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Increase Your *Chances* of Enjoying Lasting Financial Security

Summer has taken a break and presented me with a cool afternoon of occasional periods of soft rain mixed with mild breezes. In other words: a perfect afternoon for writing. With the stage so masterfully set, all I need is some inspiration to set the words flowing. How hard can this be? After all, I have now written some 420 articles describing the strategies a person should follow and the pratfalls one should avoid in trying to successfully manage a sudden infusion of cash into their lives. Now reviewing all 420 articles is a lot of text to go over so I decided to try what “everyone” else is doing – I cheated and asked “AI.”

This turned out to be an enlightening experiment, as I have never asked any Artificial Intelligence platform a question before. When I asked Google AI what financial strategies one should follow with a sudden influx of money, I received a comprehensive list of what to do, it stated:

1. Seek professional guidance
 - Assemble a team of advisors: Before making any major decisions, engage a financial planner, a tax advisor, and an estate planning attorney.
 - Prioritize experience with high-net-worth individuals: Look for advisors specializing in wealth management, tax optimization, and estate planning for substantial assets.
 - Focus on fiduciaries: Choose advisors who are legally obligated to act in your best financial interests, not their own.
2. Secure your funds and prioritize financial stability
 - Maintain privacy and anonymity.
 - Establish a strong financial foundation:
 - Pay off high-interest debt:
 - Build a robust emergency fund:
3. Develop a comprehensive financial plan.
 - Assess your current financial situation: Understand your income, expenses, assets, liabilities, and potential tax obligations related to the winnings.
 - Define your financial goals: Identify both short-term (e.g., celebratory purchases, debt repayment) and long-term goals (e.g., retirement, education, wealth building, philanthropy).
 - Create a detailed budget: Develop a realistic budget that categorizes spending into essentials, investments, discretionary spending, and savings.
4. Invest wisely for long-term growth and preservation
 - Diversify investments: Spread your investments across various asset classes like stocks, bonds, real estate, and mutual funds to mitigate risk.
 - Build a balanced portfolio: Align your investment strategy with your financial goals and risk tolerance, considering long-term growth and capital preservation.

- Consider long-term growth options: Explore investments with potential for compound growth, like retirement funds, index funds, or real estate.
 - Prioritize professional guidance: Work with your financial advisor to develop and manage a diversified portfolio tailored to your needs.
5. Implement tax-efficient strategies and estate planning
- Understand tax implications.
 - Consult a tax professional: Minimize your tax burden through strategies like charitable donations, tax-efficient investments, or tax-deferred accounts.
 - Update or create an estate plan: Ensure your assets are protected, and transferred according to your wishes through wills, trusts, and other legal documents.
6. Establish personal boundaries and manage lifestyle changes
- Set healthy boundaries with family and friends: Create clear expectations and limits regarding financial assistance to avoid potential conflicts and protect your wealth.
 - Pace yourself with lifestyle upgrades: Gradually adjust your standard of living and avoid excessive or impulsive spending, which can quickly erode your winnings.
 - Use your wealth to increase happiness: Focus on experiences over material goods, give back to others, and invest in activities that bring you joy and purpose.
7. Regularly review and adapt your financial plan
- Conduct regular check-ins: Review your budget, track expenses, monitor investments, and reassess your financial goals periodically.
 - Be flexible and adapt: Adjust your plan as life circumstances change or new financial opportunities arise.¹

[YAWN] – nobody reads all that advice. Google went on to say that if you were able to follow all these directions you could increase your *chances* of successfully managing your money.

However, that is all easier said than done. Each bullet point is sound advice that is unfortunately nearly impossible to put into practice. How many of you have been able to “set healthy boundaries with family and friends”? Or one of my favorites, “gradually adjust your standard of living and avoid excessive or impulsive spending”. I do not think Google’s AI has a strong enough grasp on human nature. Good or even great advice is pretty much worthless if it is too difficult to follow.

As an alternative, I asked Google: “What financial strategies an injured plaintiff should use?” The initial response followed the previous answer regarding securing professional advice and understanding your current financial situation. However, it then took a turn in comparing a lump sum of cash *versus a structured settlement*:

- Weigh the pros and cons of receiving your settlement as a one-time lump sum versus a series of payments over time (structured settlement).
 - With a lump sum of cash, go back to the previous answer.
 - Structured settlements can provide a steady, safe, long-term income stream and

¹ <https://www.google.com/search?q=what+financial+strategies+should+one+follow+with+a+sudden+influx+of+money>

- reduce tax liabilities.
- Maximize tax advantages:
 - Tax Benefits: Payments for personal physical injury or wrongful death claims are generally income tax-free under Section 104(a) of the Internal Revenue Code.
 - Financial Security: Structured settlements provide a predictable and guaranteed stream of income, shielding claimants from market volatility and the risk of outliving their settlement.
 - Protection against Dissipation: They prevent claimants from quickly spending or mismanaging a large lump sum payment, offering a form of spendthrift protection.
 - Customization: Structured settlement plans can be tailored to fit individual needs and circumstances.² (2)

Though I am admittedly biased toward the answer favoring a structured settlement, I again bow to human nature. A thoughtfully designed structure plan is highly beneficial, checks all the requisite boxes, and is easy to follow. Where do I sign?

Do you have a case where serious questions regarding the financial future of the injured person comes up? Would you see if the answer calls out for a structured settlement? Contact Frank C. Kilcoyne, CSSC at Frank.Kilcoyne@jmwsettlements.com or call 800-544-5533. I am here to help.

1. <https://www.google.com/search?q=what+financial+strategies+should+one+follow+with+a+sudden+influx+of+money>
2. <https://www.google.com/search?q=What+financial+strategies+should+an+injured+plaintiff+use>

²<https://www.google.com/search?q=What+financial+strategies+should+an+injured+plaintiff+use>