



_PHOTO: STEVE RUSSELL/TORONTO STAR

Timothy Schell of Toronto won \$50 million from Lotto Max last May.
FRI DEC 7, 2012

Pin it



g+1 0

ADVICE

You've just won the lottery—now what?

Millions of Ontarians buy lottery tickets each week, but few ever consider the ramifications of actually winning. Here's what you should do if your numbers are called.

BY: KIM HUGHES

It's the glittering dream chased by millions week after week: finally winning the lottery. Just imagine the freedom, to pinch the tagline, that a cool, tax-free \$1 million or \$10 million or—gasp—\$50 million would actually bring. Forget the prosaic stuff like paying off credit-card debt or upgrading your rust bucket—though that would almost certainly happen in short order, followed by some combination of exotic travel, lavish gift-giving, and hedonistic shopping sprees.

In all seriousness, if your lottery numbers actually came up, what is the first thing you should do, especially if you win a monstrous sum like one of those multi-million Lotto Max purses? Quit your job? Hire a lawyer? Claim the prize immediately or stay low for a month or two until it's finally sunk in?

Given the frequency of wins in Ontario—a total of 16 \$1 million prizes were given out across all games in November, for example—these are questions worth asking now while your cooler head prevails.

We sought enlightenment from various professionals; maybe you'll be lucky enough to need this advice one day. And if you're already heading down to the Toronto Prize Centre at 20 Dundas St. W. with a signed and winning ticket in hand, here's the précised version of our story: Don't make any hasty purchases. And maybe go see a counselor.

What the shrink says:

"Do nothing, absolutely nothing—at least not at first," offers Toronto psychotherapist Kali Hewitt-Blackie, who has never won a lottery but says she is well-equipped to handle it should the Lottery Fairy be reading this.

"It's the equivalent of a total shock, almost like post-traumatic stress disorder. I am being somewhat facetious but, anytime there is a massive change, you require a digestion period.

“It’s also tied to self-identity,” she adds. “If you buy all the things you can now buy, you’re setting yourself apart from other people and having a ‘not me’ experience. It could almost be like survivor guilt, like when people survive a plane crash. It would be winner’s guilt, which probably drives people to give away piles of money because they feel they didn’t do anything for it.”

While Hewitt-Blackie is reluctant to suggest precisely how long a person should wait before claiming a prize or going hog-wild—and you have exactly one year from the date of the draw before unclaimed winnings are handed over to the provincial government—she adds that “anytime something is done impulsively, it’s usually not a thoughtful plan.”

What the accountant says:

Perhaps not surprisingly, the most sobering advice comes from the fellow who deals with Canada Revenue Agency for a living.

“Seek counsel from the most trusted advisor you can think of who would also be the most objective person under the circumstances,” offers Ken Sloan, CA with Mississauga’s Jarvis Ryan Associates. Sloan also notes that, while lottery winnings in Canada are not considered taxable income (unlike in the U.S.), any gains on that money in the form of interest are.

“The government isn’t dumb,” Sloan intones, “and I’m sure they are fully aware of who lottery winners are and if, in a few shorts years, they don’t see significant upturn in someone’s income—most likely from investments—they’d want to investigate further and find out why not.

“A windfall coming in the middle of an otherwise ordinary life is a big deal, and to suddenly change one’s life completely probably shows poor judgment,” Sloan adds, noting—as several of our experts did—that a win of \$1 million in today’s economy, though impactful, would not be insanely life-altering. In that scenario, folks are ill-advised to quit their jobs even after they paid off debts.

“But then,” adds Sloan, “ask me after I’ve won my own lottery. You have to assess your situation individually. You’d be foolish to make rash lifestyle changes very quickly.”

What the OLG says:

“It is a smart thing to find someone to help you deal with the winnings before you come in,” says Sarah Kiriliuk, media-relations manager with the Ontario Lottery and Gaming Corporation, the government body responsible for 24 gaming sites and sales of lottery products across the province, and which hands out approximately \$1.7 billion in prizes every year.

However, Kiriliuk—who has encountered thousands of stunned winners in her three years at OLG—adds that “you don’t need to have legal or financial advice to claim your prize. You can, but that can always happen afterwards. We also suggest coming in sooner rather than later because, obviously, the sooner you deposit that cheque, the quicker you’ll start earning money on it.” (And paying taxes on those earnings.)

