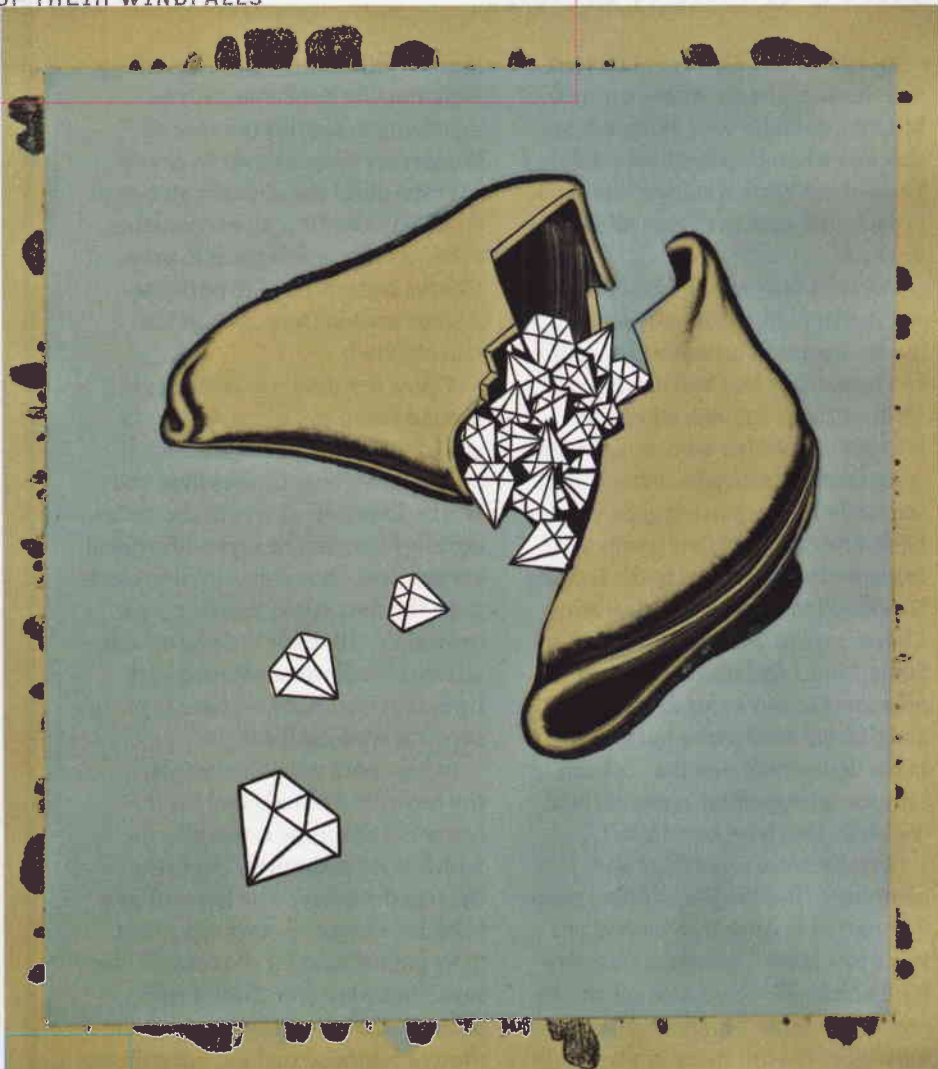




BY KATE ASHFORD

Money Changes Everything

IT'S NOT EVERY DAY THAT CASH DROPS IN YOUR LAP. THREE FINANCIAL WIZARDS HELP THREE NEWLY AFFLUENT WOMEN MAKE THE MOST OF THEIR WINDFALLS



An extra \$100,000 to play with should be fun, right? (That's why lottery tickets were invented.) It could seed a new business, make a substantial down payment on a beach house, go toward an extra year of easy retirement, pay for a month in Tuscany. But how you get the money turns out to be just as important as how much it is and what you do with it.

