HAVELET

ASSIGNMENT COMPANY

FREQUENTLY ASKED QUESTIONS
CLAIMANT PLAN

1. What enables the Havelet Plan to potentially outperform traditional structured settlements?

Most other assignment companies are owned and controlled by large insurance companies, but Havelet is one of the few which is independent. This allows Havelet to offer a much more flexible product, since the funding vehicles it utilizes are not restricted to the usual fixed annuities which the insurance companies offer.

2. What enables the Havelet Plan to potentially outperform a self-managed portfolio of qualified or non qualified settlement taken after tax?

The fact that the claimant's award can be invested on a pre-tax basis means that there is a much larger capital base than would otherwise be the case, resulting in a higher after-tax sum ultimately received by the claimant.

3. Is the Plan limited to personal injury cases?

No.

4. Can the claimant invest through their existing investment advisor?

Yes, provided certain criteria can be met.

5. Can the terms of the assignment contract be tailored to suit the claimant's requirements?

Yes, deferral and payment terms can be customized, as can an appropriate investment portfolio. Once these selections have been made, they cannot be modified. This lack of control means the portfolio cannot be readily convertible into cash. As a result, the claimant's annuity should not be considered a "cash equivalent" to the claimant and thus it should not be currently subject to US income tax on this basis.

6. Can a claimant structure their award after a settlement agreement has been concluded?

It is possible to structure the receipt of a claimant's award after a settlement agreement has been concluded but only if a qualified settlement fund is being utilized (which will only normally be appropriate in personal injury and illness claims).

7. Are the investments guaranteed?

No, the investments are not guaranteed in Havelet's variable investment offering. The claimant selects his portfolio based on personal risk parameters and time horizons and these portfolios are subject to market fluctuation, both positive and negative.

Havelet's investment managers are members of SIPC (Securities Investor Protection Corporation), a federally mandated US nonprofit corporation that protects investors from financial loss up to the applicable limits if a member firm becomes insolvent.

Each claimant account is SIPC protected for up to $500,000. Furthermore, at no cost to clients, Havelet's approved investment firms provide private insurance in excess of SIPC coverage, which provide up to an additional $1 billion coverage on an aggregate basis to cover shortfalls if basic SIPC coverage is insufficient as a result of breach of securities rules or physical loss or damage to customer assets.

Coverage may vary amongst investment managers and guidelines are available to their investors.

Claimants interested in receiving a guaranteed rate of return should consider investing through the Havelet Fixed program.

8. Is the claimant able to view the portfolio?

Yes, the claimant will be given a monthly statement which will include portfolio composition and performance metrics.

9. How secure is the Havelet process?

Havelet will purchase an annuity contract, which enables them to fulfill its obligations to the claimant under the assignment contract. An irrevocable instruction is given to its bank to immediately transfer any money it receives to purchase the annuity, thereby providing the claimant with security that all monies will be applied according to the terms of the assignment contract.

The claimant will be named as the annuitant under the annuity contract and Havelet will be the owner of the contract. Once the assignment contract has been completed and the money has been transferred to the offshore annuity provider, the annuity provider will invest the sum in the appropriate investment portfolio.

Likewise, prior to payments being made to claimants under the assignment contract, Havelet will give its bank an irrevocable instruction to immediately transfer the money it receives to the claimant. Once again, this provides the claimant with security that the funds will be paid to him / her in accordance with the assignment contract.

10. How are the claimant's payments taxed?

Payments from Havelet remain in the nature of deferred compensation. As such, they will be taxed as regular income but not subject to the 3.8% tax on net investment income under the Affordable Care Act.

11. Why is Havelet based offshore?

Havelet is based offshore so that the reduced withholding tax on dividends can apply. Barbados-US Treaty benefits, specifically Article 22(2) and IRS 72 (u) are substantial and can mean a tax savings up to and including 30%.

12. Why is an annuity purchased by Havelet?

Barbados tax code imposes a 30% tax on a corporation's earning of dividends and realized capital gains; essentially, the earnings within each claimant's account. Havelet can defer these taxes by 'wrapping' each account with a Private Placement Variable Annuity which complies with US Treaty benefits under Article 18(2).

13. Can the claimant's Havelet contract be assigned to a grantor trust for asset protection and / or for estate tax planning?

Yes. The claimant can benefit from asset protection and estate tax planning by assigning their contract to a grantor trust.

14. What happens at the claimant's death?

Each claimant can nominate a beneficiary and contingent beneficiary. The claimant can also decide whether the beneficiary should receive a lump sum or the balance of the periodic payments. There is no death benefit or other insurance component associated with the assignment contract, meaning the beneficiary will receive only the value of the fund at the time of death.

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