

**VICTIM COMPENSATION FUND FREQUENTLY ASKED QUESTIONS  
(Updated March 18, 2004)**

**Section 11 – Structured Payments**

**11.1 I am interested in periodic payments. What are procedures do I have to follow? Is there a deadline to notify the Fund?**

Yes. On **October 28, 2003**, the U.S. Treasury Department and the Internal Revenue Service released [Revenue Ruling 2003-115](#) on this issue, which provides detailed information on the election of a periodic payment option. Please review the ruling before you decide to elect this option.

**General Rule**

Revenue Ruling 2003-115 clarifies and confirms the circumstances under which periodic payments from the Fund will be tax-free to a claimant. In part, the ruling states:

The Special Master allows a claimant to make an election to receive an award in the form of periodic payments instead of a lump sum payment. The claimant, however, must elect periodic payments before the Special Master issues the letter notifying the claimant that his or her claim is substantially complete. If a claimant who applies for advance benefits as provided by the Fund desires periodic payments, the claimant must elect periodic payments when he or she files the form applying for advance benefits. An election may not be revoked by the claimant.

**Election Deadlines**

You must indicate whether you may be interested in periodic payments by checking off “Yes” on the Periodic Payment Election Form included in your initial contact letter and sending it to the Fund. The Form is included in the Initial Contact Letter and should be mailed or faxed to the Fund within seven (7) days of the receipt of the letter. Failure to do so may waive your right to receive periodic payments.

You will have thirty (30) days from the date on the initial contact letter to submit a full periodic payment election to the Fund. Failure to do so may waive your right to receive periodic payments under the IRS Revenue Ruling because the claim will be deemed substantially complete.

**Form of Election**

You must submit your periodic payment election in writing. Your request for periodic payments must include all of the following:

1. The fact that you wish to receive periodic payments.

2. The name of each beneficiary who will get periodic payments, and the percentage of that beneficiary's award which will be used to fund the periodic payments (e.g. 75% of Jane Doe's award).
3. The claimant must choose the period of time over which the payments are to be made and the frequency of payments during that period. For example, a claimant may choose to receive his or her award in monthly payments over twenty years or in monthly payments over the claimant's lifetime. It is important to include start dates and end dates for the payments. Finally, all periodic payments must be of an equal amount unless the claimant specifies otherwise at the time he or she elects to receive periodic payments.

**Note:** Your election to receive periodic payments is **irrevocable**. However, the Fund retains the right to decline to make periodic payments. If the Fund decides not to make periodic payments for your claim, the award will be paid in a lump sum.

### **The Periodic Payment Agreement**

- If the Special Master has approved a periodic payment election submitted by a claimant, the claimant must take further steps to receive periodic payments.
- First, the claimant will receive an Award Letter and a Final Distribution Plan from the Fund indicating the present value of the total amount to be paid by the Fund.
- Second, the claimant should use the amounts included in the Final Distribution Plan to calculate the exact payment stream previously submitted to the Special Master.
- Third, the claimant should download the sample [Periodic Payment Agreement](#) available in the Forms section and use the exact payment stream to draft an appropriate periodic payment agreement. Please note: claimants and their representatives SHOULD NOT ALTER the terms, conditions, rights, obligations, liabilities, and guarantees contained paragraphs two through eleven of the sample Periodic Payment Agreement.
- Lastly, the claimant should submit the proposed periodic payment agreement to the Special Master for review and comments. The claimant should send one copy by mail to

**By regular mail:**  
Victim Compensation Fund  
P.O. Box 18698  
Washington, DC 20036-8698

**By overnight mail:**  
Victim Compensation Fund  
1900 K Street, NW  
Suite 900  
Washington, DC 20006  
[removed]

and the claimant should also send a copy by electronic mail to the following address:

**[removed]**

- The Special Master will issue the final periodic payment agreement to the claimant. The Special Master requires the personal representative, assignment company, and other relevant parties sign the agreement before returning the agreement to the Special Master. The claimant will have 2 weeks to return the Periodic Payment Agreement to the Special Master with all required signatures. An authorized representative of the United States government will sign the agreement last.

### **11.2 How do I determine if the structured payout (“periodic payment”) option is right for my situation?**

Only you can determine whether a lump sum or a periodic payment is appropriate in your particular situation. For further information, you should review [Revenue Ruling 2003-115](#) and consult with a tax adviser or lawyer.

### **11.3 Who will administer structured payouts of my presumed award from the Fund?**

Ultimately, a life insurance company and an assignment company will administer the structured payout. They will be responsible for making periodic payments. The life insurance company must:

- be licensed to do business as an insurance company under the laws of any State;
- have a minimum of \$100,000,000 capital and surplus, exclusive of any mandatory security valuation reserve; and
- have one of the following “Financial Strength Rating” scores from two of the following rating organizations – A.M. Best Company (A+, A+g, A+p, A+r, A+s, A++, A++g, A++p, A++r, or A++s), Moody’s Investor Service (Aa3, Aa2, Aa1, or Aaa), Standard and Poor’s (AA-, AA, AA+, or AAA), Fitch (AA-, AA, AA+, or AAA).