Our generation is part of what's expected to be the largest intergenerational wealth transfer in history. Of course, that money comes with emotional strings: The pleasure of an inheritance can be tempered by grief or guilt. Even if no one died, the thrill of a settlement or severance can be darkened by divorce or job loss. Although plenty of midlife women would know exactly what to do with a windfall, others are stymied. "What often happens is that the person who comes into the wealth is deathly afraid of changing

Could a fortune be in your future? Read this.

what she's got, or she won't invest it in anything but money markets and CDs," says Micalah Porter, a financial planner in Atlanta. "And that won't give her the return she needs."

More found three women soon after they got sudden windfalls and asked them to tell their stories. Whether by accident or design, all were doing the right thing:

nothing. "You need to let the money sit while you consider your priorities and goals," says Susan Bradley, certified financial planner and founder of the Sudden Money Institute. "Only make essential decisions, like how to pay the taxes." We put them in touch with financial advisers to help them figure out what to do next—and they

ILLUSTRATIONS: DANIEL BEJAR



MONEY CHANGES EVERYTHING

ended up with sound advice on dealing with large sums of money.

A job loss with a silver lining

SUSAN* 52 | Atlanta, Georgia

HER WINDFALL \$700,000

WHERE SHE GOT IT Severance package, stock options

HER GOALS Start a business, continue to support her parents and help out with her grandchildren's college savings

Susan was a vice president of a major insurance company until about a year ago, when her division was sold. She left with roughly \$200,000 in severance and \$500,000 in stock options. "I've tried to look at this as a great opportunity to figure out what I want to do next," she says. Susan decided she'd like to start her own financial planning business. "It's very scary," she says. "I've been employed full-time since I was a teenager. I'm basically starting from scratch."

She's not in any debt beyond her mortgage, and she has more than \$1 million in retirement savings, but she has been spending freely. She fulfilled a lifetime ambition and rented an apartment in Manhattan for a year (in addition to maintaining her house in Atlanta), and she took trips to Jackson Hole and California. Now she has gone through all but \$40,000 of her severance package, and her stock options begin expiring in March. In addition to her other expenses, Susan pays \$400 a month for her elderly parents' health insurance and sends them roughly \$5,000 beyond that each year, an expense she considers nonnegotiable.

* This name has been changed.

THE EXPERTS SAY ...

SANDRA FIELD

Certified financial planner, president, Asset Planning Inc., Los Alamitos, California

FUND AN IRA. Since Susan wasn't involved in a 401(k) plan this year, she could make a full \$5,000 IRA contribution, and the tax deduction will help her come April.

SAFEGUARD THOSE STOCK OPTIONS. Susan should set limit orders—orders to sell a certain

"I'm looking at this as a chance to figure out what I want to do next," Susan says. "I'm basically starting from scratch."

number of shares when a stock's price reaches a specified number. **DON'T FORGET AN EMERGENCY FUND—FOR HER PARENTS.** They don't have a long-term care policy, and Susan is helping to support them now. Medicare offers very little toward in-home health care, and nursing homes can be expensive. As Susan runs through her stock options to support her new business, she should put money aside to cover a worst-case scenario.

MICAH PORTER

Chartered financial analyst, president, Minerva Group, Atlanta, Georgia

UNDERESTIMATE ANY FUTURE EARNINGS. Typically, the type of

person who starts a small business is pretty optimistic, especially regarding the money she'll be pulling in. When Susan predicts what she's going to make, she should start with a conservative number, then cut it in half. That way, if business isn't up to the level she expected, she won't have to dip into her reserves.

GET A GRIP ON TAXES. With large lump-sum payments, such as Susan's severance package, "You don't want to get to the end of the year and find out there's a tax liability you didn't expect," Porter says. Susan should talk to an accountant now to know what she'll owe.

STACIE QUIGG

CFP, CCP Inc. Financial Planning Services, Palatine, Illinois

EXERCISE THE OPTIONS EARLY.

Susan's stock options aren't all due to expire until 2011, but her income will likely be pretty small until she gets her business established. So it's probably in her best tax interest to exercise the majority of the options in the next two to three years, even if the stock is off its high. That way, the stock options will make up the majority of her income while she's in a lower tax bracket.

IDENTIFY NEEDS VERSUS WANTS.

As Susan pares down her expenses, it will help to identify the fixed outlays and the nonessentials. Providing financial support to her parents isn't optional, but putting money toward her grandchildren's college fund could wait.

