

Winning the Lottery: Initial Steps for the Unexpectedly Wealthy

July 31, 2023



With lottery jackpots reaching record-breaking heights, there is the idea of exceptional new wealth for one family on the horizon. Of course, there are more conventional ways of accumulating significant wealth, such as selling a business, or making high return investments. Whether a person has had a stroke of luck, or worked painstakingly hard for financial success, this life-changing event can bring joy and excitement as well as an unfamiliar set of challenges and complexities. While the newly wealthy may find themselves in a state of bliss, they may also be

unacquainted with the initial steps forward and find themselves not knowing what to prioritize. There is little conversation around unexpected fortunes, which may be because people could believe wealth is easy to receive. This is not always true, so it is essential to proceed thoughtfully when one finds themselves unexpectedly wealthy.

The following steps can help you gain control of the situation:

1. **Assemble a qualified team.** Solicit referrals for an accountant and wealth manager from other affluent people. Seek experts that have experience in handling clients similar to yourself. The accountants will assist you in identifying any potential tax issues by developing a strategy for minimizing your tax liabilities. The investment managers will assist you in developing a portfolio that is appropriate for your new lifestyle.
2. **Get your legal affairs in order.** You will need to establish or amend your legal documents which may include a will and a revocable trust. As a result, you will need to retain the services of an attorney. Depending on your situation, you may need to do this task sooner rather than later. For example, if you die intestate, state law determines how your property is divided. Depending on your degree of wealth, you may owe a significant tax. If you are married, you can eliminate the estate tax by creating a will that includes marital deduction clauses.
3. **Resist the urge to shout it from the rooftops.** Avoid disclosing details about your wealth to others, particularly on the internet. Allow yourself time to consider who you may want to share this news with. Will your family members and friends be envious? Will they anticipate gifts or expect you to pay for their expenses? Will they ask for loans? Quite often, individuals are taken aback by the response of others, and as a result, they may lose some friends or family.
4. **Allow yourself to dream.** Create a wish list with everything you desire. Do you want to change your lifestyle? Do you want your children to inherit your wealth? Do you want to make charitable donations? Your expert team will assist you in strategizing and devising the optimal strategy for achieving your goals. These goals should be balanced against a budget or game plan to make sure the newly found wealth will last.

For more information, or to discuss these and other recommendations for recipients of a financial windfall, contact your Anchin Relationship Partner or [Mela Garber](#), Tax Leader of Anchin Private Client.