

# Secondary Market Structured Settlements Buyer's Guide

## ■ **What is a Secondary Market Structured Settlement?**

*A Secondary Market Structured Settlement is a transferred structured settlement in which you, the buyer, receive the rights to a fixed annuity payment in exchange for a lump sum payment to an individual who is the original existing annuitant. By purchasing an individual's right to receive payments, you receive high yield returns while the existing annuitant enjoys the benefits of having cash now.*

## ■ **What are the benefits of purchasing a Secondary Market Structured Settlement?**

*A Secondary Market Structured Settlement can provide above average returns for the fixed income portion of a balanced portfolio. Since they guarantee you a payment stream over a fixed period of time and at a fixed rate of return, this investment is generally considered to be a good vehicle for "safe money" savings. The majority of Secondary Market Structured Settlements are issued by insurance companies with among the highest Standard & Poor's credit ratings, making them one of the safest forms of fixed term purchases available today.*

## ■ **Where do these Secondary Market Structured Settlements originate?**

*Individuals involved in legal claims for personal injury often accept a Structured Settlement in which they receive regular, fixed payments over a set period of years and/or lump sums at stipulated times from an annuity. As circumstances change, these individuals, called existing annuitants, sometimes need to convert a portion of their guaranteed income into cash now to meet personal needs or to settle an estate. They decide to assign their rights to their future annuity payments at a discount to a factoring company.*

*MJ Financial Partners, in turn, offers the payment rights to these annuities, called Secondary Market Structured Settlements, to buyers like you. Typically, the Secondary Market Structured Settlement payments are made regardless of whether or not the existing annuitant or the buyer is alive, meaning these payments are not contingent on any individual's life.*

## ■ **Who makes the payments to me?**

*Secondary Market Structured Settlement payments are paid directly to you by a U.S. based insurance company with a credit rating that is generally AAA to A rated by Standard & Poor's.*

## ■ **What is the typical Secondary Market Structured Settlement term and purchase amount?**

*The purchase price of a Secondary Market Structured Settlement can range from as low as \$15,000 to as high as the millions. Terms can range from 1 to 35 years but typically are 5 to 20 years.*

## ■ **How is the rate of return determined?**

*The rate for each Secondary Market Structured Settlement is determined by the current market at the time of purchase. At this time, the buyer is prepared to accept a return on his or her purchase, and the Secondary Market Structured Settlement based on certain attributes such as the duration of the payout and the insurance company's financial rating.*

*The rate of return for each Secondary Market Structured Settlement we offer is represented as a **nominal** rate.*

*Always remember that the purchase of structured settlements and state lottery streams may be offered to consumers utilizing a "nominal" or "effective" rate of return. Although both methods of calculation are often used within the financial services industry, "effective" rates when directly compared to "nominal" rates may often artificially list for as much as a ½ percent higher. MJ Financial Partners will always list their rates on a nominal basis.*

## ■ **Why are rate's of return on Secondary Market Structured Settlement higher than those offered on annuities purchased directly from insurance companies today?**

*The rate of return on a Secondary Market Structured Settlement is typically higher than the rate available on annuities purchased directly from the insurance companies because a Secondary Market Structured Settlement has been "previously owned" and has a payment term and payment amount(s) that cannot be changed. Additionally, a Secondary Market Structured Settlement is transferred for the present value of future income payments. The present value is determined by what the existing annuitant, or the seller, will accept and what a buyer will pay.*

## ■ **Why do I need MJ Financial Partners to arrange the purchase of a Secondary Market Structured Settlement?**

*MJ Financial Partners, LLC is an exclusive provider of Secondary Market Structured Settlements. Our success in this industry has enabled us to secure some of the highest nominal rates available to the consumer.*

## ■ **Do I have to appear in court for payments to be transferred to me by court order?**

*No, the buyer does not have to appear in court. MJ Financial and the utilized factoring companies have expertise in legally transferring payment rights. We will arrange a court order in your name at no additional cost to you. All of the court costs, transfers, fees, lien search fees, and legal costs are paid by us. Also, we acquire structured settlement annuities through a number of channels, including an extensive broker network. Our experience and due diligence insure the quality of the Secondary Market Structured Settlement we offer for sale to you.*



