Little, Meyers & Associates, Ltd.

Structured Settlements - Litigation Support

LMA Newsletter - *2013 Summer News Roundup*

STRUCTURED SETTLEMENT RATES IMPROVE ACROSS-THE-BOARD

The second half of 2013 kicked off to a strong start, with several highly-rated life companies implementing improved Structured Settlement pricing rates. Between June 25th and July 1st, Prudential (A+, XV), New York Life (A++, XV), Metropolitan Life (A+, XV), and Pacific Life (A+, XV) all announced rate improvements (i.e., cost decreases) for the majority of payment streams available. Prudential and Pacific Life announced further rate improvements on July 12th. This translates to higher fixed annuity payouts for many injured persons and their family members who opt for tax-free periodic payments under current market conditions.

It is significant when four highly-rated, highly-capitalized carriers announce rate improvements within days of each other. Some commentators attribute these gains to the volume in the sale of bond instruments and related duration impact, in part.

We at LMA are ready, willing and able to demonstrate these price improvements on current cases prior to mediation or trial, as well as recently settled cases. Please contact us for an illustration.

AFFORDABLE CARE ACT'S "PAY OR PLAY" PROVISION DELAYED UNTIL 2015

In a July 2, 2013 blog post, the U.S. Treasury Department announced that it is delaying until 2015 the requirement contained in the Patient Protection and Affordable Care Act ("ACA") that businesses with more than 50 employees provide health insurance to their employees or pay a penalty. This "Pay or Play" provision had previously been scheduled to go into effect in 2014.

According to the blog post, the delay is designed to allow the government time to simplify the reporting process for businesses and make sure the law is implemented smoothly. The Internal Revenue Service later clarified the informal announcement with issuance of Notice 2013-45.

This move does not, however, affect the ACA's individual mandate requiring most Americans to purchase health insurance, the prohibition on exclusions for pre-existing conditions, or the planned health care insurance exchanges, all of which remain on schedule.

About LMA

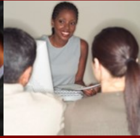
Little, Meyers & Associates is a full-service structured settlement brokerage and legal consulting firm based in Cincinnati, Ohio.

LMA operates nationwide to resolve personal injury, wrongful death, workers' compensation, medical malpractice, and other tort-based disputes with expert analysis and innovative services.

In addition to consultation on structured settlements, LMA provides the following services:

- Consulting on the taxation of settlements;
- Consulting on the impact of settlement proceeds on eligibility for government benefits;
- Educating injured plaintiffs on behalf of their attorneys;
- Protecting attorneys from "failure to inform" professional liability claims; and
- Creating/administering 468B Qualified Settlement Funds (QSFs).

For more information please visit us at www.LMAsettlements.com or call us toll-free at 877-511-6642.


SEC, FINRA ISSUE "INVESTOR ALERT" RE: FACTORING TRANSACTIONS

For those considering selling their structured settlement payments to secondary market investors, two of the United States' most influential regulatory agencies are urging caution. On May 9, 2013, the Securities and Exchange Commission (SEC) and the Financial Industry Regulation Authority (FINRA) issued a joint publication informing anyone contemplating selling their rights to an income stream (e.g., structured settlement or pension payments) of the risks and complexities involved in such transactions, as well as the risks to those investing in someone else's income stream. The Bulletin is entitled "*Pension or Settlement Income Streams—What You Need to Know Before Buying or Selling Them*."

The Bulletin explains that in a typical factoring transaction, the recipient of a pension or structured settlement signs over the rights to some or all of their monthly payments to a factoring company in return for a lump-sum amount that "will almost always be significantly lower than the present value of that future income stream." The Bulletin identifies several factors to consider before entering into such a transaction, including transaction costs, administrative charges, potential tax consequences, the legality of the transaction, and the reputation of the company offering the lump sum. Furthermore, the Bulletin urges annuitants to take time to evaluate their longer-term financial objectives to determine if a factoring transaction is really in their best interest.

