

Settlement Planning: For Personal Injury Clients

Presented By: Joseph A. Di Gangi, CFP



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Financial Experts CE Presentation

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1

Today's Discussion Topics

- Establish the Witness: Joe Di Gangi, Expert Settlement Planner
- Settlement Planning Basics
- Differences Between Financial Planning vs. Settlement Planning for Personal Injury Victims
- Public Benefits Compliance
- Court Procedures
- Structured Settlement Annuities vs. Truly Structured Settlements
- Case Studies (3)
- How, and where, traditional Financial Planners and Settlement Planners can work together

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2



Joseph A. Di Gangi, CFP, CSSC

- Certified Financial Planner (CFP) since 1991
- Certified Structured Settlement Consultant (CSSC) '99
- NYC—Wall Street as Investment Advisor—fully licensed in securities, insurance etc. since '83.
- Litigation Supervisor and Large Case Negotiator for insurance Companies and self-insured administrator / TPA
- Settlement Architect 1991 – Present.
- President / CEO of ELANA Financial & Settlement Architects
- Director of Financial & Settlement Planning for Settlement Professionals, Inc
- President of The Society of Settlement Planners 2019-Present



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3

Spendthrift Protection Red Flag Clients

- Lottery Winners
- Retirees with lump sum distributions
- Personal Injury Victims receiving large civil settlement awards

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Settlement Planning Cornerstones

- Legal
- Medical
- Emotional
- Financial

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5

Financial Planning vs. Settlement Planning

<p>Financial Planning</p> <ul style="list-style-type: none"> • Retirement & Medicare • Legal usually Estate Planning • Traditional emotional issues • Retirement at traditional ages • Education Planning • Limited knowledge of public benefits implications • Traditional planning products and services 	<p>Settlement Planning</p> <ul style="list-style-type: none"> • Disability and Medicare Compliance • Mediation, trials, damages, experts • Life changing accidents etc. • Retirement at ALL ages • Court approved minor's settlements • Understanding and maneuvering through public benefits is critical to building Settlement Plans • Traditional and unique to settlement planning (only) products and servs.
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6

Public Benefits Compliance

<p>Needs Based</p> <ul style="list-style-type: none"> • Medicaid <ul style="list-style-type: none"> - * Strongest Medical program at little to no cost - Spend-down of assets, or <\$2,000 to qualify • Supplemental Security Income (SSI) <ul style="list-style-type: none"> - Small monthly income program (~\$795) - Sometimes referred to as Welfare 	<p>Entitlement</p> <ul style="list-style-type: none"> • Medicare <ul style="list-style-type: none"> - Qualify 2 years after disability determination date - Ax related injuries NOT covered in certain cases in the future - Limited Medical program • Social Security Disability Income (SSDI) <ul style="list-style-type: none"> - * Strongest Income program - Based on "contributing" qualifications - NO asset or income limitations - Must continue to medically qualify
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7

Polling Question #1

- What 2 Programs are linked together as Needs-based?
 - Social Security Disability Income (SSDI) and Supplemental Security Income (SSI)
 - Medicare and Medicaid
 - Medicaid and SSI
 - Medicare and SSDI

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8

The Courts

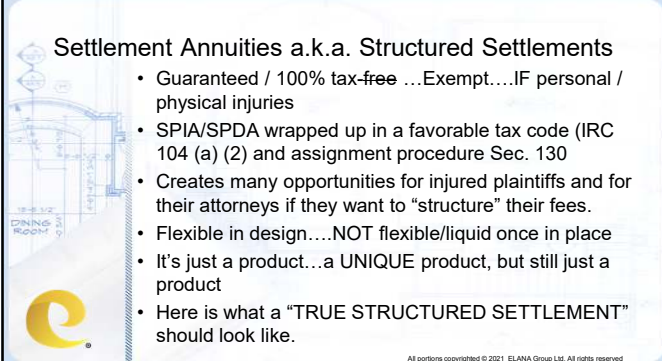
- Civil vs. Criminal
- Discovery
- Depositions
- Conferences
- Mediations
- Trials
- Appeals
- Judgements

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9

Settlement Annuities a.k.a. Structured Settlements

- Guaranteed / 100% tax-free ...Exempt....IF personal / physical injuries
- SPIA/SPDA wrapped up in a favorable tax code (IRC 104 (a) (2) and assignment procedure Sec. 130
- Creates many opportunities for injured plaintiffs and for their attorneys if they want to "structure" their fees.
- Flexible in design....NOT flexible/liquid once in place
- It's just a product...a UNIQUE product, but still just a product
- Here is what a "TRUE STRUCTURED SETTLEMENT" should look like.

