

What To Do When You Win the Lottery

If you're human you couldn't possibly have avoided thoughts of what you might do if you had won the recent Mega Millions lottery of over \$640 million. While that type of windfall is way outside of the mainstream of reality for most people, it's not uncommon for some of us to suddenly find ourselves sitting on a more earthly windfall such as can occur through an inheritance, a settlement, or perhaps a stroke of good luck with an investment or even lottery winnings. You have no doubt read of the major failings of people, who have come into big money only to see it blown away. If you find yourself flush with fortune, here's what you can do to avoid following in their footsteps:

Avoid Publicity

Unless you want hoards of investment sales people, family, friends and scammers descending on you, you should do all that is possible to avoid publicizing your windfall. The reason is that you will need time and space to think through your future and how you want to handle your newfound wealth. While you may think you are surrounded by well-intentioned people, they only person who has your interests at heart is you.

If you tell just one person, you might as well take out a full page ad in the newspaper. This might prove difficult if you come into an inheritance, unless it was passed to you through a trust. Generally, when assets pass by trust, they avoid probate proceedings which are a matter of public record. But, if your inheritance did pass through probate, it will be just a matter of time before your phone starts ringing.

Hire a Team of Experts

Instant wealth, while it might be able to solve many problems, it can make life much more complex. With each new opportunity it brings, new found wealth can drive some people to make bad decisions that wipe out huge portions through poor tax management, bad investments, or guilt-induced generosity. Most people are not emotionally wired to make sound money decisions, which is why wealthy people surround themselves with a team of trusted, unbiased financial experts to help them avoid costly mistakes.

You will need an accountant, preferably a Certified Public Account. You will also need an attorney for tending to legal matters as well as the planning of your estate. If you don't have anyone in your circle that you can trust to fill these roles, you should focus your efforts on finding a Wealth Management Specialist who is also a Registered Investment Advisor. These financial advisors operate under strict fiduciary rules and are paid strictly by fees, so they work in your best interests and are product neutral when it comes to recommending investments. But, they are also best positioned to work with you to develop and implement a thorough financial plan.

Many RIAs work collaboratively with teams of experts that include attorneys, CPAs and insurance specialists. You should seek referrals to several RIAs and interview them to determine

which one most closely reflects your values and temperament. Always check the backgrounds of any financial professional you are considering.

Create Sufficiency

You will be faced with a number of decisions about how to invest your money. Depending on the size of your windfall, you may have a broad range of options open to you, some involving more risk than others. Regardless, your first objective should be to create a guaranteed stream of income that you cannot possibly outlive. That way, should anything happen to the rest of your assets your financial security is intact. With your financial future secured, you can invest your surplus for growth through a diversified investment portfolio.

Have a Plan for Dealing with Friends and Family

This is always the touchiest part of being a windfall recipient (and one reason why you want to avoid publicity). Depending on the size of your windfall, and the degree to which you have secured your financial future, you may have some philanthropic desires, and they may include helping your friends and family. But, it's not unusual for windfall recipients to be "overrun" with requests even by people you haven't seen for a long while. One way to extricate yourself from the guilt trips and awkwardness of dealing with requests is to forward them to your financial advisor who can dole out predetermined sums. It's not at all uncommon for people of newfound wealth to put themselves on a salary controlled by their financial advisor.