



FIVE STEPS TO MANAGE AN UNEXPECTED INHERITANCE

Have you ever considered what you'd do if you received an unexpected windfall? Perhaps a generous relative, friend or other benefactor has left you a surprise inheritance, and you now have to decide how to manage this money responsibly. In this situation, working with a team of financial and other professional advisors can help alleviate some of the stress.

Let's look at Ruby's story. Ruby's in her 40s, and her mother recently passed away. As her mom's sole beneficiary, Ruby receives a seven-figure inheritance that she wasn't expecting.

Ruby is grieving the loss of her mother, and this inheritance has come at an emotional time for her. She also knows that her mother worked hard building that nest egg, and she doesn't want to risk losing any of the money in investments that don't pan out.

If you or someone you know is in a similar situation, here are some things to consider when deciding how best to manage the money.

1. Haste leads to waste

When you receive an inheritance, it's often under somber or stressful circumstances, such as Ruby's. In this case, it's best to avoid making any difficult decisions immediately, and instead take time to grieve the loss of your loved one. It may be tempting to buy something you've wanted for a long time, or share the wealth with others in need. However, you should ensure that you've taken the time to evaluate your own financial situation before making any major purchases and gifts.

2. Play it safe—put it away temporarily

While many of us would put the funds in a chequing account, consider using a separate high-interest savings account instead. This way, you'll avoid having the money immediately available to you. It's also a low-risk way to manage your money, and allows you to earn interest on the sum, while you're planning for next steps.



3. Keep it private and avoid financial leeches

When you come into a large windfall, whether through inheritance or another source, you could become a target for a “financial leech”. This “leech” can be a family member, a friend, or a complete stranger. While you’re deciding how best to manage your new wealth, it’s best to be as private about it as possible. Avoid telling more people than necessary. It’s also a good idea to hold off on making purchases that signal you’ve recently come into money. Don’t feel pressured into gifting or donating to others before you’ve decided on your next steps.

4. Ask for help and build a support team

Enlist the help of your financial advisor to get advice on creating or updating a comprehensive financial plan. You’ll probably have questions, like what to do about existing debt? Are there tax and cash flow considerations that you should keep in mind? What about estate planning, how does this new sum fit into that?

These are complex questions and can’t be answered by a single professional. This is where the support of a team of financial and professional advisors comes in. You’ll need to build a trusted team—from lawyers and accountants to trust and estate planning specialists.

As your financial partner, we can serve as the bridge between you and this team of professionals, and will work with you to determine your long-term goals. With no emotional ties to your wealth, we can provide objective advice that reflects your goals.

5. Enjoy your newfound wealth

You can take time to relax knowing the unexpected funds that you received are being used to help you reach your long-term goals. Now’s the time to consider small indulgences because you know your financial future is in good hands.

And as for Ruby? She took the time to consider her investments and asset mix, and with the help of her financial advisor and team of professionals, gradually incorporated her inheritance into her future plans. She was also able to let go of any fear of losing her mother’s nest egg, as she was confident that her money was well managed.

Receiving an inheritance has benefits, but can be overwhelming. As your financial steward, we can help you and your loved ones navigate the complexities so you’re able to enjoy your newfound wealth with ease of mind. Contact us anytime to discuss.

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