



YOU'VE WON THE LOTTERY!! NOW WHAT??

This Legally Speaking column is brought to you by **Patricia Marcín**, Attorney at Farrell Fritz Attorneys.

You've won the \$60 million lottery! What should you do? Absolutely scream and celebrate quietly with your very immediate family but then take a deep breath and think. Before you go claim the prize or publicize your win, it is important to take considered steps.

Assuming you and your family members had agreed to purchase the winning ticket together and share the prize as partners, you had a partnership at law which is governed by New York State law. Prior to claiming the prize, you should contact your lawyer and discuss

formalizing your partnership with a written partnership agreement. (Note that the taxing authorities may identify gift tax issues but you should still consider your options before claiming the prize.)

Consult with your lawyer, accountant and investment advisor to determine which pay-out option is best for you – a lump sum or over 29 years in the form of an annuity. With a lump sum payment, you will be responsible for the income tax upon collection of the lump sum and with an annuity, you will be taxed only as the payments are received. If you have trouble controlling your spending, you may want to consider the annuity option but you also have to compare the yield of the annuity against what you would earn taking the lump sum, paying the taxes and investing the proceeds. Furthermore, you should focus on your estate planning, including how to provide for the estate taxes, which will be due if you've chosen the annuity payment method and die before all the payments have been made, with the possible result that your estate and heirs don't have the liquidity to pay the estate tax bill (i.e., consider life insurance to cover the estate taxes).

In New York, winners' names are public record, so once you've claimed the prize, be prepared for an onslaught of calls from all kinds of advisors, investors looking for a cash influx and even charities looking for contributions. Prior to claiming the prize, you should get your own "team" of advisors in place. Once you have your advisory team in place and have made the decisions discussed above, go claim that prize and enjoy!

If there is a trusts or estates topic that you would like to know more about, please feel free to email me at pmarcin@farrellfritz.com with your suggestion and I will do my best to cover it in a future column.



"I'm so glad we updated our wills. Farrell Fritz helped us understand all the recent changes and the best part is, we minimized our estate taxes. I feel so much more secure about our family's future."



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