### **11.4 Does the entire award need to be paid either as a lump sum or through periodic payments?**

No. If you are interested in a structured payout for only a portion of the net award, you will need to tell the Fund how you would like each beneficiary to be paid – either as a lump sum or through periodic payments. For further information, you should review [Revenue Ruling 2003-115](#) and consult with a tax adviser or lawyer.

### **11.5 If I do not elect to receive periodic payments, how will I be paid?**

You will receive a lump sum payment from the Fund.

**11.6 I am interested in periodic payments, but do not know where to find information about assignment companies and life insurance companies. Are there resources available?**

It might be helpful to contact your life insurance company or financial planner in order to obtain more information about periodic payments.

There are also several private financial organizations that have volunteered to assist claimants. Please note that these organizations are not part of the Federal government, Special Master's Office, or the Victim Compensation Fund:

**[The Financial Planning Association](#)**

(800) 322-4237 Ext. 7138

(800) 647-6340

*Eligible Victims*

Families and businesses directly affected by the WTC, Pentagon, and Pennsylvania terrorist attacks.

*Assistance Offered*

General financial planning assistance on a pro bono basis.

**[National Structured Settlements Trade Association](#)**

(202) 466-2714

Provides names of brokers, casualty companies, and life insurance companies as well as general information about periodic payments.

**[Metropolitan Life Insurance Company](#)**

1-800-638-0051, ext. 2.

*Eligible Victims*

Claimants of the September 11th Victim Compensation Fund

*Assistance Offered*

Structured settlement payment program developed exclusively for claimants of the September 11th Victim Compensation Fund.

**[9/11 United Services Group Financial Advice Referral Program](#)**

Contact one or more of the following six members:

1-866-487-4297 American Express

1-800-403-5788 JP Morgan Chase

1-877-262-8297 Merrill Lynch

1-800-767-7359 Morgan Stanley

1-877-560-1809 Prudential Financial

1-866-248-9356 Salomon Smith Barney

*Eligible Victims*

Victims and families of the September 11th attacks.

*Assistance Offered*

Provides referrals to one of six financial institutions that will provide free financial education and planning. Includes pro bono financial plans. Investment advice, where possible, is available at preferential rates.

**11.7 I am interested in periodic payments for a minor. Do I need to demonstrate that I am the guardian of the minor in order for the minor to receive periodic payments?**

Yes. In order for a minor to receive periodic payments, an adult will have to be appointed by a court of competent jurisdiction as the guardian of the minor's property. This appointment is required for all children, even if there is a parent who is the natural guardian. You will need to submit a document demonstrating the appointment of a guardian of the minor's property before the Fund will issue the periodic payment agreement. If you fail to send in the appropriate guardian documentation or are unable to be appointed as guardian of the minor's property by a court of competent jurisdiction, you will receive your payment as a lump sum.

**11.8 When do I need to submit a distribution plan if I have elected to receive periodic payments?**

All claimants should submit a proposed distribution plan with their compensation form. If you have not done so and you have elected periodic payments, it is essential that you immediately submit a distribution plan. Failure to submit a distribution plan that can be approved by the Special Master before a final award is issued will delay funding and may even preclude a periodic payment election altogether.

**11.9 Can my periodic payment broker speak directly with the Fund concerning the details of my claim?**

Yes, however representatives of the Fund may not discuss the particulars of a claim with anyone unless the Personal Representative has given the Fund written authorization to do so. Thus, if you would like your broker to speak directly with the Fund on your behalf regarding periodic payments, you must send in a signed and notarized authorization.

**11.10 Will the Fund directly pay my broker or the assignment company in order to fund the periodic payments?**

The Fund will pay the assignment company the agreed-upon amount to fund the periodic payments.

**11.11 When will I know if payment has been made to the assignment company in order to fund the periodic payments?**

The Fund will be unable to provide any information to the broker or the claimant regarding when a payment has been made to the assignment company, because all payments are made at the discretion of the U.S. Department of the Treasury (a separate federal agency). It is the broker's responsibility to maintain contact with the assignment company in order to know when the funding of the periodic payments has occurred.

### **11.12 What can I do to expedite the transfer of Funds from the U.S. Department of the Treasury to my chosen assignment company?**

There are several things claimants can do to expedite the periodic payment process from the Fund:

- Parties receive payments from the Fund via the U.S. Department of the Treasury. The U.S. Department of the Treasury can make payments only by check or ACH payment. ACH payment is much faster than receiving payment by check, but we cannot process the payment in this manner unless we have the relevant account information.
- When returning the signed agreement to the Office of the Special Master, please include the following information:
  - Name of the Assignment Company
  - Tax Identification Number of the Assignment Company
  - Name, Address and Phone Number of the Assignment Company's Bank
  - Routing Number and Account Number
- Failure to timely provide account information to the Fund will delay the periodic payment process.