

# Life Event Planning Checklist

## Suddenly Wealthy

*Whether you've sold a business or inherited substantial wealth, suddenly coming into a large sum of money can be exciting but overwhelming. Here are a few things to take care of.*

- ✓ **Set aside funds to pay any tax due:** income tax on the business sale or perhaps state inheritance tax.
- ✓ **Adjust your estimated tax payments** to cover expected distributions, if you inherit an IRA or become a trust beneficiary.
- ✓ **Buy a toy to reward yourself.** If you are worried that you're spending too much, ask for help in estimating what you can truly afford.
- ✓ **Set aside enough target financial capital** to satisfy your expected long-term spending needs; if you don't have enough capital to do so now, set aside enough to kick-start your target financial capital.
- ✓ **Pay off high-interest debt**, if any.
- ✓ **Review your insurance needs.** You may want to add an umbrella insurance policy to your home or auto insurance policies to protect yourself from litigation. (Deep pockets attract lawsuits.) If you're selling your business and won't be staying on as an employee, you may need to buy health insurance. On the other hand, you may no longer need as much life and disability insurance if your policies were meant to cover your income and secure your target financial capital.
- ✓ **Identify your potential surplus capital**, if any.
- ✓ **Set aside money to start another company**, if you think one is in your future. You won't want to miss an opportunity to start a new venture because you tied up too much capital in illiquid investments or assets.
- ✓ **Consider estate-planning strategies that can take advantage of valuation discounts on private stock** before selling your company.
- ✓ **Consider charitable gifts** to offset income taxes incurred from the sale of a company. The charitable gift must be made in the same calendar year of the sale to offset taxes due.
- ✓ **Consider front-loading your child's college-savings plan.** The longer the funds can grow tax-deferred, the better.
- ✓ **Hire a lawyer** for help writing or revising your will and perhaps creating trusts; take care of the other basic estate documents.
- ✓ **Hire an accountant.** Your financial books need to be clean because wealthier families tend to attract greater attention from the IRS, and the more money you have, the more costly a mistake on your taxes can be.



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