Real estate paying off

LAURA 43 | Springfield, Virginia

HER WINDFALL \$60,000

WHERE SHE GOT IT Her condo appreciated →



MONEY CHANGES EVERYTHING

HER GOALS Buy a single-family home, save for retirement and pay off student loans

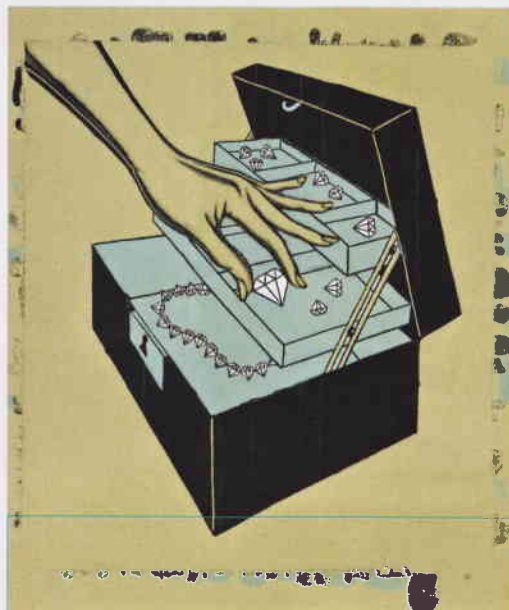
About three years ago, Laura bought a one-bedroom condo for \$110,000 and then watched, bemused, as the value quickly shot up to more than \$200,000. "It was really fun to see the price just keep going up and up and up," she says. Now married and five years out of law school, she lives with her husband in a two-bedroom condo and has been renting out her other place. Laura figures that even with the equity loan she took out on the one-bedroom (which she used to pay off debt), she could clear some \$60,000 if she sold it. She and her husband would like to buy a house, but she's afraid of getting burned in today's volatile real estate market. "I don't want to put everything I own into things that could lose value," Laura says. And since her rental property is hers alone (premarriage), she'd like to put those proceeds toward something personal.

THE EXPERTS SAY . . .

SANDRA FIELD

STUFF MORE INTO RETIREMENT. Laura is currently maxing out her 401(k) contributions, but with a current balance of only about \$22,000, she's got a ways to go. In addition to her 401(k), she should put \$4,000 into an IRA for both the 2007 and 2008 tax years. (A Roth IRA would be better, but she and her husband make more than the \$166,000 cutoff to qualify.)

PRETEND TO HAVE A BIGGER MORTGAGE. A single-family home in her area will run Laura and her husband a great deal more than the two-bedroom condo. They should start putting an extra \$600 or \$700



Lock up your new money and throw away the key? Or blow it all on something gorgeous? Wouldn't we love to have to make that decision!

into savings each month to simulate higher mortgage payments, help them trim expenses and fund the down payment.

SET UP AN INVESTMENT FUND.

After starting an emergency account, paying off her student loans and funding a couple of IRAs, Laura will have enough left to put into an investment portfolio. "She could set up an account," Sandra says. "Something low risk and with as much return as she can get on it."

MICAH PORTER

DON'T LET THE HOUSING MARKET SCARE YOU. Laura may get less if she sells the condo, but she and her husband will likely realize those savings on the house they buy.

COMPARE THE CONDO TO A STOCK.

To help her make the sell-or-keep decision, Laura should figure out which investment would make her more money—stocks and bonds, which, with the right mix, typically

return nine to 10 percent a year, or the condo market in northern Virginia. If real estate is stagnant, it may be time to sell and put the money to work elsewhere.

STACIE QUIGG

DON'T CONSIDER IT A WINDFALL. This isn't really "found" money—it's appreciation of an asset, which is just proof of a good investment. Until you sell that asset, it's an unrealized gain. Don't count on it, and don't forget to calculate costs such as closing fees when you estimate your winnings.

SET UP AN EMERGENCY FUND.

The general rule is to put three to six months' living expenses in a fairly liquid account, like a money market account. If Laura sells the condo, she should use some of the proceeds to set one up.

PAY OFF UNSUBSIDIZED STUDENT LOAN DEBT.

