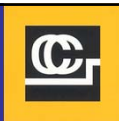




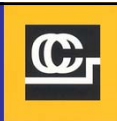
# Planning for a Financial Windfall

Presented by:  
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Senior Vice President  
Chemung Canal Trust Company



## Discussion Objectives

- Identifying the issues
- Evaluating your new financial position
- Considering the impact on your financial goals
- Hiring professionals to assist you



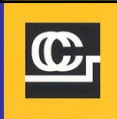
## Now What?

- Spend It
- Save It
- Pay Off Debt
- Invest It
- Give It Away
  - ✓ Family
  - ✓ Friends
  - ✓ Charities



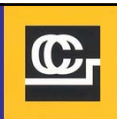
“The primary cause for failure  
is lack of planning...”

- *Small Business Administration*



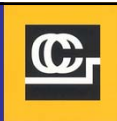
## Take Your Time...

- Old Adage – People spend more time planning their vacation than their financial future.
- Be careful of distant relatives, friends and others who will come out of the woodwork.
- Don't let your emotions overshadow your common sense.
- Don't create or adopt a lifestyle you cannot sustain.



## ...But Don't Wait

Park the money in a liquid, interest-bearing account, so that you continue to earn a return while you work through the decision making process.



## Take Stock of Where You Are

- Inventory assets (*everything you have - property, investment accounts, retirement accounts*).
- Inventory debt and its terms (*interest rate, fixed or adjustable, tax deductible, years to maturity*).
- Check your credit score.
- Review insurance coverages, and other legal documents.



## Look to the Future

Short term goals – now to 3 years

Mid term goals – 3 to 6 years

Long term goals – 6+ years

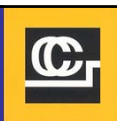
THINK OUTSIDE THE BOX!!



## Implications of a Financial Windfall

What effect will the financial windfall have on...

- Current Cash Flow?
- Investments?
- Insurance?
- Taxes?
- Retirement Plan?
- Estate Plan?



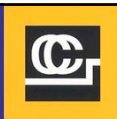
## Cashflow Planning

- Lump Sum Lease Payment
- Royalty or Other Monthly Income



## Investment Planning

- Determine your goals
- Set aside a cash reserve
- Determine your time horizon & risk tolerance
- Diversification is essential
- Dollar Cost Averaging



## Insurance Planning

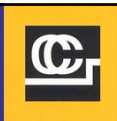
Have a thorough insurance review completed

- Health Insurance
- Umbrella Liability Policy
- Property/Casualty Coverage
- Life Insurance



## Tax Planning

- Income Taxes
- Capital Gains Taxes
- Estate Taxes



## Retirement Planning

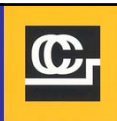
- Establish your retirement goals
  - Retirement Age
  - Lifestyle
- Determine how much you'll need to retire
  - Total Assets
  - Monthly or Annual Income
- Develop a plan that will help you achieve your goals
- Are your goals attainable?



## Estate Planning

### Current Estate Tax

- Federal
  - 2010 – No Estate Tax
  - 2011 – Estate Tax Returns @ \$1,000,000 Exclusion
- New York State
  - \$1,000,000 Exclusion



## Estate Planning (cont'd)

### Minimize Taxes & Efficiently Transfer Wealth Upon Death

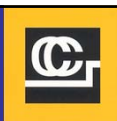
- Wills & Trusts
- Family Limited Partnerships (FLPs)
- Limited Liability Companies (LLCs)
- Specialized Real Estate Planning
- Charitable Giving





## Form Your "Team"

- Attorney
- Accountant
- Investments
- Insurance



## Consider Help From An Independent Advisor

- Look for objective high quality advice.
- Ask:

Experience	Qualifications
Services	Regulatory oversight
Cost	Disciplinary history
Approach	Referrals



## Review Your Plan on a Regular Basis

- At least annually
- As your situation changes
  - Goals
  - Time Horizon
  - Employment
  - Birth or Death
  - Market, Economy or Tax Laws



Questions?



Thank You  
from  
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