

Commutation Riders

Commutation Riders, available upon request on structured settlement annuity contracts, can provide immediate liquidity upon the annuitant's death. This can be especially useful to satisfy any possible estate tax obligations on larger settlements. Commutation riders should also be considered when the death of the annuitant would negate the need to continue receiving periodic payments in favor of receiving an immediate lump sum liquidation. Commutation riders are elective and must be requested at time of application.

Commutation Rider guidelines from Metropolitan Life Insurance Company are shown below but each annuity company sets their own rules. Contact your plaintiff-only structured settlement specialist for more information on this structured settlement feature.

- May commute up to 100% of any remaining guaranteed payments after payee's death.
- Commutation election must be made at settlement.
- Commutation should be considered for all large cases especially those concerning a minor.
- Prior to making decision, claimant or claimant's atty should consult with his or her tax advisor.
- Following language should be inserted into the SA, QA, and application after beneficiary designation:

If the claimant dies after the purchase of a structured Settlement Annuity by the Assignee, and there are any remaining and unpaid guaranteed payments under this structured settlement annuity, a percentage (1% to 100%, as applicable) of such payments will be commuted and paid to the designated beneficiary (or to the claimant's estate, where no beneficiary is designated in the Settlement Agreement) in a single sum.

A commuted value equal to 95 percent of the cost of the annuity, which would provide such remaining commuted payments will be paid. MetLife will compute this cost based on its annuity purchase rates offered on this class of business at the time of the claimant's death.

If such annuity rates are not available, the commuted payment will equal the present value of such guaranteed payment, and calculated using the following interest rate: the annual effective yield based on the current 30-year LIBOR swap rate plus 120 basis points (Source: Federal Reserve Statistical Release H.15) at the close of business on the date of the court order. If this date is not a business day, we will use the interest rates reported on the next following business day.



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