

Structured attorney fees



Wealth
Management

Negotiating the best possible settlement for your clients is your top priority. Ensuring they can financially support themselves after enduring an injury or loss requires a lot of planning. It is important not to overlook your own planning needs prior to finalizing a settlement.

Given the unpredictable nature of settlements, your income may fluctuate and make it difficult to properly plan for business and living expenses, education costs, retirement income, etc.

Plaintiff attorneys have the unique ability to defer their contingency fee, allowing them to potentially lower their tax rate while maximizing and protecting income.

Structured attorney fees work similarly to a plaintiff's structured settlement where you can take all or a portion of your fees and create a customized payment stream that best suits your needs, which must be included within the settlement documents. But, unlike a plaintiff's structured settlement that is tax-free, the structured attorney fee payments are subject to federal and state income tax in the year they are received.

Benefits:

- Tax deferral until payments are received
- No administrative or management fees
- Customized and flexible payment stream
- No limit with regard to amount unlike qualified plans
- Access to payments prior to age 59 ½
- Spouse can be included on lifetime payment streams

Working with your RBC Wealth Management financial advisor can help you determine your cash-flow needs and maximize your tax-deferral options.

Some things to consider before taking a lump sum contingency fee:

- Will this be a high-income year with multiple cases settling, resulting in a higher tax bracket?
- Do I or does the firm need the income now or must certain expenses be met in the future?
- Have I made the maximum current year contribution to my qualified plan(s)?
- Do I have enough retirement income/assets?
- Does my spouse have enough income should something happen to me?
- Do I have funds put aside for my children's education?
- Will I be moving to a state with lower tax rates in the future?

Connect with your RBC Wealth Management financial advisor to discuss your wealth planning goals and needs.

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