

CASE STUDY

EXCLUSIVE FOR PERSONAL INJURY ATTORNEYS:

Retirement Planning Through Fee Deferral



About "David"

- **Age:** 55, attorney
- **Family:** Married with 3 adult children
- **Scenario:** Loves his work and the impact he's making on his clients
- **Financial Plan:** In planning for retirement at age 70, David is exploring ways to reduce his current tax burden while building a strong foundation for his future retirement income.

David considers structuring fees for retirement and deferring taxes by using Prudential Income Advantage Indexed Structured Settlement®:

- No taxes paid on contingent fees until income is received
- 100% downside protection
- Growth tied to the S&P 500®
- No limit on deferral amount
- Guaranteed income payments

The value of fee deferral

Personal injury attorneys often delay retirement planning, finding it challenging to make regimented retirement contributions because of the unpredictable nature and irregular cash flow of the business. In fact, nearly 40% of attorneys feel inadequately prepared for retirement.¹

However, attorneys can help mitigate some of these financial challenges by deferring their fees using Income Advantage.

Retirement savings vehicles such as 401(k)s, IRAs, and taxable accounts are often used, but it's important to understand the strengths and limitations of these options:

	Income Advantage	IRA	SEP IRA	401(k)	Taxable Account
Funded with pre-tax dollars	Yes	Yes	Yes	Yes	No
Tax-deferred growth	Yes	Yes	Yes	Yes	No
Deferral limits	Unlimited	\$7,500 Annually	\$72,000 Annually	\$24,500 Annually	Unlimited

How David can use Income Advantage to defer his fees

David decides to allocate \$1.5 million in fees to Income Advantage. Since he plans on retiring at age 70, he will defer the payments for 15 years. Using this as an investment alternative and knowing that the account is 100% protected from market loss, he decides to use a 5-Year Index term, which has a cap rate of 75%. If David was looking for more predictability, he could also consider a 1- or 2-year index term which resets more frequently.²



Income Advantage is an indexed structured settlement that provides market-linked growth and 100% downside protection while providing a minimum guaranteed payment amount.



Prudential

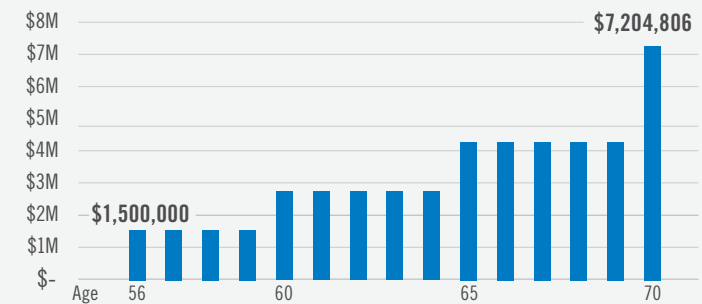
Achieving long-term growth with absolute protection

In this chart,³ we focus on the most recent index values. After 15 years, and assuming a 5-year index term cap rate of 75%, the tax-deferred accumulation amount will have grown to over **\$7.2 million**.

Based on the S&P 500® returns from the most recent 15-year period, the Income Advantage annuity will provide a guaranteed monthly payment of \$56,438 for 15 years, totaling over **\$10.1 million**. David was able to:

- Defer \$1.5 million from his taxable income.
- Protect from market loss the original allocation and any accumulation.
- Benefit from tax-deferred growth.
- Receive payments guaranteed for 15 years totaling over \$10.1 million.
- Provide a beneficiary with a legacy should he pass away before or during the 15-year payment period.

Growth of Accumulation Amount Over 15 Years



Final Accumulation Amount: **\$7,204,806**

Payout Rate: **9.40%**

Monthly Payment: **\$56,438**

Internal Rate of Return: **9.46%**⁴

Total Payments over 15 Years: **\$10,158,776**

Visit the [attorney education hub](#) for more about this strategy and Income Advantage.

If you have any questions, please reach out to your Structured Settlement consultant.



¹ <https://omnuslaw.com/understanding-the-financial-landscape-of-retirement-for-attorneys/>, Omnus, Accessed 12/16/2025.

² Shorter index terms (one and two years) are typically more predictable because they reset more frequently, allowing outcomes to be realized sooner versus waiting through a full five-year term.

³ Hypothetical values are based on a \$1,500,000 premium allocation (inclusive of the \$750 assignment fee) to a Prudential Income Advantage Index structured settlement with payments beginning in year 16. Hypothetical example of accumulation amounts based on the most recent 15 years (2010-2024) of the S&P 500® index values using the 5-Year Index Term with cap rates of 75% and 0% floor. For illustration purposes, this example assumes the cap rate will remain unchanged for all subsequent 5-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. Your actual results may be higher or lower.

⁴ Internal Rate of Return (IRR) is the annual rate of growth that the premium would have had to earn to generate the modal payment amount.

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