THE ONE-PAGE TAX CHECKLIST FOR TRIAL LAWYERS

Before You Settle

Run this list on every case with a six- or seven-figure fee — the window closes the day you sign.

Do these BEFORE the settlement agreement is executed

- [ ] **Estimate the fee and the tax hit.**
  A seven-figure fee in one year hits the top CA + federal brackets — model roughly 50% on the top slice.
- [ ] **Decide how much you actually need in cash this year.**
  You can structure only the surplus. It's never all-or-nothing.
- [ ] **Elect the structured fee before signing.**
  Childs v. Commissioner requires the deferral be in place before you have an unconditional right to the money. After you sign, it's too late.
- [ ] **Get the obligor/insurer to agree in writing** to pay a third-party assignment company — not you.
  This separation is what defeats constructive receipt.
- [ ] **Confirm you retain no control** over the deferred stream (no accelerate, pledge, or borrow).
  Control collapses the deferral. Keep it clean.
- [ ] **Choose a payout schedule.**
  Next year, a 20-year ramp, or lifetime income — design it to your retirement, not the tax calendar.
- [ ] **Use a conservative, reputable funding company.**
  Avoid exotic "defer-plus-loan" products the IRS flagged in 2025. Plain-vanilla structures have held since 1994.
- [ ] **Loop in your CPA / tax counsel.**
  This is a pre-settlement election they usually can't fix afterward — coordinate now.

THE ONE RULE THAT MATTERS MOST

If the settlement agreement is already signed, the deferral is gone. **Call before you close**, not after.

Working a case now? Let's structure it before you sign.
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