

Avoiding the Unappealing Aspects of Sudden Wealth



As lottery sales around the world indicate – no matter what culture, country or language – people everywhere would like to be rich. If only we were rich, we imagine, we would be free to live life just as we order it. Our financial and other cares would be swept away by a sea of unimaginable wealth.

It's a dream come true for some. And when it does, no matter how – through a lottery, the unexpected death of a relative or friend, a windfall when you sell your business, or good luck on a TV show – sudden wealth inevitably changes lifestyles and attitudes. It can tinker with emotions and put incredible stress on relationships. Happy stories exist, but there's often a darker side attached to the reality of sudden wealth, and you might need to summon considerable wisdom to deal with the realities if you are to overcome the perils that may confront you if you strike it rich.

A Deep Breath

If you're the recipient of sudden wealth, you first might want to do as experienced financial planners suggest – that is, almost nothing. No red Ferrari, no vacation cottage in the mountains or new homes for your siblings or children, no massive bequests to your favorite charity. Later, perhaps, if the new wealth is substantial, but first, let your riches earn a small amount in an interest-bearing account while you take a breath and contemplate your future.

Take a moment to recall Beatle John Lennon's aphorism that "life is what happens while you're busy making other plans." This is an opportunity to consider the meaning of your life, what you would like to accomplish and how you might satisfy those desires. It may suddenly be quite different from simply allowing the days to tick by as we rush to put dinner on the table, pay the bills and take the children to soccer practice.

As a recipient of sudden wealth, you now have time for introspection.

Guilt and Fear

Confusion and distress over suddenly changed circumstances are common. You'll need to work through those thoughts as well as the not-unreasonable fear that scams and scoundrels may confront you. Even savvy investors can be taken in by clever villains who don a mask of legitimacy and put a plausible spin on fabricated strategies.

Professional Assistance

You can forestall fears and many other potential problems by lining up trusted professional help. Arrange to have your money safely and profitably parked for you while you contemplate larger issues and consider your future.

It may be in your interest to consult a top-notch attorney, an accountant and an insurance specialist. You might even consider

talking to a family psychologist if you think you need one. Have your siblings begun to develop a sense of expectation of support from you? It's not unknown for siblings to assume a sense of entitlement, sure that you will "share" with them, as you were told when you were children.

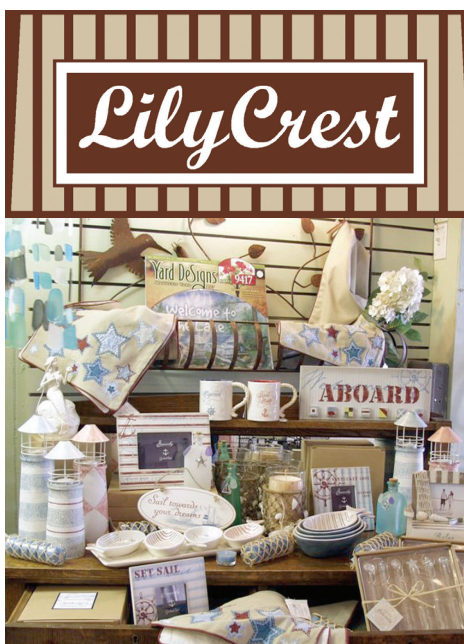
There's no magic pill that will cause everyone in your family to accept your new wealth with equanimity, but professionals experienced in such situations often recommend calling a family meeting to openly discuss your newfound wealth – it'll hardly be a secret, anyway. Your team of professionals might explain to everyone how trusts, investments, insurance and charitable bequests are likely to be involved – and how they work.

You might also benefit from the advice of professionals if you need to make a choice in how you receive your newfound wealth. In some cases, it's out of your control, but what if it is a lottery win offering you either a much-reduced cash payout or the full sum laddered out over years? And what about the tax issues your winnings will raise?

Sudden riches can complicate life in ways we never picture when we're imagining how great it would be to be wealthy. In reality, it's a time for cautious, considered thought and action.

■ by *Kathy Greenway*

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