

Structured Settlements Practice Test Questions and Answers

1. What is a structured settlement?

- A) A lump-sum payment made immediately to a claimant
- B) A series of periodic payments made to a claimant over time as part of a legal settlement
- C) A court-ordered fine paid by a defendant
- D) A government benefit program for injured workers

2. What is a 'structured attorney fee'?

- A) A fee paid by the claimant to the structured settlement consultant
- B) An arrangement in which a plaintiff's attorney defers receipt of their contingency fee by having it paid as periodic structured payments, which may allow tax deferral
- C) A flat fee charged by the court for approving a structured settlement
- D) An IRS-mandated fee schedule for structured settlement brokers

3. What is a 'split-funded' structured settlement?

- A) A settlement split between two plaintiffs
- B) A settlement that uses both an annuity for future periodic payments and an immediate cash component
- C) A settlement funded by two separate life insurers
- D) A settlement that splits payments between taxable and tax-free portions

4. What is a 'reversionary' structured settlement?

- A) A settlement that reverts to the defendant if the claimant recovers
- B) A settlement where unused guaranteed payments revert to the defendant upon the claimant's early death
- C) A settlement that can be converted to a lump sum at any time
- D) A settlement paid in reverse chronological order

Answers: 1-B 2-B 3-B 4-B

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