



How to manage a sale's proceeds

Selling your business is usually a cause for celebration. But coming into sudden wealth can also bring other, less positive emotions. As Spike Godwin of Arbuthnot Latham explains, taking your time to understand the impact of new wealth will help you to feel more in control.

A sizeable financial windfall marks an important step in life, and the sale of a business is often the culmination of an entrepreneur's life's work. But dealing with this sudden wealth can be a challenge, both financially and psychologically. People are often overloaded with information, tips and suggestions from friends and family, and working out what to do can be a confusing process. Failing to plan properly can limit your choices, so it is always best to think ahead to ensure you find the right solutions for your and your family's future.

How sudden wealth can affect people

For many people, sudden wealth comes as the result of great personal achievements and hard work is seen as a cause for celebration; for others, it can be overwhelming. Some people experience what we call sudden wealth syndrome where they feel guilty, worried and uncertain. It can make them less trustful of others.

Irrespective of how you feel about your recently acquired wealth, there are certain pitfalls to be aware of. Not everyone reacts in the same way, but it is important to have a clear wealth purpose to make sure you achieve what you want from your wealth.

Key considerations for dealing with sudden wealth

- **Patience and time**
Don't rush into your next steps. Ignore anyone who offers instant solutions or requests quick decisions.
- **Discretion and confidentiality**
Consider establishing a new relationship with expert professional advisers who are used to dealing with people in your circumstances.

- **Take the opportunity to celebrate the moment**
Immediate purchases can be a great way to mark your success.
- **Get the right advice**
Speak to family, friends and professional advisers about your ambitions.
- **What is your wealth purpose?**
Do you want to spend it all before you die, use it to educate the next generation or start a legacy for social good? Take the time to think through what is most important to you.
- **Educate yourself on the options open to you**
There is a massive distinction between an informative discussion and a sales pitch. Approach a range of providers – but not too many – to review your options. And initially focus on educating yourself, rather than making decisions. Take your time to develop an understanding of tax matters, investments, estate planning and new significant luxury items you may wish to buy.
- **Consider the now**
Work out what your cash flow needs are, both now and for the future.
- **Communicate**
Talk with those around you about the decisions you have made so that they know what you're doing and why.
- **Monitor and manage**
Make sure you understand your financial plans and check in regularly to ensure things are working well for you.

Contact us

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