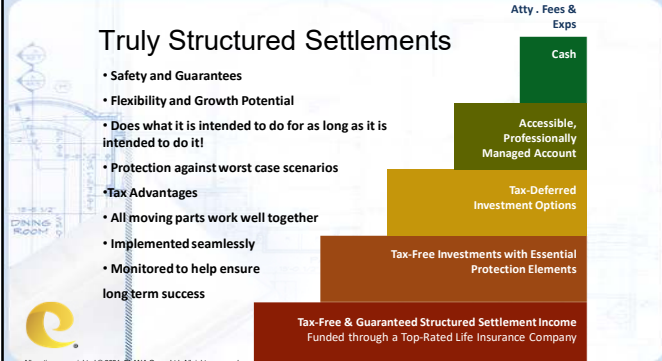


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10

Truly Structured Settlements

- Safety and Guarantees
- Flexibility and Growth Potential
- Does what it is intended to do for as long as it is intended to do it!
- Protection against worst case scenarios
- Tax Advantages
- All moving parts work well together
- Implemented seamlessly
- Monitored to help ensure long term success

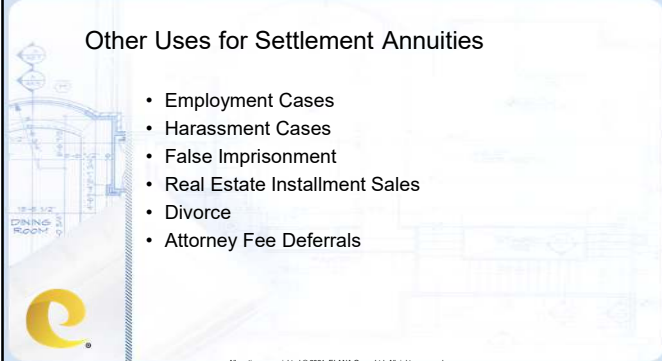


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11

Other Uses for Settlement Annuities

- Employment Cases
- Harassment Cases
- False Imprisonment
- Real Estate Installment Sales
- Divorce
- Attorney Fee Deferrals

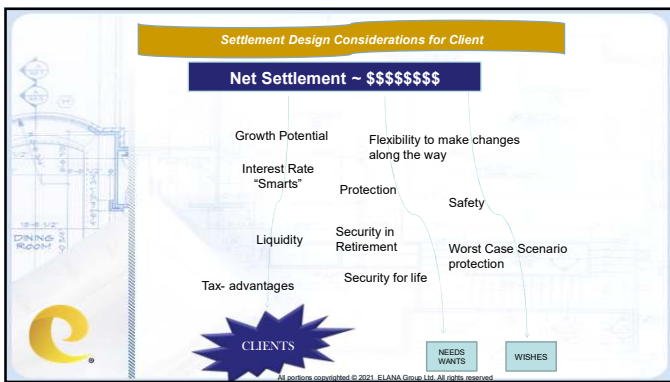


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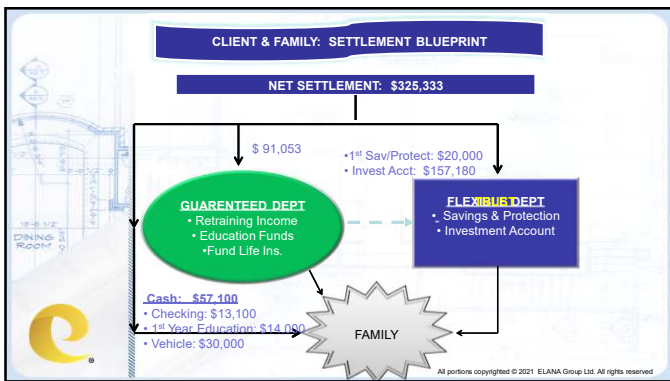
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13



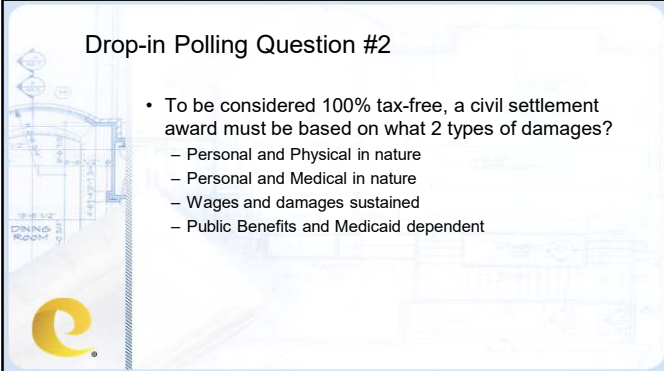
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15