Laura is carrying about \$30,000 in unsubsidized student loans with an interest rate of eight percent. Paying them off would be like getting an eight percent return on her investment, which is a pretty solid yield. After the emergency fund, the condo proceeds should go toward this.

An unexpected inheritance

MICHELLE | 50 | Dallas, Texas

HER WINDFALL \$600,000 plus roughly \$18,000 a month

(indefinitely) in gas interests

WHERE SHE GOT IT Her mother's estate

HER GOALS Retire; continue to pay for her own health insurance, since she's self-employed; give back to the community

When Michelle's mother died last March, Michelle was floored



assays conducted in mouse and rat. Rameleton was positive in the chromosomal aberration assay in Chinese hamster lung cells in the presence of S9 metabolic activation.

Separate studies indicated that the concentration of the M-II metabolite formed by the rat liver S9 fraction used in the *in vitro* genetic toxicology studies described above, exceeded the concentration of rameleton; therefore, the genotoxic potential of the M-II metabolite was also assessed in these studies.

Impairment of Fertility

Rameleton was administered to male and female Sprague-Dawley rats in an initial fertility and early embryonic development study at dose levels of 6, 60, or 600 mg/kg/day. No effects on male or female mating or fertility were observed with a rameleton dose up to 600 mg/kg/day (786-times higher than the MRHD on a mg/m² basis). Irregular estrus cycles, reduction in the number of implants, and reduction in the number of live embryos were noted with dosing females at ≥ 60 mg/kg/day (79-times higher than the MRHD on a mg/m² basis). A reduction in the number of corpora lutea occurred at the 600 mg/kg/day dose level. Administration of rameleton up to 600 mg/kg/day to male rats for 7 weeks had no effect on sperm quality and when the treated male rats were mated with untreated female rats there was no effect on implants or embryos. In a repeat of this study using oral administration of rameleton at 20, 60 or 200 mg/kg/day for the same study duration, females demonstrated irregular estrus cycles with doses ≥ 60 mg/kg/day, but no effects were seen on implantation or embryo viability. The no-effect dose for fertility endpoints was 20 mg/kg/day in females (26-times the MRHD on a mg/m² basis) and 600 mg/kg/day in males (786-times higher than the MRHD on a mg/m² basis) when considering all studies.

Pregnancy: Pregnancy Category C

Rameleton has been shown to be a developmental teratogen in the rat when given in doses 197 times higher than the maximum recommended human dose (MRHD) on a mg/m² basis. There are no adequate and well-controlled studies in pregnant women. Rameleton should be used during pregnancy only if the potential benefit justifies the potential risk to the fetus.

The effects of rameleton on embryo-fetal development were assessed in both the rat and rabbit. Pregnant rats were administered rameleton by oral gavage at doses of 0, 10, 40, 150, or 600 mg/kg/day during gestation days 6-17, which is the period of organogenesis in this species. Evidence of maternal toxicity and fetal teratogenicity was observed at doses greater than or equal to 150 mg/kg/day. Maternal toxicity was chiefly characterized by decreased body weight and, at 600 mg/kg/day, ataxia and decreased spontaneous movement. At maternally toxic doses (150 mg/kg/day or greater), the fetuses demonstrated visceral malformations consisting of diaphragmatic hernia and minor anatomical variations of the skeleton (irregularly shaped scapula). At 600 mg/kg/day, reductions in fetal body weights and malformations including cysts on the external genitalia were additionally observed. The no-effect level for teratogenicity in this study was 40 mg/kg/day (1,892-times and 45-times higher than the therapeutic exposure to rameleton and the active metabolite M-II, respectively, at the MRHD based on an area under the concentration-time curve [AUC] comparison). Pregnant rabbits were administered rameleton by oral gavage at doses of 0, 12, 60, or 300 mg/kg/day during gestation days 6-18, which is the period of organogenesis in this species. Although maternal toxicity was apparent with a rameleton dose of 300 mg/kg/day, no evidence of fetal effects or teratogenicity was associated with any dose level. The no-effect level for teratogenicity was, therefore, 300 mg/kg/day (1,862-times and 99-times higher than the therapeutic exposure to rameleton and M-II, respectively, at the MRHD based on AUC).

