



# **WINNERS HANDBOOK**



# Congratulations, Winner!

If you're like most people, the possibility of winning a top lotto prize was beyond your wildest dreams. Now that the dream has become reality, your good fortune will no doubt mean some changes in your life.

We understand you may have little experience in dealing with the news media, requests for donations, and investment planning. That's why the South Dakota Lottery is providing you with this booklet to help answer some of your questions and better prepare you for what may be the experience of a lifetime!

Please be assured that the information in this publication is not intended to advise you on what you should do with your winnings. The best thing about winning the lottery is that the prize money is yours to do with as you wish. Instead, we hope the enclosed information will serve to make being a top lotto prize winner a comfortable and enjoyable experience for you.

The first tip we can give you is to seek professional advice before you make any final decisions involving your prize money. This booklet contains sections on assembling a team of experienced advisors to assist you in managing your new wealth. These people will become important resources for you so be sure to choose individuals you are comfortable with and trust. These advisors will give you professional opinions and advice; the rest is up to you!



## **You won! Now take a deep breath...**

Your good fortune has brought you a world of possibilities and it's easy to become overwhelmed. Once you're over the initial shock of winning, take a deep breath and RELAX. What to do with your winnings is a big decision so stay calm and think clearly!



## **Show me the money**

One of the first big decisions you'll make as a lotto winner is how to collect your winnings. Your options vary depending on what jackpot you've won. A cash option or an annuity option is offered for Powerball, Mega Millions, Lotto America and Lucky for Life; jackpots for Dakota Cash are paid in single lump sum cash payments only.

If you choose the annuity option for Powerball, your winnings will be paid in 30 graduated annual installments over 29 years. In Mega Millions, under the annuity option, the prize is paid in 29 annual payments. And for Lucky for Life, the jackpot is paid in a minimum of 25 annual installments over 24 years if you pick the annuity option.

Once you've decided how to receive your winnings, you're faced with probably the most important and difficult decision of all: what to do with the money. Based on information from lotto winners and other state lotteries, one of the biggest mistakes a winner can make in the first few days after collecting their prize money is to act quickly. You probably want to celebrate by purchasing some things you've always wanted. That's the real thrill of winning the lottery...and you should do it. The trick is to do it wisely.

Financial experts say the secret is to not charge purchases on your credit cards and to use only a portion of your winnings for such purchases. It's a good idea to put the majority of your winnings in a savings account. You may be pressured to do otherwise but it's best to think about how you can use your prize money on a long-term basis. Professional advice is beneficial when making plans for your future. All of your financial affairs should be planned so that your good fortune continues to grow.



A black and white photograph of a person's feet sticking out of a pool of water. In the foreground, a large, woven straw hat is visible, partially obscuring the view. The background shows the water's surface with ripples and reflections.

## What about taxes?

Under federal law, the Lottery is required to withhold 24 percent of your winnings for federal income tax purposes and forward that amount on your behalf to the Internal Revenue Service (IRS). Depending on your tax bracket, this deduction may not represent your total tax liability.

When you receive your payment, the Lottery will issue you a W-2G form showing the amount of your winnings and the 24 percent that the IRS has already received. You will need to file this form with your annual income tax return. South Dakota does not have a personal income tax so no state income tax will be withheld from your payment. You may want to obtain professional tax advice to ensure that the tax obligations from your winnings are handled correctly.

Where should I invest my winnings?

Since there are so many ways to invest today, it's important for you to know what opportunities are available. In your search for the right financial advisor, you will notice they don't always recommend the same investments. However, most professionals will agree that you need to define your goals. Then you can choose the right investments to help you meet those goals.

Start by making a list of long-term objectives. Then, with the help of your chosen expert, select the kind of investments best-suited to what you want to accomplish.

The number and type of investments available have expanded dramatically over the last decade; having a defined investment plan can ensure that you are making smart investment decisions.

