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Financial planner advises Trenton Powerball winner to ‘splurge on an experience’



Certified Financial Planner Barbara Clarke MORGAN STANLEY

By **David Foster**, *The Trentonian*

LAWRENCE >> In order to get the initial shock of winning a whopping \$284 million out of their system, a local financial adviser has some advice for Saturday’s sole Powerball winner.

“I believe that in the case of a lottery winner, sometimes a small initial splurge helps the lottery winner to adjust to this life-changing event and can be a healthy thing,” Barbara Clarke, a senior vice President and financial advisor with Morgan Stanley in Lawrence, said Monday. “My advice to the lottery winner is this: go out and celebrate your good fortune. Splurge on an experience, not on something tangible like a car or a second home. There’s plenty of time to make lifestyle changes later. Take your family out to dinner, but maybe as part of a long weekend in Paris.”

Someone, who has yet to come forward, hit Saturday’s Powerball jackpot totaling \$429 million. The person — believed to be a woman in her 40s — purchased the ticket at a Trenton 7-Eleven on Chambers Street and elected to take the lump, meaning she will receive \$284 million.

Clarke routinely deals with people who stumble into sudden wealth.

“That can be both exhilarating and destabilizing at the same time,” she said. “It takes time to adjust to the idea that you can now afford to quit your job to pursue a passion or buy that beachfront property you’ve always admired. But just because you can, doesn’t mean you should, at least not right away.”

Clarke, who is a certified financial planner (CFP), suggests that a lottery winner should put together a professional team of finance experts to help guide the individual through the process.

“Once you have acknowledged the fact that your life has changed, now it’s time to put together a team of people, advisers, who are experienced and qualified to help you to make all of the other adjustments to your newfound wealth,” Clarke said, noting the individual will need a certified public accountant, a wealth manager and estate planning attorney. “Ideally, you should pick professionals who already work well together.”

And that doesn’t mean hiring a brother in-law for financial advice.

“You want to keep family, family and business, business,” Clarke said. “And that doesn’t mean that you can’t choose to help a family member, but you want to keep it separate from the business considerations of managing wealth.”

The worst mistake Clarke sees is suddenly wealthy individuals dealing with taxes.

“For example, every dollar above \$450,000 a year is taxed at the highest tax bracket,” said Clarke, who is working with a client that just received \$500 million. “If you take a lump sum, the bulk of your money may be taxed at the highest rate.”

Clarke said there are all kinds of mistakes that a lottery winner can make.

“As long as you are making temporary choices, meaning choices having to do with things that can be undone, you’re fine,” she said. “But when you’re making a choice that cannot be undone, if you make a mistake, you can’t go back and fix it. Don’t make costly mistakes that either you can’t fix or going to be very, very expensive to fix.”

Sudden wealth, Clarke said, can also bring out the worst in people.

So she said it’s important to focus on an estate plan and think about charitable giving.

“You want to make sure that you have people who you can trust and who you have a good relationship with,” she said of a professional team. “It’s not just a blessing, it’s also a burden.”

Clarke said a lottery winner should look up CFPs through the Financial Planning Organization. She advises to always check their security background on finra.org to make sure there are no regulatory issues or consumer complaints.