Kiriliuk continues: “We don’t provide financial or legal advice or make recommendations. But that’s not a negative thing; it’s about the fact that winnings are absolutely your money to do with what you want.”

The OLG will help organize an escort to deliver you and your winnings to your bank en route from the Prize Centre. “Some people feel scared walking around with a cheque for \$50 million in their pocket,” Kiriliuk laughs, before adding that a \$16 million ticket sold last June in Hamilton remains unclaimed and “we really want to give that money to the right person.”

What the investor says:

For Wolfgang Klein, portfolio manager with Canaccord Wealth Management, the lottery-win question isn’t theoretical. “I actually had a client who won a couple of mill in Lotto 649,” howls the frequent TV commentator.

“I’d advise two things. First, don’t feel guilty. You bought the ticket, it won, don’t feel that you have to give it away. And two, learn about money and how it can grow and produce fruit.

“Be sure to hire a professional to work with you. There are a lot of different choices you can make

with your money and, as your money starts to make money for you, your tax situation is going to change.

“One other thing,” Klein adds. “Don’t feel like you have to give it to your kids or grandkids. They’ll start to feel like they don’t have to work as much and that can make it a bit of a burden.” Sorry, Junior.

What the legal eagle says:

“Three things first and foremost,” offers Toronto lawyer Walter Stasyshyn, speaking specifically to multimillion-dollar sums. “One, take your money, pay off all your debts, and then park it in a GIC or a bond or something that’s locked up for six months to a year.


“Next, get psychological and career counseling and really think this through. What’s the psychology behind having that kind of money, and how do you deal with all the new friends who will inevitably line up at the trough? Career counseling can help you understand what to do with the rest of your life. Is it travel, setting up your own business, investing? How will your life unfold and how can you best fulfill your aspirations?

“Finally,” adds Stasyshyn, “seek out a really reputable wealth-management consultant. Any fool can spend money, especially on depreciating assets. What you need to do is find a path to grow and maintain your wealth. Because if you play it right and invest that money—and figure out how to cope with all the external pressures—you could have a fantastic lifestyle for the rest of your life.”

Have you ever won a lottery? What did you do afterward? Let us know in the comments section below.

TAGS *Gambling, Kali Hewitt-Blackie, Ken Sloan, Lottery, Money, Ontario Lottery and Gaming Corporation, Sarah Kiriliuk, Walter Stasyshyn, Wolfgang Klein*

post a comment 

Latest 

Rick

I'd piss it all away on pinwheels and a Sombrero.

 0  0

1:42 am on July 1, 2014

 Reply  Report

Anonymous

- 1) Call the Lottery office to do the pickup of the winnings the best way possible.
- 2) Deposit winnings the best way possible.
- 3) In a spreadsheet, figure out what percentages you want to give to whom, for example ...
 - A) 10 Charities get 1% each via a trust fund in perpetuity.
 - B) My wife gets up to 1 million to do with as she pleases.
 - C) I get up to 1 million to do with as I please.
 - D) We use up to 1 million to pay off all our debts, buy a piece of land in the location of our choice, build our dream 1700 sq ft bungalow on it, buy two new cars (an Equinox & a Regal), and take a dream vacation to either PEI, Victoria, or the Bahamas. (The other two can be next year, and the year after.)
 - E) Put up to 1 million each in an income generating mutual fund, managed by different financial advisers, for annual income henceforth.
 - F) Give anybody that sent us a Christmas card or a Christmas email up to \$1 million.
 - G) If anyone asks, "All of the money is already locked up in different investments, and working hard for us."

 5  4

1:25 pm on December 18, 2013

 Reply  Report

Austin

It's sad how much I think about this 😞 In any case, the very first thing I'd do is cancel my phone and my social site accounts and inform my closest friends and family that I'm going off the grid for a bit. Unfortunately you hear so many horror stories of lottery winners getting harrassed by 'friends' and distant relatives that they go into hiding (Exhibit A: The Portugese Butcher who won 10 mil and gave away chickens). This is the time when you get to separate your real friends from the pretenders.

