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Listening, learning, and living together: it's the science of life.

Managing Financial Windfalls¹

*Donna Davis*²

Perhaps you've sat out on a starry night and had the conversation with your loved ones that started with "If I had the money...." For many families, that dream becomes a reality—and then it becomes the nightmare.

Windfalls, or a large amount of "sudden money," come from many sources, including inheritance, business earnings, divorce or personal injury settlements, winning a lottery, or taking that long-earned retirement payout.

But here's the twist: according to financial experts with the National Endowment for Financial Education, it's estimated that up to 70% of all people who suddenly receive large amounts of money will lose that money within a few years. Experts report that one of the greatest dangers to maintaining financial security is impulse buying with the false expectation that the money will last a lifetime (National Endowment for Financial Education, 2002).

Advisors recommend strategies for preserving a windfall. For example, make a wish list of all the things you'd like to buy—perhaps a new house or car or a lavish vacation. Then take your wish list and put it away for 30 days. The 30-day period should give more clarity to your priorities. When you are ready to deal with your financial windfall, take

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2. Donna Davis, Senior Producer, Family Album Radio, Department of Family, Youth and Community Sciences, Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida, Gainesville, FL 32611. Reviewed by Jo Turner, Department of Family, Youth and Community Sciences, University of Florida.

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small steps so you're more likely to recover from mistakes. And finally, hiring a good financial planner can also help create a plan for preserving your capital while allowing you to live out many of your dreams (National Endowment for Financial Education, 2002).

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To listen to the radio broadcast:

http://www.radiosource.net/radio_stories/windfalls.mp3

http://www.radiosource.net/radio_stories/windfalls.wav

Reference

National Endowment for Financial Education. (2002). *Financial windfall*. Retrieved May 31, 2007, from <http://www.nefe.org/fple/download/Windfall%20NPP.pdf>