- **What is the legal structure of the purchase?**

*MJ Financial Partners and our utilizing factoring companies acquire the payment rights to a Secondary Market Structured Settlement from an existing annuitant and transfers the payment rights to you, the buyer through a court ordered transfer process. Your name and assignee information will be stated in the executed court order, which is generally obtained in the state where the existing annuitant resides. The court will direct the insurance company who issued the fixed term annuity to pay you all of the annuity payments you are acquiring when they are due. Payments are made whether the existing annuitant of the buyer lives or dies during the period that the payments are due. Upon the death of the buyer, the payments continue to the join owner (s) or other owner (s) or the estate of the buyer, as designated. Payments are typically made by a check mailed to your designated address or by direct deposit into your bank account You may usually select your preferred method of payment. As the buyer, you may change the address for payment or bank account info designation at any time by informing the insurance company directly.*

- **What documentation will I receive after closing?**

*Shortly after the closing of the transaction, MJ Financial Partners, LLC will provide to the investor a closing binder. This binder will contain all the documents related to the transaction including but not limited to the purchase agreement, due diligence files, original settlement terms, executed court order as well as the assignment agreement which contains the details of the transaction and payments being reassigned.*

## ■ **What are the risks?**

*Like other financial products, Secondary Market Structured Settlements are not risk-free. As a buyer, you must determine whether a Secondary Market Structured Settlement meets your risk tolerance and purchase objectives. The following are risks associated with a Secondary Market Structured Settlement :*

- ◆ *The security of the Secondary Market Structured Settlement is directly related to the financial health of the insurance company that issued the annuity and its ability to pay claims as well as the terms of the court order that accompanies each transaction.*
- ◆ *Secondary Market Structured Settlements are not deposits and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other federal government agency. They may be partially guaranteed by State Guaranty Associations but MJ Financial Partners makes no representations or warranties in this regard.*
- ◆ *Secondary Market Structured Settlements are subject to interest rate risk. Market interest rates may rise or fall while the rate of return on the Secondary Market Structured Settlement is locked in. Fixed income purchases with longer terms to maturity are usually more sensitive to changes in interest rates. One method of hedging interest rate risk during a volatile rate period is to build an annuity ladder by buying a series of Secondary Market Structured Settlements over an extended period of time, thereby averaging the rates of return.*
- ◆ *Secondary Market Structured Settlements are monetized in U.S. Dollars. Foreign buyers may be subject to currency exchange risk.*
- ◆ *Secondary Market Structured Settlements typically must be held to term and therefore are not liquid purchases.*

## ■ **Our responsibilities to you, the buyer**

*MJ Financial Partners and our utilized factoring companies are responsible for the overall business and operation of the Secondary Market Structured Settlement transfer and sale process. This includes:*

- ◆ *Entering into a sale agreement with the existing annuitant to acquire the payment rights to each annuity in return for an agreed upon present value cash amount.*
- ◆ *Finding a buyer to acquire the payment rights to the annuity at an agreed upon rate of return and corresponding price.*
- ◆ *Completing the annuity transfer process, including obtaining a transfer court order or other agreed upon transfer process, in accordance with U.S. state and federal laws.*
- ◆ *Overseeing the transfer due diligence process as set out in the sale and purchase agreement with the existing annuitant and the assignment agreement with the buyer.*
- ◆ *Safeguarding the buyer's funds until the transaction closing.*
- ◆ *Closing the purchase of annuity payment rights with the buyer and providing a closing book containing all documents set forth in the assignment agreement.*

## ■ **What information will you need from me as a buyer?**

### ***Customer identification program for buyer accounts***

*To comply with all federal laws and regulations and to help fight the funding of terrorism and money laundering activities, MJ Financial Partners must obtain, verify, and record information that identifies each person who opens a buyer account through our customer identification program including:*

