

[A Better Way To Sell A Structured Settlement- Via Auction](#)

Structured settlements were introduced in Canada and the United States in the 1970's. They were introduced as an alternative to lump sum payments, common in insurance settlements and lottery winnings. In the decades since, they have also been accepted as legal financial instruments in England and Australia.

The aforementioned common law countries have decided to include structured settlements in their statutory tort laws. These four countries handle tort law and the settlement packages a little bit differently, but the general overall definition applies across the board. In a nutshell, a structured settlement by legal definition is a statutory agreement to pay a specified sum of money over a period of time, on a payment system.

Payment Arrangements

When someone wins a court settlement (or if they settle the case beforehand), the insurance company often gives the winner a choice of taking a specified amount of money in a lump sum, or a bit more money if the insurance company can enter into a structured settlement arrangement.

Of course, it is in the insurance companies best interest to pay the claimant in a structured settlement, because the insurance company can earn interest, during the structured payment cycle, on the full sum of money it would have paid in a lump sum.

The insurance company wins in the profit game, when they get to enter into a structured settlement. They will be able to invest the full sum of money owed, and they get to earn interest or dividends on the money in hand during the payment period.

Structured settlements are most often paid out in the form of an annuity over a period of time. An annuity is also legally classified as a financial instrument. Once again, the financial institution will gain an additional financial advantage, because they can collect interest or earn other kinds of income on the bulk amount, during the payment period.

Annuity & Structured Settlement Buyouts

Structured Settlements for a great deal of clients are the ideal solution. Payments spread out over a period of time allow clients to balance their finances and pay bills in the years to come. Some people get their settlement payments \$300, \$1000 or even more each month. Sometimes they may include lump sum payments many years in the future. This is fine as long as their life is humming along and their bills are being paid.

Yet, circumstances sometimes get in the way, and people need the lump sum cash right away to solve some issue that has come up in their lives.

Because both annuities and structured payments are a legally-binding financial agreement, those items can potentially be transferred to another person under the terms of the laws that have been set up to manage these financial products. But, when faced with a serious financial crunch, some people hastily sell their annuities and structured settlements to the first company who would be willing to buy them for a lump sum amount.

These companies who are willing to buy-out annuities and structured payments are commonly referred to as "Factoring" companies, because they use "Factors" to determine how much future payments are currently worth, and how much they should buy them for.

The Standard Method of Selling A Structured Settlement - Persistence and Patience (not always used)

We have all seen the countless ads on TV from a various companies, "Get Lump Sum Cash Now." For years, people have turned to factoring companies in their time of financial need. Smart consumers will learn from the insurance companies. Have you ever been involved in a car wreck? The insurance company requires for you to get three estimates and then they will pay the company that offers them the best deal.

The smart consumer will also invest a little bit more of his or her time to make sure they get the best deal for their annuity or structured settlement. They will call at least three factoring companies and get competitive bids from each. Then they will go back to the three aforementioned companies and see if any are willing to beat their best offer.

It can be tiring and time-consuming to follow through in this process, but for the average person, it could be worth several thousand or even tens of thousands of dollars in one's bank account at the end of the process.

The Better Method of Selling a Structured Settlement - Open Marketplace Auction

A new way of dealing with this issue has recently been introduced to the marketplace. Websites allow Structured Settlement owners the ability to list details of their payments, and receive cash bids directly from Top-Rated Funding firms.

The process is relatively simple. Clients sign up for a free account and list the details of the payments they receive. Once an account is created and the details of the payment arrangement are known, Funding Firms can log in and make cash bids directly on the purchase of the settlement. Each firm can see the current highest cash offer, and if they wish to beat it with a higher cash price, they can do so.

Sellers do not need to worry about being called countless times by salespeople because the contact information of the settlement owner is not shared. When a factoring company makes a cash bid on the settlement, the service notifies the settlement owner of the new bid via email.

Having settlement buyers compete in an open marketplace lowers the profit margin for funding firms, and forces the lowest possible discount rates to be applied when funding companies compete to buy future payments. This in turn ensures that clients can get the maximum amount of money back from their settlement.

The Importance of Comparison Shopping

Two siblings had been receiving separate, but identical annuity payouts in the form of a structured settlement from an accidental family member death. Sibling one got into a financial crunch. When this happened, sibling one called a "Factoring Company." She was offered a lump sum buyout, and although the offer was much lower than the value of the settlement, sibling number one didn't realize the importance of shopping the competition, and sold her settlement for \$70,000.

Sibling number two heard about the buyout and thought that it would be nice to have her cash now also. But, sibling number two was not as desperate for an immediate buyout. Sibling number two took the time to shop around for a better deal. Sibling two managed to uncover an online service, and they helped to secure the best offer possible. Sibling number one got a \$70,000 buyout and was initially happy with her cash buyout.

Sibling number two came to the service with the same initial \$70,000 buyout offer for the settlement. After working with the service, sibling number two got offered \$100,000 for the same settlement sibling number one sold for \$70,000.

Sibling number two sold her settlement for \$100,000 to JG Wentworth who is an auction partner in the service. While sibling number two did get the best possible deal, sibling number one unfortunately has to live with the fact knowing that she made a \$30,000 mistake by not shopping the competition.

In Conclusion

Your structured settlement or annuity is the foundation of your financial future. If you find yourself in financial need now, you should at the very least give yourself a couple more weeks to shop your deal to the competition. You might be telling yourself that you cannot afford to wait, but the truth is that you cannot afford to take the first bid that you are offered. In some cases, jumping at the first offer could be the equivalent of financial suicide to a structured settlement owner.

So, be patient and persistent in the process of finding a buyer for your settlement. And remember, if you are willing to negotiate with a car dealer on the price you pay for a car, then there should be no reason in the world that you should not negotiate with a factoring company when you are looking for a buy-out of your settlement.

About the Author

Clayton Frantz writes for Quote Me A Price.com (QMAP). Simply put, QMAP provides a better way to [sell a Structured Settlement](#). They have Top-Rated factoring companies, who provide Annuity and Structured Settlement Buyouts. If you are shopping for a buyout, you can Register For FREE at <http://www.QuoteMeAPrice.com>. QMAP will ensure that you get the best possible price for your buyout.

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