

A Windfall and a Target: Navigating Family Expectations After Sudden Wealth

Good news in the form of a sudden windfall can put your family in a new financial position that may materially alter your legacy and estate plan.

And while it may seem like a pure positive, it can also attract the attention of the Internal Revenue Service and prompt a reevaluation of which extended family members or charities should receive a share of what may now be a much larger estate.

A windfall does not have to be a source of stress. But it does require thoughtful planning, especially when it arrives quickly and unexpectedly.

When Good News Gets Complicated

A sudden wealth event requires both short-term restraint and long-term planning. Many people do not realize that lasting wealth is rarely accidental. It is often carefully managed, protected, and transferred over time. A windfall can prompt that same kind of intentional planning, but only if the right structure is put in place before rushed decisions, taxes, creditors, or family pressures begin to erode the opportunity.

A forward-looking estate plan can temper spendthrift tendencies, keep more assets within your estate, and support the development of a deliberate, lasting legacy.

Key Risks When Estate Value Increases

When a windfall introduces a new level of wealth to your estate, your family, and your estate plan, new risks can emerge.

- **Outdated beneficiary designations.** Many people treat their estate plan as a “set it and forget it” task, but a windfall can make your existing beneficiary designations obsolete. Without an update, assets could pass to an ex-spouse, a deceased relative’s estate, or someone wholly unprepared for the responsibility.
- **Increased legal exposure.** Greater wealth can also bring greater visibility. A windfall may make you more vulnerable to creditor claims, lawsuits, business disputes, or the financial fallout of a family member’s divorce. Without the right legal structures in place, assets that once felt secure may become exposed to risks you did not anticipate.
- **Family expectations.** With sudden wealth, you may find yourself becoming the “family bank.” An estate plan can give you a principled, structured way to say no—or yes—without straining those relationships.
- **Inefficient wealth transfer.** Unless you update legal structures, unnecessary probate costs, avoidable estate taxes, and poorly planned transfers can quietly erode what you have built. A windfall that is not properly managed today may be significantly diminished by the time it reaches the next generation.

Turning a Windfall into a Legacy

An unexpected event, positive or negative, can cause a negative financial impact if the right steps are not taken. We are here not only to help you stabilize the immediate situation but also to restructure your estate plan to meet your new reality.