 13  0

12:24 pm on December 12, 2012

 Reply  Report

Steve_YYZ

Everybody seems to overthink the problem. I'm really quite modest in what I'd do with a mega-lottery win. Take the cheque to a bank and lock it up in a 30-day rollover. Keep about \$10,000 in cash and put most of it on my credit card as a pre-payment. Then it's off to my favourite Caribbean city that I've been to many times before. Where I feel comfortable but few know me and for sure nobody would know I'm a winner. All I'm going to take besides my regular travel stuff is a notepad, pen and calculator. I'm going to sleep in and de-pressurize from the rat-race. Eat well, but healthy foods. Take some nice seaside walks and just spend a month thinking about my future, my friends and what I'm going to do with the money. No lawyers, accountants, advisors and others who will want their slice of the pie for their advice. Just some thoughtful relaxation for a month. Then I'll come home and begin the first day of the rest of my life based on what I've determined I'd like to do.

 39  5

10:00 am on December 12, 2012

 Reply  Report

 u

best advise ever.

 5  0

11:40 am on October 10, 2013

 Report

Anonymous

Hit the nail right on the head!
Awesome stuff!

 1  0

2:10 pm on January 26, 2014

 Report

beentheredonethat

The lawyer is the first stop. If you haven't got a will, you better get one now.

Pay your debts off.

Whatever you do, keep the investment options simple. I've seen too many winners blow it all on a) get rich quick schemes b) unscrupulous 'financial advisors' c) incredibly bad judgement in trusting people – you'd be amazed at how perceptions change once you're rich.

By all means, take a chunk of your winnings and blow it on whatever you want.

But think about the rest of it and what it can do for you for the next 10-20-30 years...

oh yeah...no restaurants or bars. that's the get poor fast program for losers.

 13  2

10:47 pm on December 10, 2012

 Reply  Report

Rex

All good advice, except the financial advisor. Your first conversation should be with a lawyer or an accountant. You want someone in a regulated profession who is paid to give you advice, and who is bound to act in your best interest.

Financial advisors, wealth managers, etc. are salespeople. Their job is to invest your money, and in the process they earn a commission. Not saying they can't be helpful, but recognize that they are not impartial as to how you spend or invest your money.

 24  6

4:16 pm on December 10, 2012

 Reply  Report

 **dj**

they may be salespeople however in order to do so they've been trained and are regulated and one would hope acting in the best interest of their clients.

An accountant or lawyer doesn't know dick about how to invest money which is why they go to professionals for that themselves

 6  17

4:49 pm on December 11, 2012

 Report

lotto player turned lotto winner

my workplace lotto pool won over \$15,000,000, each of us got a cheque for \$441,365.06.

of course we were grateful, shocked and excited, most had payed off their mortgages, their kids' student loans/put away for their kids education fund, reno their homes, vacations esp to 'the old country' (oh i can hear the racist comments already). i only know of two people who actually bought a new home. .

except for those who were eligible for retirement, early or otherwise, the rest of us still work at our jobs. i,myself, work part time. in our line of work it will be years before i have enough seniority to have a chance at a full time position.

i didn't pay off my mortgage. i actually let the bank staff talk me out of for that for that money could be invested elsewhere, plus after the increased value on my condo after the reno, i still made a profit after legal, real estate fees and mortgage costs.

for some stupid reason i'm still taking the ttc, but i'm working on that (i know,i know should have

dealed with that BEFORE last winter) my budget for my car is \$12,000 hopefully closer to \$10,000 and used (after all new drivers always got into a crash in the first few years, so buying brand new doesn't any makes sense)

so what's really changed in my life? i take vacations every year and not staycations either, maxing out both my rrsp & tfsa, and of course donating thousands every year (believe it or not that's the best part, it makes me good and this may sound weird but it makes me feel more grateful for the win). also due to the physical demands of my occupation and my bad back, i do work less shifts per pay period, and plan to start volunteering again.

and yes the green eyed monster of envy reared its ugly head in the workplace, the (small) number of congratulations is grossly outnumbered by the number of comments of how the money won't last (duh! that's why we're still working), or how we will waste it. a co-worker whose religion forbids gambling, instead of congratulating us, said we should give her some money. already new rumors have started that our money is gone (gone as in wasted) ironically one of the people starting the new rumor, claims to having \$800,000 in home equity, that's almost twice our win, go figure. i purposely avoid talking what i did with my share of the winnings at work unless only other lotto pool members are in the vicinity, for me, it would feel cruel otherwise, can't say the same for others

oh btw, one of the comments was right about who to tell, i didn't tell most of my friends, for the very reasons mentioned, of course i told my family (had to tell somebody! but only after a few days, when some of the shock wore off enough to start thinking again)

 39  1

7:09 am on December 8, 2012

 Reply  Report

Social Mänge

I love, love, love your comment about donating thousands and that being the best part, how good it makes you feel. Thanks for putting a smile on my face and on the faces of the many who benefit from your generosity.