The effects of rameleton on pre- and post-natal development in the rat were studied by administration of rameleton to the pregnant rat by oral gavage at doses of 0, 30, 100, or 300 mg/kg/day from day 6 of gestation through parturition to postnatal (lactation) day 21, at which time offspring were weaned. Maternal toxicity was noted at doses of 100 mg/kg/day or greater and consisted of reduced body weight gain and increased adrenal gland weight. Reduced body weight during the post-weaning period was also noticed in the offspring of the groups given 100 mg/kg/day and higher. Offspring in the 300 mg/kg/day group demonstrated physical and developmental delays including delayed eruption of the lower incisors, a delayed acquisition of the righting reflex, and an alteration of emotional response. These delays are often observed in the presence of reduced offspring body weight but may still be indicative of developmental delay. An apparent decrease in the viability of offspring in the 300 mg/kg/day group was likely due to altered maternal behavior and function observed at this dose level. Offspring of the 300 mg/kg/day group also showed evidence of diaphragmatic hernia, a finding observed in the embryo-fetal development study previously described. There were no effects on the reproductive capacity of offspring and the resulting progeny were not different from those of vehicle-treated offspring. The no-effect level for pre- and post-natal development in this study was 30 mg/kg/day (39-times higher than the MRHD on a mg/m² basis).

Labor and Delivery

The potential effects of ROZEREM on the duration of labor and/or delivery, for either the mother or the fetus, have not been studied. ROZEREM has no established use in labor and delivery.

Nursing Mothers

Rameleton is secreted into the milk of lactating rats. It is not known whether this drug is excreted

in human milk. No clinical studies in nursing mothers have been performed. The use of ROZEREM in nursing mothers is not recommended.

Pediatric Use

Safety and effectiveness of ROZEREM in pediatric patients have not been established. Further study is needed prior to determining that this product may be used safely in pre-pubescent and pubescent patients.

Geriatric Use

A total of 654 subjects in double-blind, placebo-controlled, efficacy trials who received ROZEREM were at least 65 years of age; of these, 199 were 75 years of age or older. No overall differences in safety or efficacy were observed between elderly and younger adult subjects.

ADVERSE REACTIONS

Overview

The data described in this section reflect exposure to ROZEREM in 4251 subjects, including 346 exposed for 6 months or longer, and 473 subjects for one year.

Adverse Reactions Resulting in Discontinuation of Treatment

Six percent of the 3594 individual subjects exposed to ROZEREM in clinical studies discontinued treatment owing to an adverse event, compared with the 2% of the 1370 subjects receiving placebo. The most frequent adverse events leading to discontinuation in subjects receiving ROZEREM were somnolence (0.8%), dizziness (0.5%), nausea (0.3%), fatigue (0.3%), headache (0.3%), and insomnia (0.3%).

ROZEREM Most Commonly Observed Adverse Events in Phase 1-3 trials

The incidence of adverse events during the Phase 1 through 3 trials (% placebo, n=1370; % rameleton [8 mg], n=1250) were: headache NOS (7%, 7%), somnolence (3%, 5%), fatigue (2%, 4%), dizziness (3%, 5%), nausea (2%, 3%), insomnia exacerbated (2%, 3%), upper respiratory tract infection NOS (2%, 3%), diarrhea NOS (2%, 2%), myalgia (1%, 2%), depression (1%, 2%), dyspepsia (1%, 2%), arthralgia (1%, 2%), influenza (0, 1%), blood cortisol decreased (0, 1%).

Because clinical trials are conducted under widely varying conditions, adverse reaction rates observed in the clinical trials of a drug cannot be directly compared to rates in clinical trials of other drugs, and may not reflect the rates observed in practice. The adverse reaction information from clinical trials does, however, provide a basis for identifying the adverse events that appear to be related to drug use and for approximating rates.

DRUG ABUSE AND DEPENDENCE

ROZEREM is not a controlled substance.

