

STRUCTURED SETTLEMENTS FROM AN INVESTOR'S PERSPECTIVE

TRUE STATEMENT: There is no investment available that can **guarantee** a better rate of return than a structured settlement.

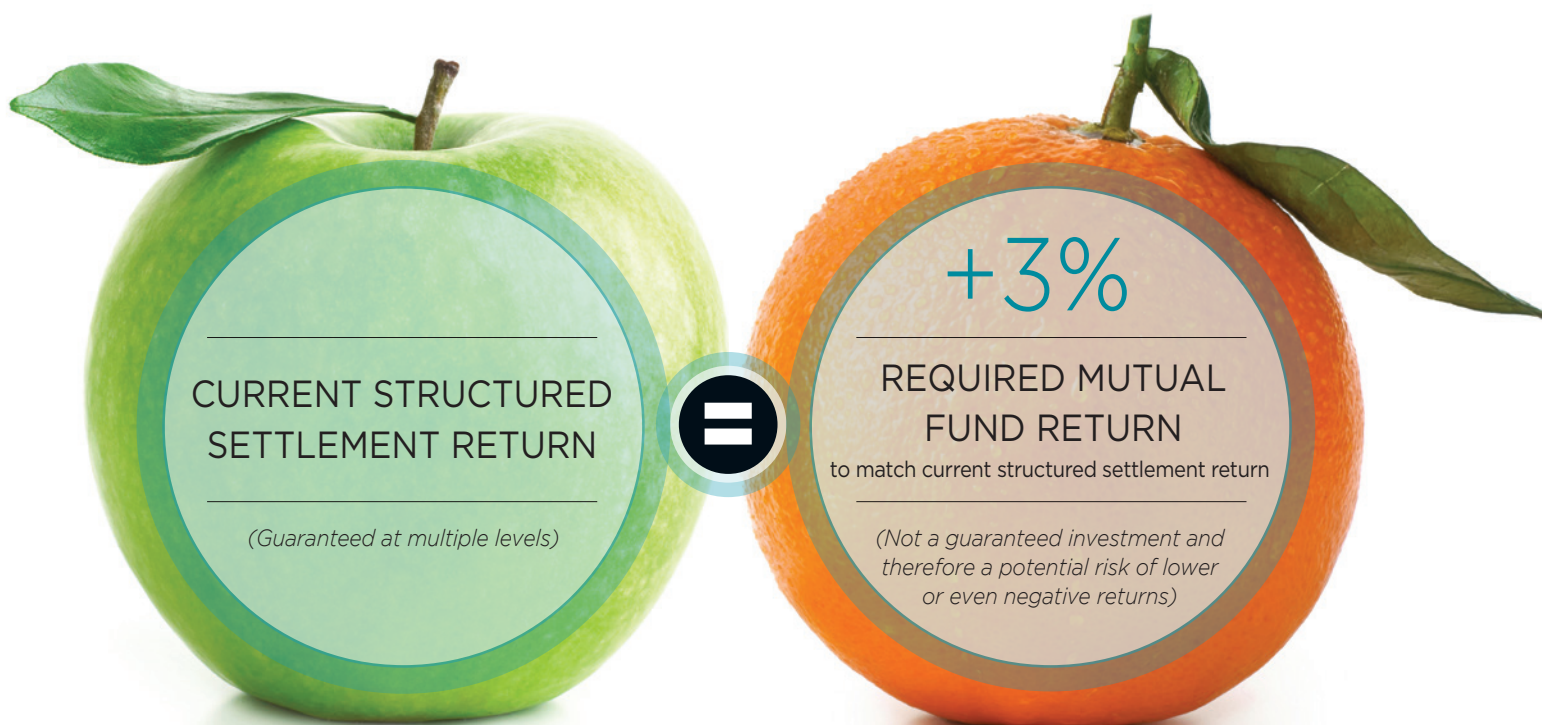
When taxes and investment fees are considered, even a well-managed investment portfolio must achieve above-average returns year after year (every single year) just to match the return from a structured settlement.



STRUCTURED SETTLEMENTS ARE OFTEN COMPARED TO “BALANCED” INVESTMENT PORTFOLIOS

Many people are unaware of just how difficult it is for a well-managed, balanced mutual fund to outperform current structured settlement returns. What does the mutual fund really promise after management fees, taxes and loss of government benefits?

CONSIDER THE FOLLOWING:



STRUCTURED SETTLEMENT HAS **NO FEES** and **NO TAXES**

MUTUAL FUND ASSUMES **2.02%** MANAGEMENT EXPENSE FEE¹ (PLUS HST) and **32.7%** AVERAGE MARGINAL EFFECTIVE TAX RATE²

¹ Investor Economics. 2015. “Monitoring Trends in Mutual Fund — Cost of Ownership and Expense Ratios A Canada — U.S. Perspective.” Toronto: May. Available online at https://www.ific.ca/en/policy_topics/fund-fees/

² Laurin, Alexandre and Poschmann, Finn. 2011. “What’s My METR? Marginal Effective Tax Rates Are Down – But Not for Everyone: The Ontario Case.” E-Brief. Toronto: C.D. Howe Institute. April

Comparing **structured settlements** to **non-guaranteed, taxable investments** is like comparing apples to oranges. In order to make accurate comparisons, four simple questions should always be asked:

Q1 What is the impact of taxes?

Q2 What is the impact of fees?

Q3 What is the impact on government benefits?

Q4 What is the level of risk?

CAN A BALANCED PORTFOLIO REALLY PROVIDE A BETTER RETURN?

Stop comparing apples to oranges.



THE PLAINTIFF'S REALITY: MOST PLAINTIFFS ARE LIKE "RETIREEES"

Structured settlements are like the best possible defined benefit pension plan.

Many plaintiffs face a future with little or no employment income to meet their daily living expenses. Many will also have extraordinary medical expenses. Don't underestimate the investment value of a structured settlement. It is your client's one chance to build a **guaranteed, tax-free "paycheque"** with a rate of return that cannot be matched without investment risk.

McKellar is the oldest and largest structured settlement firm in Canada – and the market leader. We are proud to call injured plaintiffs, lawyers and insurance professionals across the country our valued clients. With the team at McKellar, you gain access to expertise from the most qualified professionals in this industry.

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