



Financial Moves to Make After Winning the Lottery

By Dustin Christensen | November 29, 2012

Tonight's Powerball sweepstakes will feature a record-breaking grand prize of more than \$500 million, as people everywhere will be lining up today to get in on the last minute ticket action. If you've been gripped by lotto mania, here's how to best survive the most unlikely event of your life.

1. Stay Grounded

As the latest Powerball winner, you're bound to end up on TV interviews, local news stories – the sort of thing that really puts you on the map. For most people, this seems like a dream come true. But in reality, being just another face in the crowd can be a more stress-free lifestyle.

“While it may be counterintuitive, it's clear that a large influx of wealth without proper planning can easily cause people to forget the need to save for the future,” said Financial Advisor Dan White of Pennsylvania-based Daniel A. White & Associates.

“In most cases, there is no reason to release your identity after discovering you've come into a significant sum of money. By keeping a low profile—at least initially—it gives you time to gauge the situation and make smart, not flashy, decisions about how best to spend your windfall.”

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“Taking the time to evaluate your overall position—looking at your current debt, retirement planning and tax situation—allows one to more clearly define their 'end number'”

—Dan White
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2. Create a Plan

“Talk to a trusted financial expert and immediately set up a financial plan,” said Nicole Wright, financial and tax consultant at Wright Financials. “Continue to check in with your consultant frequently.”

Establishing a financial plan now could save you plenty of headaches—and wasted dollars—later.

Because of the tax and legal complications of such a large sum, many financial experts advise against making any impulse decisions right off the bat, including buying a car or house, or telling your boss you've had enough.

“Because it's more difficult to grasp the value of \$200,000 than of \$200, winning the lottery can disrupt our established impulse control,” said White. “That's why it's so critical to have a plan to handle these situations with the future in mind.”



Glen Mills-based Daniel A. White & Associates has been helping families secure their retirement since 1987. For more information, please call 610-358-8942.

3. Surround Yourself with the Right People

Lawyers, accountants, financial advisors and trustees are all people that can help—or hurt—the way you manage your lottery winnings. Shay Olivarria, financial education speaker and author, says that diversification in the beginning of your search will help you find the right people for your financial team.

“Ask three attorneys before you decide to do anything,” Olivarria said. She notes that there are pitfalls to different payments types—lump sums, payments, accepting in the name of a trust—and working with just one person may skew your view.

Bob Williams advises hiring a business manager, but more importantly, listening to him or her. Discipline, in this situation, can often mean the difference between going broke and securing your family's finances for generations to come.

4. Learn to Say No

Lottery winners are nearly always hounded by family, friends and long-lost acquaintances that happen to show up around the time you win \$500 million. Many lotto winners are then put in a position to pass it forward, or play it safe.

“Just say no! You can't always say yes when kids come to you asking for money,” said White. “It's never fun to deny them what they're asking for, but it's also rarely the right decision to compromise your own long-term security for the sake of temporary support for your kids.”

You don't have to burn all your bridges, but you should be able to set clear, communicated financial rules for yourself and those around you. ■

Based in Glen Mills, Dan White is the founder and president of Daniel A. White & Associates, a financial planning firm specializing in asset protection and transitional and retirement planning. White is a Chartered Financial Consultant and Chartered Life Underwriter. Visit www.danwhiteandassociates.com.