# PROPERTY DIVISION SETTLEMENTS

Individuals involved in divorce settlements may have the opportunity to utilize a structured settlement to resolve the dispute.

### How Does a Structured Property Division Work?

In a structured property division transaction, the paying spouse pays a lump sum via a non-qualified assignment process. A third-party assignment company assumes future periodic payment liability, using the lump sum to purchase a funding asset from a life insurance company or other entity. The receiving spouse is then paid in a series of future periodic payments.

Internal Revenue Code Section 1041 states that there is no gain or loss on a transfer of property from an individual to (or in trust for the benefit of) a spouse or former spouse, but only if the transfer is incident to the divorce. The transfer is treated as a gift and incident to the divorce if the transfer occurs within one year after the marriage ends or within six years as part of the cessation of the marriage [Treasury Regulation 1.1041-IT(b)].

### Benefits of a Structured Property Division

A structured property division provides several benefits to both parties involved in a marital dissolution, including:

- Allows one spouse to retain an asset while the other spouse receives future periodic payments;
- Prevents the necessity of selling an asset under unfavorable conditions;
- Offers the financial stability of guaranteed future periodic payments;
- Provides the receiving spouse with the opportunity to select from multiple funding options; and
- Transfers the payment obligation from the paying spouse to a third-party assignment company.

In short, both parties can move forward without the need to interact on financial matters.

### Available Funding Options

There are several options for structured property division funding assets:

- **Traditional market non-qualified offerings** (must conform to 72(u) payment restrictions);
- **Immediate, deferred, or fixed-indexed annuities** through an assignment company; and
- **U.S. Treasury obligations** through a trust company.

For more information regarding structured endorsement fees, contact Sage Settlement Consulting today.

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# STRUCTURED PROPERTY DIVISION FLOWCHART

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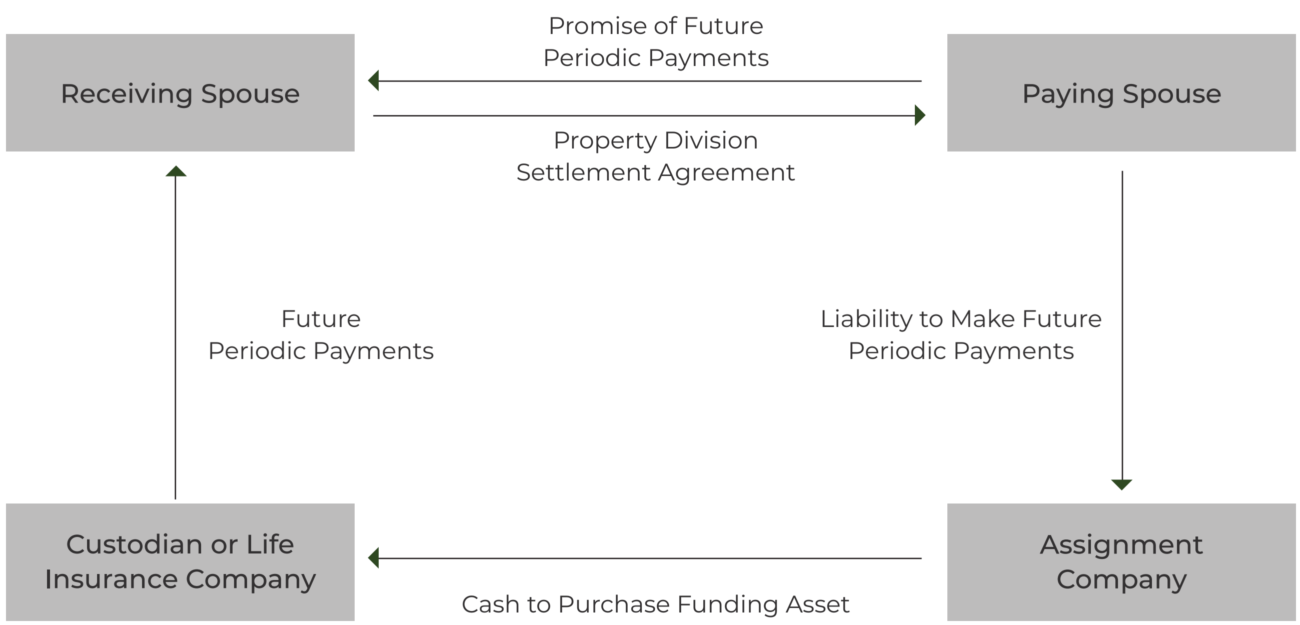
In a structured property division transaction, the paying spouse pays a lump sum via a non-qualified assignment process and the receiving spouse is then paid in a series of future periodic payments.

## A structured property division transaction involves the following components:




**For more information about structured property division transactions, contact Sage Settlement Consulting today at (877) 737-7243 or info@sagesettlements.com.**