlement is depleted.

- Entire settlement is depleted
- 75 percent or more remains
- Less than 25 percent remains
- Between 25 and 50 percent remains
- Between 50 and 75 percent remains
- Did not answer

### **About the Study**

American General Life Companies Structured Settlements research was conducted in September 2007 by Esearch.com, Inc. The survey had a margin of error of plus or minus 3.10 percent at a 95 percent level of confidence. For more information on the study, as well as details about structured settlements, visit [www.americangeneral.com/structuredsettlements](http://www.americangeneral.com/structuredsettlements).

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