

What you need to know about...

Sudden Wealth

We receive many enquiries from clients who have suddenly come into money, who need advice on how to look after this money. There are many unique pitfalls associated with receiving sudden wealth. This factsheet aims to explain what is sudden wealth, and why this can be an issue for people.

What is sudden wealth?

This applies to any situation when someone receives some sort of large and sudden cash amount.

This could be from any of the following situations:

Sale of a business

Often when a business owner retires, they will be able to sell their business. Once they have paid tax on the proceeds, they will probably require advice on what to do with the money.

Inheritance

If you receive a large inheritance this may not instantly change your life, but may require advice on the best use of the money.

Divorce

As part of the settlement it is common to divide assets such as the family home, investments and pension funds. Commonly, clients need advice on the process and then how to best manage these assets.

Critical illness

If you receive a payout from a critical illness policy, it is likely that you have a serious illness. You will need to treat the proceeds carefully so that you can provide for your future.

Court settlement

Similarly, if you receive damages, say from a personal

injury claim, you will probably need to invest this money to enhance your lifestyle, perhaps for income.

Windfall

Lottery winners are the ultimate in sudden wealth, and of course need to think carefully about their financial future.

Ultimate high earners

Some people come into instant riches through massive pay deals. This includes sports and media stars, who may not have experienced this kind of wealth previously.

Unique pitfalls of sudden wealth

It may surprise you to think of it, but sudden wealth can be negative as well as positive. Some commentators have described this as 'affluenza' as the responsibility of the extra wealth can lead people to suffer from stress due to inexperience with managing assets.

If you think about it, you can probably recall famous pop or sports stars who once had riches beyond their dreams, but ended up penniless, or even worse, owing large sums to tax authorities. Think of James Brown, Mike Tyson or Michael Jackson. The reasons that this happened may be varied, but could probably be down to inexperience with money, and being surrounded by the wrong advisers! Basically, they

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served 'no apprenticeship to wealth', meaning that they had never learned the skills associated with accumulating and maintaining wealth.

Some key pitfalls include the urge to spend or give away, bereavement, and the lack of goals.

How much have you got, and what does it mean to your life?

Often people over estimate what their wealth might actually mean. £100,000 is a lot of money, but it would not mean that you could give up work and retire. You therefore need to set definite goals and work out how your money can best be used to achieve your goals; otherwise, you may fall prey to temptation!

How can we help?

We have the expertise to be able to advise you on the appropriate use of your sudden wealth, whether you need technical advice, practical advice or the need to generate an income.

If you want your money to be in safe hands, then speak to us about managing your portfolio or planning for your future.

Why use us?

1. **Free** initial consultation
2. **Guaranteed** satisfaction with our advice
3. **Fee-based** - no commission hungry salesmen
4. **Fully independent** from insurance companies
5. State of the art **research tools**
6. Regular contact & **services to suit you**

Call today for independent financial advice on this or any other issue on

01206 266882 or email **advice@woodruff-fp.co.uk**



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