

CASE STUDY

USING STRUCTURED SETTLEMENTS TO CREATE A TAX-FREE EDUCATION STRATEGY



About "Amy"

- **Age:** 40, claimant in a suit for the wrongful death of her husband
- **Family:** Parent to three younger children
- **Financial goal:** Amy is contemplating setting aside about **\$450,000** from her recent settlement to cover her children's future education expenses.
- **Planning challenge:** Since Amy's children have different ages and funding timelines, she is considering a customized approach using a structured settlement with multiple annuities that align with each child's college entry.

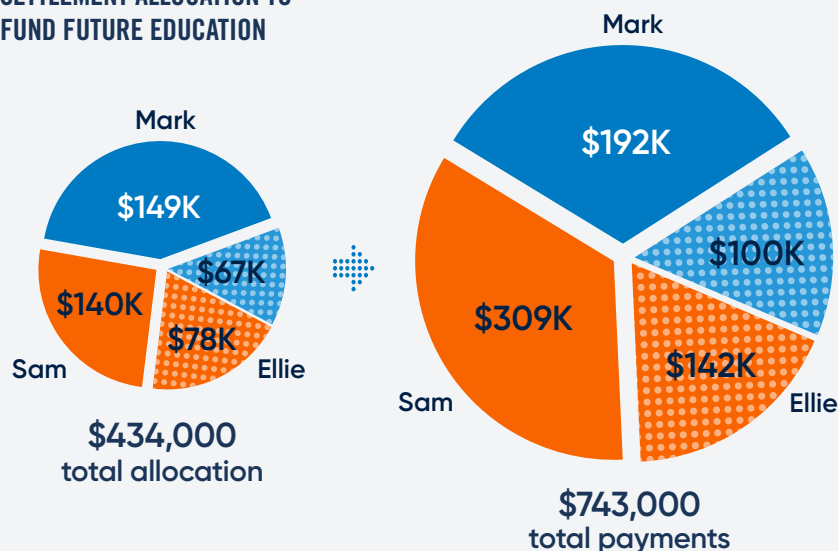
Prudential Income Advantage Indexed Structured Settlement® is an indexed Structured Settlement that provides market-linked growth and 100% downside protection while providing a minimum guaranteed payment amount.



College funding challenges

College costs continue to rise each year, typically outpacing inflation.¹ At a 3% annual inflation rate, the average annual cost for a private 4-year college could exceed \$60,000 in 2035.² Following a personal injury, or loss of a loved one, planning for major future expenses like college can create additional financial stress. Here's how multiple structured settlement annuities can help:

SETTLEMENT ALLOCATION TO FUND FUTURE EDUCATION



 **Amy was able to accomplish her goals for less than \$450,000. Each structured settlement annuity creates significant income tax-free college funding with payments totaling over \$743,000.**



Mark, 14

Mark will be the first to enter college and needs access to the funds earlier than the other children. Amy allocates **\$148,690** to a Prudential Traditional Structured Settlement with a 4-year deferral period and 4-year period certain payout, providing the most predictable outcome.



Ellie, 10

Ellie has a longer time frame so, Amy allocates **\$66,700** to a Traditional Structured Settlement with an 8-year deferral period and 4-year period certain payout. Amy also allocates **\$78,000** to Income Advantage with an 8-year deferral period and 4-year period certain payout to help maximize potential growth. This combined approach optimizes both predictability and the opportunity for growth.



Sam, 8

Sam has the longest time before the funds will be needed. Amy allocates **\$140,000** to Income Advantage with a 10-year deferral period and 4-year period certain payout. The full allocation to Income Advantage will provide the greatest potential for growth.

Using a structured settlement for education planning allows funds to be used with NO RESTRICTIONS for expenses such as:



College tuition



Room and board



Transportation costs



College application and testing



Books and supplies



Medical expenses



Extracurricular activities



Other expenses

To learn more about Prudential structured settlement offerings, please visit prudential.com/structuredsettlements

If you have any questions, please reach out to your structured settlement consultant or attorney.



¹ Trends in College Pricing 2025, <https://research.collegeboard.org/media/pdf/Trends-College-Pricing-2025.pdf>.

² Based on \$45,000 cost of Private 4-year College (2025 -2026), <https://research.collegeboard.org/media/pdf/Trends-College-Pricing-2025.pdf>.

Scenario for Mark: Hypothetical values are based on a \$148,690 allocation to a Prudential 4-yr period certain structured settlement with payments beginning in year 5. Allocation amount includes assignment fees and is based on Rate Series PR102425.

Scenario for Ellie: Hypothetical values are for Traditional portion based on a \$66,700 allocation to a Prudential 4-yr period certain structured settlement with payments beginning in year 9. Allocation amount includes assignment fees and is based on Rate Series PR102425. Hypothetical values for Income Advantage based on a \$78,000 premium allocation (inclusive of the \$750 assignment fee) to a Prudential Income Advantage Index structured settlement with payments beginning in year 9. Hypothetical example of accumulation amounts based on the most recent 8 years of the S&P 500® index values 2018 -2025 based on using the 1-Year Index Term with cap rates of 9% and 0% floor. This example assumes the cap rate will remain unchanged for all subsequent 1-Year index terms. Actual cap rates may be higher or lower in subsequent terms but will never be less than the minimum cap rate outlined in the annuity certificate. Cap rates are impacted by changes in various economic factors. For minimum guaranteed values, please refer to the full illustration, which will be provided upon request and in advance of any purchase of an Income Advantage Indexed Structured Settlement. Actual results may be higher or lower but can never be less than the initial premium.

Scenario for Sam: Hypothetical values for Income Advantage based on a \$140,000 premium allocation (inclusive of the \$750 assignment fee) to a Prudential Income Advantage Indexed Structured Settlement with payments beginning in year 11. Hypothetical example of accumulation amounts based on the most recent 10 years of the S&P 500® index values 2016 – 2025 based on using the 1-Year Index Term with cap rates of 9% and 0% floor. This example assumes the cap rate will remain unchanged for all subsequent 1-Year index terms. Actual cap rates may be higher or lower in subsequent terms but will never be less than the minimum cap rate outlined in the annuity certificate. Cap rates are impacted by changes in various economic factors. For minimum guaranteed values, please refer to the full illustration, which will be provided upon request and in advance of any purchase of an Income Advantage Indexed Structured Settlement. Actual results may be higher or lower but can never be less than the initial premium.

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