Drop-in Polling Question #2

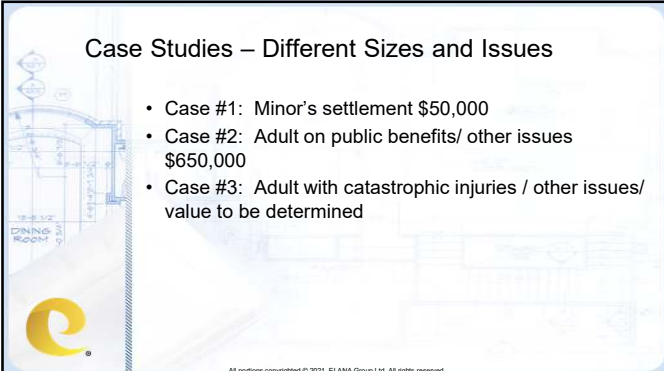
- To be considered 100% tax-free, a civil settlement award must be based on what 2 types of damages?
 - Personal and Physical in nature
 - Personal and Medical in nature
 - Wages and damages sustained
 - Public Benefits and Medicaid dependent



16

Case Studies – Different Sizes and Issues

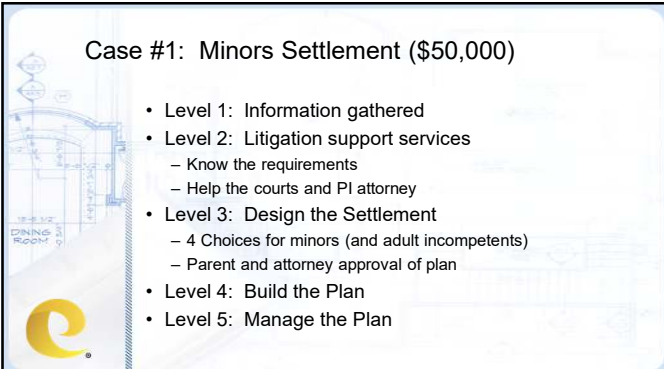
- Case #1: Minor's settlement \$50,000
- Case #2: Adult on public benefits/ other issues \$650,000
- Case #3: Adult with catastrophic injuries / other issues/ value to be determined



17

Case #1: Minors Settlement (\$50,000)

- Level 1: Information gathered
- Level 2: Litigation support services
 - Know the requirements
 - Help the courts and PI attorney
- Level 3: Design the Settlement
 - 4 Choices for minors (and adult incompetents)
 - Parent and attorney approval of plan
- Level 4: Build the Plan
- Level 5: Manage the Plan



18

Case #2: Adult with "issues" (\$650,000)

- Level 1: Info
 - Age and basic facts
 - Key is that she is somewhat self destructive; Medicaid
 - Needs/wants/wishes
- Level 2: Litigation Support
 - Atty Scope of engagement
 - I was called into the case to....
 - What I did was....
- Level 3: Design the Settlement
 - What I did was
- Level 4: Build the Settlement
- Level 5: Manage the Settlement

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19

Drop-in Polling Question #3

- What issue(s) is out of the scope of representation for most PI attorneys
 - Medicare compliance and Public Benefits
 - Taxation
 - Financial Advice
 - All of the above

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20

Case #3: Large Case with Expert Litigation Support


- Level 1: Info
 - Catastrophic Injuries
 - Receiving SSDI (Medicare next year)
 - 401(k)
 - Rents
 - Needs: income/HC/home/worst case/purpose/liens
 - Wants: work again/education for kids/legacy
 - Wishes: Travel with family

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21

Case #3: Large Case with Expert Litigation Support

- Level 2: Litigation Support
 - Medical Lien Resolution
 - Tax implications
 - Create Settlement Value evaluation (Ranges)
 - Negotiation insights for the attorney
 - Attend Mediation(s)
 - Review settlement docs for content and accuracy




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22

Case #3: Large Case with Expert Litigation Support

- Level 3: Design the Settlement
 - Based on needs/wants/wishes
 - Settlement Annuity
 - Monthly x 10 yrs. as base income
 - Life insurance policy funding (yrs. 2-7)
 - Laddered FIA/SPIA future income strategy
 - Include current 401(k) funds in all-inclusive plan
 - SSDI vs. "back to work" scenario vetted
 - Asset Protection Trust for legacy into future generations
- Level 4: Build the Plan
- Level 5: Manage the Plan




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23

Settlement Planners and Financial Advisors working together.....

- **Level 1- Information Gathering:** SP knows what specifics to look for; Opportunities vs. Landmines
- **Level 2- Litigation support:** SP must handle this part based on unique experience in this area. It can be used as a marketing tool for both to collaborate for benefit of atty and client
- **Level 3- Design:** SP and FP together with SP as lead
- **Level 4- Build:** FP and SP together if and where appropriate
- **Level 5- Manage:** FP and SP must decide on roles etc.




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24

Questions for Joe Di Gangi

Joseph A. Di Gangi, CFP, CSSC
ELANA Financial & Settlement Architects
101 Larry Holmes Dr., Ste. 215
Easton, PA 18040

(t): 866-596-1637
(f): 866-716-6982
(e): Joseph.DiGangi@ELANAFsa.com



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