There has long been concern over secondary market factoring companies' business and marketing practices. The majority of U.S. states have enacted "Structured Settlement Protection Acts" regulating the transfer of structured settlement payment rights. Moreover, in 2002 the federal government enacted 26 U.S.C. § 5891, which ensures that factoring companies comply with state Structured Settlement Protection Acts. Specifically, the federal statute subjects purchasers of payment rights to a 40% excise tax on the applicable factoring discount unless the transaction is approved in advance in a "qualified order" which finds that the transfer is in payee's best interest.

Not only has this federal and state legislation curtailed factoring activity, such transactions are now under the watchful eye of government regulators as well. We at LMA are hopeful that this oversight will guide structured settlement recipients to make informed, prudent decisions about their long-term financial well-being.

LMA's own Tom Little was instrumental in the effort to reign in unconscionable business practices by factoring companies. While serving as President of the National Structured Settlements Trade Association (NSSTA), Tom testified before the House Ways and Means Committee in support of legislation that would prevent egregious business practices by companies that purchase settlement payments. In addition, Karen Meyers led the effort in Ohio in the adoption of its Structured Settlement Protection Act, and testified before the Ohio Senate during that legislative process.

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CMS Revamps MSPRC, 'Physician Compare' Websites

This June the Centers for Medicare & Medicaid Services (CMS) announced that it was restructuring the "*Coordination of Benefits and Medicare Secondary Payer Recovery*" sections on the Medicare tab of the CMS.gov website. As part of this restructuring, all relevant information from the MSPRC.info website has been incorporated into the new design, and links to webpages have changed as well. An overview of the revamped webpage can be accessed by visiting: http://go.cms.gov/cobro

Also in June, CMS announced that it had redesigned its "*Physician Compare*" website, which allows consumers to search and compare information about hundreds of thousands of physicians and other health care professionals. CMS announced that the website has been redesigned to make the site easier to use and provide new information for consumers, including an improved search function and more frequently updated information. Physician Compare was improved based on user and partner feedback, as part of improvements in the Patient Protection and Affordable Care Act.

Physician Compare is also now connected to the most consistently updated database for finding the most accurate and up-to-date information available. In 2014 quality data will be added to help users choose medical professionals based on performance ratings.

You can visit the Physician Compare website at: **http://www.medicare.gov/physiciancompare**



LMA'S PRINCIPALS SEEK CONTINUED BIPARTISAN SUPPORT FOR STRUCTURED SETTLEMENTS

On July 29, 2013, LMA's Karen Meyers and a contingent of professionals from the National Structured Settlements Trade Association (NSSTA) met with U.S. Senator Sherrod Brown (D-OH) to encourage the Senator to express his support for structured settlements in the context of tax reform. Additionally, on July 30th both Tom Little and Karen Meyers met with Connie Laug, the Southwest District Director for U.S. Senator Rob Portman (R-OH), to discuss this important issue.

These efforts come in response to a recent request by Senator Max Baucus (D-MT), Chairman of the Senate Finance Committee, in which he asked all Senators to submit current tax code provisions that they want to protect as part of the Finance Committee's tax reform agenda.

Congress adopted the longstanding structured settlement tax rules on a bipartisan basis to encourage and govern the use of structured settlements to provide long-term financial protection to injured persons and their families. These structured settlement tax rules have worked effectively over the past three decades, and LMA's principals are strongly urging our elected officials that these provisions should remain part of the tax law in any reform effort.

The structure industry estimates that over 570,000 structured settlements have been established since the initial adoption of the structured settlement tax rules in 1983. Structured settlements provide a private sector funding alternative to the traditional taxpayer-financed assistance programs in order to meet the ongoing, long-term medical and basic living needs of seriously-injured persons and their families. Structured settlements enable persons who are injured to live with dignity and financial independence, free from reliance on government programs.

LMA's principals remain committed to ensuring that our elected officials are aware of the significant benefits structured settlements provide to injured persons and their families.

ATTORNEY PRACTICE TIPS

• A Medicare Set-Aside (MSA) can be funded with a lump sum <u>or</u> with a structured settlement annuity. Annuity funding may be significantly cheaper, meaning more net settlement funds for your client.

• In addition, MSAs can be self-administered or professionally administered. LMA recommends professional administration to ensure that your client is protected, medical bills are properly paid at appropriately discounted rates, and to help protect Medicare's interests as required by the Medicare Secondary Payer Act.

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