

Integrated Financial Settlements
3500 Financial Plaza
4th Floor
Tallahassee, FL 32312



Integrated
Financial
Settlements

Structured to lead

PRESS RELEASE

Release Date: **FOR IMMEDIATE RELEASE**

Contact: John J. McCulloch, JD, CSSC, +1.630.696.4122

Landmark Ruling from 3rd Circuit Awarding Additional Funds for Lump Sum Awards Encourages Use of Non-Qualified Structures Pursuant to IFS PLR

TALLAHASSEE, Fla.--(BUSINESS WIRE)--Integrated Financial Settlements (IFS) today announced the U.S. Court of Appeals for the Third Circuit held that a supervisor who was terminated in a reduction-in-force after experiencing memory loss issues following chemotherapy was awarded an additional \$6,893 to offset the negative tax consequences of her taxable award of \$206,893 in *Eshelman v. Agere Systems Inc.*, 3d Cir., No. 05-4895, 1/30/09.

The Court of Appeals held that a district court may award a prevailing employee an additional sum of money to compensate for the increased tax burden a taxable award may create. The Court stated that **“An additional award to cover the tax consequences of a lump-sum award is necessary and appropriate, in certain circumstances, to make the plaintiff whole.”**

According to IFS, awards and settlements that are taxable not only waste much of the award to taxes, but can lift a plaintiff into a higher tax bracket for that year. Many types of awards and settlements are taxable, not just those that are employment related. Claims or awards for punitive damages, discrimination, non-physical injuries, emotional distress, defamation and interest are generally taxable.

This case is a landmark decision for the growing use of Non-Qualified Structured Settlements. In 2008, IFS obtained Private Letter Ruling 200836019, establishing the use of Non-Qualified Structured Settlements on taxable settlements as a valuable settlement tool for both plaintiffs and defendants.

Defendants and plaintiffs should be advised of the potential for additional damages because of a lump sum award and consider using a Non-Qualified Structured Settlement. A structured settlement using a Non-Qualified Structured Settlement could alleviate protracted negotiations while providing plaintiffs and defendants with a more appropriate settlement¹.

¹ This may not be relied upon as legal or tax advice, nor does this constitute legal advice. All legal and tax questions regarding a settlement should be referred to your legal counsel.

About Integrated Financial Settlements (IFS)

The IFS family of companies is comprised of **EPS Settlements Group, Structured Financial Associates**, the **Mangelsdorf Companies** and **Millennium Settlements**, with a workforce of over 175 professional structured settlement consultants. IFS has provided Structured Settlements services to its clients for decades and has unmatched expertise and experience in helping to resolve financial and employment related claims as well as traditional structured settlements for physical injury and Workers' Compensation claims.

For additional information please contact John McCulloch, JD, CSSC at jmcculloch@epssettlements.com or (630) 696-4122.

#