Investments vary in their degree of risk, ease in withdrawing your money, and their potential return. Your qualified investment advisor will help you develop a financial plan that meets your goals for the future.

Financial Goals

Use the lines below to help you define your goals.

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## Reviewing your insurance

Since winning your prize, many of your insurance needs may have changed dramatically. Depending on your circumstances, you may wish to increase or decrease insurance coverage on your life and the lives of your immediate family.

You may also want to look at increasing the liability insurance on your home and automobiles, and even consider what is called an “umbrella policy”, which covers liability claims from all policies underneath it. It is unfortunately true that people with money are more likely to be sued than those who have little.

If you have an insurance agent, you will want to review your status and policies with them as soon as possible. An insurance agent can be another valuable advisor in ensuring a sound financial future for you and your family.



## How do I handle requests for money?

After your win has been made public, you may experience requests for donations. Remember, it's your money and you can spend it any way you like. Here are some things to keep in mind when dealing with these kinds of requests:

- 1 If you find yourself receiving too many phone calls, consider switching to an unlisted number.
- 2 Take a good deal of time before you decide to either spend or donate a large sum of money. Talk with your financial planner and tax advisor about the request.
- 3 Check out unfamiliar charities with the Charity Solicitation Division of the South Dakota Attorney General's office at (605)773-4400 or in-state, toll-free at 1-800-300-1986. You may also contact them by email at [consumerhelp@state.sd.us](mailto:consumerhelp@state.sd.us).
- 4 Never make a commitment over the phone. Ask for literature and check out the person requesting money to make sure the charity is legitimate. Then review the request with your financial planning team.



## How do I handle requests from the media?

Winning the lottery is big news. In accordance with Lottery laws, your name, hometown, the amount you won, and the winning game will be released to the public after your win is validated. Depending on the amount of your winnings, many cameras and microphones may be turned your way. The Lottery will help you to feel comfortable with whatever level of media attention is expected.

If you are a large jackpot winner, the Lottery will ask if you are willing to participate in a press conference or be contacted directly by the media. If you are comfortable in doing so, we will work with you on setting up a media event, drafting a statement for the press, and answering media questions. If you would prefer less exposure to the limelight, there are other ways the Lottery can promote your win.

One way is to allow Lottery staff to conduct a brief interview with you, either in person or over the phone. From that interview, a press release will be drafted and issued to the media so your story still gets out to the public without you having to have direct contact with reporters.

If you do decide to talk with the media, either at a press event or on your own, here are some tips for making it a positive experience:

- 1 Enjoy yourself. There has never been a more natural time to smile and be happy. You have just experienced a thrill few people will ever have. It's fine to show your excitement.
- 2 Be comfortable with where and when the interview is being held. If it's not a convenient time to talk when a reporter calls, say so and set up a later time that works for you. If you are uncomfortable being interviewed at home, suggest an alternate site such as the store where you bought your ticket or the Lottery office where your ticket was validated.
- 3 Remember that YOU are the boss during the interview; it is you they came to see. If you don't fully understand a question, ask for clarification. If you don't want to answer a particular question, you have the right to say "No comment" or "I'd prefer not to answer that." For questions you do want to answer, keep your responses brief and direct.

Some of the questions reporters may ask you include: Were there unusual circumstances involved in your win? How did you pick your numbers? How did you feel when you first found out you were a winner?

The most commonly asked question will no doubt be: "What are your plans for your winnings?" Our suggestion is to avoid being specific in your answer. For example, answers like "I'm buying a new home" or "I'm saving for my children's education" may result in you being besieged with offers and requests. The best reply may be "I don't know yet" or "I want to provide for my family's future."

Everyone likes a story about a winner. Telling your story doesn't have to be stressful or uncomfortable, and may turn out to be one of the most enjoyable parts of winning.



# Assembling your team

A lotto jackpot is often the most money a person will ever have at a single time in their life, and it can be a challenge learning how to manage that much money. This is when a good team of trusted advisors can help. Here are some suggestions as to who you should include on your team.

