

# STRUCTURED ANNUITIES, INC.

## SIDE-BY-SIDE COMPARISON

### Structured Settlement vs. Municipal Bonds

| ISSUE/CONCERN  | STRUCTURED SETTLEMENT  | MUNICIPAL BONDS  |
|--|--|--|
| What types of securities/ insurance products support the payments? | A fixed annuity contract issued by a life insurance company. Assets are invested in the insurance company's general account.   | Debt instruments issued by state or local government entity to finance capital expenditures.   |
| Can this option provide a stable, lifetime income?                 | Yes. Payments and distribution schedule are determined up front. Can provide a dependable, predictable income stream that you cannot outlive.  | Since the coupon – or rate of payment – of the bonds is known in advance, investors may have a reliable income stream (see guarantee section below). Bond must be held to maturity to receive the face value, or par amount, of the bond.  |
| Is there a guarantee with this option?                             | Yes. The annuity issuer guarantees payments, as provided by the terms of the structured settlement agreement.  | Interest is guaranteed only for the initial investment period. If interest rates fall, fixed maturity dates may force investors to reinvest principal and any accrued interest at a time when interest rates are low, shrinking their income. Municipal bonds may have a "call" feature, allowing them to be redeemed prior to the stated maturity date. Bonds are usually called early when interest rates have fallen, effectively refunding investor principal at a time when reinvestment options reflect lower rates. |
| What are the costs and fees associated with this option?           | No cost to the annuitant.  | Issued at face value.  |
| Will this option keep pace with inflation?                         | Yes, with a Cost-of-Living-Adjustment (COLA) feature.  | Does not provide a hedge against inflation.  |
| What are the tax consequences?                                     | Income provided by the fixed annuity is <b>TAX-FREE</b> , provided the damages received as periodic income (other than punitive damages) are the result of personal physical injuries or physical illness. | Generally, interest is exempt from federal income tax. May also be exempt from state and local taxes <i>in state of issue</i> .  |
| Is this option affected by market fluctuations?                    | No. Benefit payments are determined and fixed at the time the annuity contract is issued.  | Yes. Value will be affected by interest rate fluctuations and municipality's stated call options.  |
| Can I make changes to this option after I select it?               | No. Payment amount and schedule are fixed and may not be changed or accelerated.   | Yes. If sold or redeemed prior to maturity, value is subject to market conditions. Investors may receive more or less than they paid, resulting in a potential capital gain or loss.   |

Information provided by Hartford Life

*\*Important Note: Neither Hartford Life nor its agents give legal or tax advice. Since tax laws are subject to change, the brief discussion of options here cannot be considered complete or necessarily up to date. Please consult your own attorney or tax advisor for more details. 6/11/99*

## Contact Us Today for a Quote

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