



## YOU'VE JUST RECEIVED A WINDFALL— NOW WHAT?

You've likely heard the cautionary tale about the multi-million-dollar lottery winner who quickly spends his entire prize. Another tale highlights the young adult who fritters away a family inheritance, oblivious to the hard work that went into earning their newfound fortune.

Have you ever considered what you'd do if you suddenly came into a large sum of money, or how your loved ones would manage a similar experience? Perhaps it's already happened to you or someone you know.

In this type of situation, working with a team of financial and other professional experts can help alleviate some of the stress. You receive guidance through the tax and investing complexities, and emotional support to deal with the psychological hurdles that come from gaining a fortune.

### Sebastian's story

Let's consider an example to illustrate some of the challenges that a sudden windfall may bring. Sebastian had a modest investment portfolio and average earnings when he inherited a low seven-figure investment portfolio from his late parents.

As a conservative investor in his 50s, Sebastian certainly didn't fritter away his newfound wealth. However, he took an even more cautious approach with his inheritance. He didn't want to risk one penny of the capital that his parents had accumulated. This decision meant that Sebastian would lose out on any potential future growth opportunities for these assets.

Managing the windfall was very stressful for Sebastian. He was grieving over the loss of his parents and decided that he couldn't handle the guilt if he mismanaged the money. Overcoming that emotional roadblock helped with Sebastian's financial planning and paved the way for sensible investment management.

### Six steps to navigating a windfall

As financial advisors, we've seen situations like Sebastian's and we know how to get you on the right track—and keep you there. We understand that unexpectedly receiving significant wealth can be confusing and overwhelming. That's why it's important to follow these six steps for dealing with a sudden increase in assets.

#### 1. Haste leads to waste

It may be tempting to go on a spending spree or share your wealth with friends and family who have reached out in need. However, that's one of the worst things you could do. Think status quo first, turn off your phone and take time to accept your new reality. If the source of wealth was an inheritance, you'll likely need time to grieve for the loss of your loved one, before focusing on what's next.

#### 2. Play it safe

Why tempt fate? Put the money out of the easy reach of your chequing account and into a high-interest savings account. That reduces the chance of spending your windfall and allows you to earn a return while planning your next steps.



### 3. Check your emotions and get help

Making decisions regarding large amounts of money can be crippling and involve second-guessing. That's why it's important to turn to professionals like us. We're not emotionally tied to your money, so we can provide sound, objective advice to grow and protect your wealth.

### 4. Build a comprehensive support team

Managing instant wealth is not easy and many questions will arise. How do you invest and grow your windfall? What should you do about existing debt? How do you handle taxes and cash flow? What role does insurance play? How does philanthropy fit in your new reality? How should you structure your estate to pass on wealth in a tax-efficient manner?

These are complex questions that can't be answered immediately or by a single professional. That's why managing a windfall is truly a team effort. It requires everyone's input—from lawyers and accountants to trust and estate planning specialists.

### 5. Rely on us as your financial stewards

We can help guide your support team. By having a clear sight line to the various experts on your team, we can ensure that everyone is aware of how you've structured your affairs. For example, is there a trust in place? If so, who are the beneficiaries? These types of questions impact an advisor's legal and professional obligations, and play a role in determining the best investment strategy for you.

We're ideally situated to coordinate with the other professionals when developing and implementing a customized big-picture plan to maximize your windfall.

### 6. Sit back and relax

If you've effectively dealt with the first five steps, then you're on the road to long-term success. Take the time to treat yourself. Studies show that a small indulgence—or two—can go a long way to helping your emotional well-being.

### How these steps helped Sebastian

Sebastian gradually shifted his overall asset mix to one that would help him in the future. He also involved his wife in the discussions, and this helped bring about additional changes.

*Remember, coming into a large sum of money can be overwhelming. We can help you and your loved ones navigate the complexities so you can enjoy your newfound wealth with confidence and ease of mind. Contact us anytime to discuss.*

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.