

Five key considerations for a financial windfall





A financial windfall can emerge from varied circumstances: a business sale, a divorce, an inheritance or a winning lottery ticket—just to name a few. While the dollar amount is relative, it can feel like you suddenly have more wealth than you may have thought possible. This can lead to stress and uncertainty about how best to move forward. To help you adjust more smoothly, here are some key considerations to keep in mind.



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1 First things first

It's important not to rush when you don't have to. Give yourself some time to adjust and focus on the most important financial and personal decisions, while pacing yourself for the rest.

Items to address right away include:

- Tax planning for your windfall
- Updating or drafting a will (and perhaps an estate plan)
- Securing your funds with a financial advisor
- Thinking through issues like titling and control of assets

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Having an investment strategy is important, but it doesn't need to be the first thing you address. This is the time to get organized. It's also good to set boundaries within your network and externally about the dispersion of your wealth until you have had a chance to adapt and think through your priorities.



2 Privacy and security

With increased wealth comes increased attention. While your newfound visibility can be strategically used for good, such as building a philanthropic profile—the when, how and what information to share is critical.

Think through with your advisor team and family who will manage the flow of information.

Information is currency, and a potential liability. You must be even more vigilant with cyber and physical security after a major wealth event. Tighten your privacy settings and scrub social media for any identifying data such as home addresses or collectible items. Be aware that home security cameras, home and office listening devices and even medical records may be accessed for crime. Consider extortion insurance and using nondisclosure agreements (NDAs) for household staff or other close parties.

To manage solicitations, philanthropic or otherwise, think through with your advisor team and family who will manage information flow. This will help keep you and your family productive, safe and signal to the external world that you are in control.

3 Trusted personal and professional advisors

Everyone needs trusted confidants. Keeping personal advisors close is paramount, especially those who knew you before your sudden wealth and saw your value without it. It's always good to have a few friends with good judgment in your court, who you can trust to support your best interests.

The role of trusted professional advisors is equally important. Do your due diligence and get the right support from lawyers, accountants and financial advisors. If your financial situation has increased dramatically, the professionals who helped you in the first chapter of wealth building might not be positioned to take you to the next step. Your attorney who drafted a simple will might not be prepared to help with a complex estate plan or set up a private foundation for your family philanthropy. Ask questions and ask for references. If the relationship doesn't feel right or applicable under your new circumstances, you owe it to yourself to explore other options.

The professionals who helped you previously might not have the knowledge and experience your new level of wealth requires.

You will find that as news of your sudden change in fortune spreads, your popularity may begin to skyrocket among friends and family members, as well as those in the philanthropic world. There are many nonprofits out there that could use your support, your cousin might just be creating the next big start-up, and others will want to celebrate you and celebrate with you. Lean on your trusted advisors to help you navigate this new-found popularity and safeguard your wealth.



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Passion and purpose

Purpose can come in many forms: providing for yourself or your family, caring for your employees, serving your customers or leading a business—to name a few. In some cases your newfound wealth may change the urgent or compelling purpose you once had. Even when planned through a business sale or divorce and especially if unplanned, your windfall may leave you feeling that what once anchored you is no longer relevant or applicable.

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If this is the case, let your passion (or finding your passion) be your new anchor. Take stock of your situation with a trusted personal advisor or life coach. If you sold your business to de-stress and dial back a bit, consider venture capital, serving as a professional coach or joining a board. If you are ready to get back in the game, work with your financial advisor to determine how much you can afford to invest in a new business and assess the risks involved.

If you are ready to move on, explore what else excites you. You may want to return to something you've done in the past, such as working with kids, or take up a new interest such as sustainability. Research new volunteer opportunities, try serving as an assistant coach or joining a conservation club. The possibilities are endless, and keep in mind that sharing your time and experience can be as valuable and help double the impact of your financial support.



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Nonfinancial capital

Financial wealth is not a panacea. Money magnifies pleasure and problems, so it's important to prioritize your and your family's mental and physical health, as well as your financial fitness. Just as you may be treated

differently, your children or other family members may be as well. To help navigate this new landscape, create space for purposeful communication with your family. One way to do this is with facilitated family meetings. Families that have dinners, vacation together or spend holidays together might feel like they have family meetings, but what we mean here is going one level deeper. Family meetings focus on engaged participation, education and/or decision-making around important matters. Families that thrive amid wealth set a tone of intentional communication by authentically engaging the entire family. They convene when times are good to make it easier when the family faces a difficult or new situation.

Besides family meetings, engaging family members in meaningful conversations can help build understanding and trust.

Besides family meetings, engaging family members in meaningful conversations can help build understanding and trust. Conversation kits can help create these conversations by providing prompts and questions that can feel awkward to ask without guidance, especially while navigating new wealth. Whether you are casually gathering after a family meal or considering a major life change, conversation kits offer questions to evaluate what is most important to your family and understand how everyone may be affected by these shifts. Whether it is a discussion around values, the vision you have for your life, your relationship to money or family traditions you love, this dialogue will build connection and bonds that keep families strong for generations.



Conclusion

We hope this guidance helps you to find an anchor amid sudden wealth. Remember, time is on your side. Address what you need to right away, and then pause and take stock. Keep your trusted personal and professional advisors close. As your sudden wealth may raise your profile, make privacy and security a priority. If you need to, reorient your purpose with a new-found or revisited passion of the past. And above all, do not neglect the most important capital you have always had—your nonfinancial wealth.

Enjoy the journey.



Connect with us

Discuss with your UBS Advisor how a family meeting may help settle the seas of your sudden wealth change and ask about conversation kits to enhance family communication.

This paper was written with input from the UBS Advanced Planning Group and our Athletes and Entertainers segment colleagues. A financial windfall impacts every aspect of an individual's life, and UBS prioritizes a collaborative approach to meet each client's unique needs. Please connect with your UBS Advisor if you would like to learn more about Family Advisory & Philanthropy Services or our colleagues.

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