 8  1

12:50 pm on December 12, 2012

 Report

Miscreant

1. Call OGS and request to claim the ticket anonymously. You don't want your ugly mug all over the media announcing you've won a shit tonne that you don't deserve and didn't earn.
2. For a period of time, don't tell anyone except those absolutely closest to you, likely your partner if you have one, or perhaps your closest friend. Perhaps your parents, but only if you trust them and have a very good relationship with them.
3. Though a celebratory dinner with your partner of some sorts is surely required, don't take any of it too seriously yet. Think carefully about what you can do with this money. Can you invest it so that you can safely live on a relatively modest, pre-set amount, and just let the rest work on itself in the form of investments? Have you made enough that you can give 50% away to charity, another 25% to family/debts, and keep the 25% to live off of indefinitely? If not, arrange proportions accordingly. Hire an amazing accountant to help you do this.
4. For the next few months, think carefully about what this enables you to do, what your values are, and you would like it to change you and, more importantly, how you would like it /not/ to change you. During this time, try to keep everything in your life the exact same.
5. Consider never telling certain people in your life—especially your competition-friends (we all have them...you know what I mean)—that you've won this. Instead think about the (likely economic) conditions that have kept you in contact with these kinds of people (you know, job, shared lifestyle, etc.) and whether your new-found fortune allows you to change these conditions such that these friendships are obsolete and can no longer bring you down. If the answer to this question is 'yes,' phase them out of your life.
6. Do the opposite with your good friends: share with them your good fortune; help them if you can; but don't patronize, whatever you do. Good luck should be shared, always. After all, it's luck—why not use it to make others lucky, too?

7. Don't change who you are. Be humbled; you got lucky, you deserve none of this.

 24  6

5:19 pm on December 7, 2012

 Reply  Report

 **Nick**

OLG in Ontario will not let you claim the lottery anonymously as stated in their terms and condition. They will publish your name at a minimum as they cite this is how they are transparent to the public that there actually are winners and that the money doesn't go in a back pocket.

 15  0

9:41 am on December 12, 2012

 Report

Yet another Dave

Here's my advice:

1. If you want to share any of your winnings, write the person on the ticket before taking it in, along with the percentage. For instance, you win a million and want to give you Dad a hundred grand. Write his name on the ticket as a 10% stakeholder. That way he shares in the win tax free. If you cash the ticket and then give him the money, he'll be taxed on it.
2. Once you've confirmed the ticket, but before you've gone down to the office, get your life in order. Me, I'd cancel my internet and phone, sell my house, buy a ticket for a month long vacation and hire a Lawyer.
3. Once I return from the vacation I'd instruct my Lawyer to register a numbered company and through that company I'd buy a nice loft downtown. I'd get a new phone, internet, TV, etc through the company without my name on anything.

By undertaking the above, you can avoid having people hunting you down to beg for money. If you wish to give away money, simply do it through the Lawyer.

 9  9

2:55 pm on December 7, 2012

 Reply  Report

 **TTT**

rather than going to that extent, you can also establish a blind trust and have a lawyer collect your winnings for you on behalf of the trust – so that it's totally anonymous. that way no one knows that you won, and i hear the best advise about winning the lottery is "TELL NOBODY... not even your family".

 10  6

3:58 pm on December 7, 2012

 Report

 **Rex**

I agree that I'd talk to a lawyer first (or an accountant is fine — point is not a 'financial advisor' or anyone who works on commission!), but you're misinformed about tax law. A gift to your dad would never be taxed. Gifts aren't a taxable source of income for CRA purposes. Furthermore, the OLG isn't going to recognize whatever you happen to scribble on the winning ticket. They pay the winner, and you deal with any downstream payments.

 8  3

3:54 pm on December 10, 2012

 Report

shmengy

You are incorrect about being taxed on the money. Gifts are non-taxable. If you're not paying someone for a service, you can give them as much money as you like, tax-free

 15  0

9:33 am on December 12, 2012

 Report