#### ***Individual buyers:***

- ◆ *Name ◆ Date of birth ◆ Address ◆ Driver's license*
- ◆ *Citizenship (if dual citizen, all citizenships are required)*
- ◆ *U.S. Citizen: Taxpayer identification number (Social Security Number)*
- ◆ *Non-U.S. Citizen: U.S. taxpayer identification number, passport number and country of issuance, alien identification card number of government-issued identification showing nationality, resident and your photograph.*

#### ***Corporations, Partnerships, Trusts or Other Legal Entities:***

- ◆ *Name of corporation or entity ◆ Address*
- ◆ *Name of principal officer or trustee ◆ Employer identification number (EIN)*
- ◆ *Principal place of business (state of incorporation or organization)*
- ◆ *Articles of incorporation, partnership or trust agreement*

#### ***Information for foreign buyers:***

*Nothing in this document shall be considered a solicitation to buy or an offer to sell a Secondary Market Structured Settlement, or any other product or service, to any person in any jurisdiction where such offer, solicitation, purchase, or sale would be unlawful.*

*To be eligible to buy a Secondary Market Structured Settlement, a foreign buyer must have a U.S. address, U.S. tax ID, and a U.S. bank account.*

#### ***Prohibited Uses***

*No one shall use the service of MJ Financial Partners, LLC for any unlawful purpose.*

## ■ **How do I become a buyer?**

To become a buyer, you must:

- ◆ *Execute an assignment agreement (AA). The AA sets out the terms of the relationship between you, the buyer and MJ Financial Partners and the transaction process.*
- ◆ *Provide the information in the customer identification program outlined above.*
- ◆ *Fund and close transactions in accordance with the terms of the AA.*

## ■ **How do I pay for a Secondary Market Structured Settlement?**

### **Individuals**

◆ *A \$5,000 deposit at the time the existing annuitant executes a sale and assignment agreement with MJ Financial Partners.*

◆ *The balance of the purchase price upon receipt of the court transfer order naming you, the buyer, as the new payee.*

*The closing of each Secondary Market Structured Settlement transaction will occur in accordance with the assignment agreement and only after all conditions precedent have been met, including but not limited to MJ Financial Partners and our utilized factoring companies obtaining the court order that orders the insurance company to pay the annuity payments to you, the buyer, as stated in the agreement.*

## ■ **Can buyers sell their Secondary Market Structured Settlements?**

*Once you purchase a Secondary Market Structured Settlement, it generally must be held to the completion of its term. Secondary Market Structured Settlements are generally not liquid or marketable. The transfer court order could state that there are no future reassignment rights permitted.*

## ■ **How are fees, expenses and sales commissions paid?**

### **Fees and Expenses**

*The buyer is not charged any additional fees or expenses when acquiring a Secondary Market Structured Settlement. MJ Financial and the utilized factoring companies earn a fee based on the net difference between the price at which it buys annuities from existing annuitants and the price at which it sells them to buyers.*

### **Sales Commission**

*The broker of record generally receives a sales commission upon the closing of each Secondary Market Structured Settlement. The amount of commission is negotiated between the broker and MJ Financial Partners. The price you pay for each Secondary Market Structured Settlement and the agreed upon rate of return constitute the net price and actual rate of return you will earn. The sales commission is an extra expense paid by MJ Financial Partners.*



- **What are the income tax considerations for me as a buyer?**

*The tax a buyer pays on a Secondary Market Structured Settlement depends on the buyer's jurisdiction of citizenship and jurisdiction of residency, as well as U.S. tax laws each purchaser of a Secondary Market Structured Settlement will receive a final amortization schedule at the time of closing. MJ Financial Partners expresses no opinion on buyers' tax obligations and recommends that you consult your tax advisor accordingly.*

- **Qualified retirement plans**

*MJ Financial Partners will work with you to help facilitate purchases using qualified plans. Please speak to us directly to discuss using retirement funds to purchase any of our Secondary Market Structured Settlements.*

*For more information:*

*Call: 800-515-3123 X 1152*

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