## Legal Representation

In light of your new financial situation, you should consult an attorney at your earliest convenience. He or she can provide guidance on several important matters, including:

**Estate Planning.** Having a good estate plan can mean saving thousands of dollars in estate taxes for those who survive you. Both an attorney and a financial planner can be of assistance in this area.

**The Will.** The most important part of estate planning is drawing up a will. A will is a legal document that specifies how your wealth will be distributed upon your death. If you die without a will, this distribution will be made according to state law, and may not reflect your wishes in regard to how your assets are divided. Even if you already have a will, it may be wise to review it with an attorney to ensure your lottery winnings are included.

A will is especially important if you've chosen the annuity option to receive your winnings. If you should die before you have collected all of your payments, under South Dakota law, the remaining installments will go to your estate or be distributed as directed by you in your will. A lottery annuity prize is just like any other asset and can be passed on to your heirs or another individual. Whoever you designate to receive the remaining installments also has the option of taking an accelerated payment.

If you don't currently have an attorney, the South Dakota Bar Association provides some excellent resources for finding one. The association can be contacted through their website at <http://www.sdbar.org/> or by calling 605-224-7554.

## Investment Planning & Advisors

A financial planner or investment advisor is a good resource if you are planning to invest your winnings in current financial markets. There are as many different financial planners as there are ways to invest your money, so if you don't currently have such an advisor, be sure to meet with several before hiring one. Ask about the individual's educational background and experience, and check for titles that indicate advanced qualifications and experience. Compare fees and commissions, if any. Inquire about references, and talk to some of the individual's clients prior to making your decision.

More information on choosing a financial planner is available by calling the Financial Planning Association at 1-800-282-PLAN (7526) or visiting their website at <http://www.plannersearch.org/>.

## Certified Public Accountants

Personal accounting takes on a whole new meaning when you're talking millions of dollars as opposed to hundreds or even thousands of dollars. A certified public accountant (CPA) can assist you in a variety of areas including financial analysis and planning, estate planning, audits, and tax preparation.

If you need assistance in finding a CPA, information is available from the South Dakota CPA Society at <http://www.sdcpa.org/> or by calling 605-334-3848.

Above all else, you need to feel comfortable with whoever you choose to advise you on your financial affairs. If you don't feel as though you can discuss your personal financial goals or obligations with an individual then regardless of their qualifications, they won't be a good fit for your team.





## Surviving your lottery win

Fortunately, most people easily handle the changes that come with winning the lottery. For some, however, winning can cause more problems than the money solves. Mental health professionals say managing the stress and changes that a lottery win can bring is important for your well-being.

You will undoubtedly feel pressure from the attention and publicity you may receive. You will immediately begin to get advice from every source imaginable: long-lost friends, distant relatives, and people you don't even know. Realize that most of that advice should be ignored.

Perfect strangers, not to mention close friends and relatives, will ask you for money. It is important that you take a firm position on such requests. Tell those who ask for a loan or money that it is too early for you to make such a decision and you are seeking financial advice from professionals. Or, simply answer "no".

Take the time to understand that your good fortune is just one part of your life. Watch for signs of stress, depression, and exhaustion. If these signs continue for more than a few weeks, consider getting help. A good place to start is with your doctor; if they are unable to treat you, ask them for advice on a qualified professional who can assist you.

The worst mistake a winner can make is to try to recreate the thrill of winning. If you find yourself spending substantial amounts of money trying to win more, it's time to seek professional help.

You have been blessed with the kind of good luck that happens only rarely. What you do with your winnings and how you adjust to the changes that result will determine whether or not good luck turns into good fortune. The best advice we can offer is to be, as much as possible, the kind of person you were before you won!

Again, congratulations and best wishes from all of us at the South Dakota Lottery!



We're here to help

Email us [Lottery@state.sd.us](mailto:Lottery@state.sd.us)

or call us (605) 773-5770

[lottery.sd.gov](http://lottery.sd.gov)

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