

## Message from Comerica Bank

At Comerica Bank, we are in the business of helping people and businesses become successful. As part of the settlement process and pursuant to a court order, your attorneys have agreed to provide you with additional settlement options which you may find appealing. This is a voluntary election and you are not required to participate. The opportunity has been provided in order to allow you additional time to accomplish planning related to receiving your settlement funds.

### **What is a Qualified Settlement Fund?**

Qualified Settlement Funds (QSFs) first became available in 1992 upon the establishment of Treas. Reg. §1.468B-1 Qualified Settlement Funds (QSF). In essence, a QSF allows the parties involved in litigation the opportunity to settle a case long before the post-settlement issues are fully resolved and the plaintiff's receipt of settlement planning is complete. The QSF uniquely introduces a degree of breathing space **after** settlement has occurred by: (1) allocating the settlement proceeds among the claimants; (2) verifying and negotiating liens and/or subrogation claims; (3) evaluating the need to preserve governmental entitlement benefits; and (4) enabling a host of other decisions to be made without the pressure associated with the litigation itself. As you are aware, the initial settlement with the Defendants resulted in the placement of the total settlement funds into a Master Qualified Settlement Fund. This opportunity provided to you will transfer your settlement funds from the Master Qualified Settlement Fund to a Sub-Qualified Settlement Fund created by Comerica Bank in order to provide you with breathing room to accomplish planning for the receipt of your settlement funds. This breathing space is made available because, while temporarily parked in the QSF, the assets are not "constructively received" by any claimant, as that doctrine is set forth in Treasury Regulation Section 1.451.2. This regulation states that income, "although not actually reduced to a taxpayer's possession, is constructively received by him in the taxable year during which it is credited to his account, set apart for him, or otherwise made available so that he may draw upon it at any time, or so that he could draw upon it during the taxable year if notice of intention to withdraw had been given." The Comerica Bank QSF is a protected account that will hold your settlement proceeds while you consider the tax implications (personal and business) of when you receive your settlement proceeds.

### **What are the benefits of participating in the Comerica Bank QSF?**

If you elect to participate in the Comerica Bank QSF, the timing of receipt of your settlement proceeds will be under your control. You will be afforded additional time to consult with your personal tax and accounting professionals to evaluate the consequences of receiving your settlement proceeds now (which will create a taxable event) versus later (which will allow for deferred taxation) and the flexibility to properly plan for the receipt of settlement money for tax planning purposes. You will additionally be afforded the opportunity to participate in creating a custom-designed periodic payment plan for receipt of your settlement proceeds if you determine that receiving your settlement funds in a lump sum is not ideal. For your convenience, the trustee of the Comerica Bank QSF will be authorized to enter into any necessary agreements to pay the fees and expenses due to your attorneys either by lump sum or periodic payment plan. We have requested that Forge Consulting, LLC provide information for you regarding the ability to establish periodic payment plans for the purposes of deferring taxation of your settlement proceeds over multiple years. Please note that the ability for the settlement money to be paid via periodic payments may provide you with the opportunity to lower your overall tax liability and/or preserve available farm credits because taxation will be deferred to the years in which you receive future periodic payments, rather than being assessed on the full settlement amount as a lump sum. More information regarding these options can be found at [www.FORGEconsulting.com](http://www.FORGEconsulting.com) or by calling 800-979-3291 and mentioning that you are a part of the "Rice Farmer Litigation."