Human Data: See the **CLINICAL TRIALS** section, **Studies Pertinent to Safety Concerns for Sleep-Promoting Agents, in the Complete Prescribing Information.**

Animal Data: Rameleton did not produce any signals from animal behavioral studies indicating that the drug produces rewarding effects. Monkeys did not self-administer rameleton and the drug did not induce a conditioned place preference in rats. There was no generalization between rameleton and midazolam. Rameleton did not affect rotarod performance, an indicator of disruption of motor function, and it did not potentiate the ability of diazepam to interfere with rotarod performance.

Discontinuation of rameleton in animals or in humans after chronic administration did not produce withdrawal signs. Rameleton does not appear to produce physical dependence.

OVERDOSAGE

Signs and Symptoms

No cases of ROZEREM overdose have been reported during clinical development.

ROZEREM was administered in single doses up to 160 mg in an abuse liability trial. No safety or tolerability concerns were seen.

Recommended Treatment

General symptomatic and supportive measures should be used, along with immediate gastric lavage where appropriate. Intravenous fluids should be administered as needed. As in all cases of drug overdose, respiration, pulse, blood pressure, and other appropriate vital signs should be monitored, and general supportive measures employed.

Hemodialysis does not effectively reduce exposure to ROZEREM. Therefore, the use of dialysis in the treatment of overdose is not appropriate.

Poison Control Center

As with the management of all overdoses, the possibility of multiple drug ingestion should be considered. The physician may contact a poison control center for current information on the management of overdoses.

Rx only

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540-8645 Osaka, JAPAN

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One Takeda Parkway
Deerfield, IL 60015

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to learn that she'd be inheriting more than half a million in cash and receiving between \$12,000 and \$24,000 a month from her mother's gas interests. Michelle has no idea what to do with all that cash, although she has used some of it to pay the balance on her credit cards. "When I paid off my debt, it was 'Thank you, God' and 'Thank you, Mama,'" Michelle says. "She always took care of me."

Money wasn't exactly free-flowing when Michelle was growing up. "My mother would buy one pair of good pants and one good white blouse, and she'd take very good care of them," Michelle says. "She saved the good towels for special occasions and drank orange juice out of Flintstones jelly glasses. She lived a very frugal life." Michelle, who is single and has no kids, owns a promotional sales company and would like to be able to retire early and spend more time volunteering. "I do not want to be that person who blew such an unexpected gift," she says.

THE EXPERTS SAY...

SANDRA FIELD

DON'T INVEST IT ALL AT ONCE.

"Michelle falls into the category of people who would be mortified if they squandered an inheritance," Field says. "She's very different from a lottery winner. She's going to have an emotional attachment to the money." To make things easier, Michelle should work with a financial adviser to figure out how much to invest. Then, she should invest the first third of that amount now, the second third in six months and the last third in one

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Work

MONEY CHANGES EVERYTHING

Michelle was floored to learn she'd be inheriting half a million plus some \$18,000 a month from her mother's gas interests.

year. That way, a volatile market won't wipe her out, and the process will help Michelle get used to investing.

KEEP WORKING. "One million isn't what it used to be," Field says. Michelle still owes \$200,000 on her mortgage, and she doesn't know yet how long her mother's gas interests are going to provide income. An adviser can help her find the magic savings number at which she can quit her job.

WRITE A VERY SPECIFIC WILL. Since Michelle has no spouse or descendants, she should make sure that she sets up a trust with designated beneficiaries and that she has a current will. "The worst thing is to not name exactly whom you want things to go to and let the state decide," Field says.

MICAH PORTER

FIND OUT HOW LONG THE ENERGY INTERESTS WILL LAST. If there's a way to estimate the lifetime of the gas lease, Michelle should do it. "That will play a huge role in determining how quickly she can meet her financial goals," Porter says.

REVISIT PERSONAL GOALS. Michelle should sit down and map out her short-term goals (less than five years) and her long-term goals. (For help setting priorities, get a copy of the free "When in Transition" workbook, found in the Public section of suddenmoney.com.)

STACIE QUIGG

CONSULT A FEE-ONLY FINANCIAL PLANNER. Since they don't get commissions, they're more interested in making you money than in selling you a product. Find one at napfa.org.

START WITH DOLLAR COST

AVERAGING. Easing herself into the market, Michelle might invest a set amount of money on a regular schedule. When prices are low, she'd purchase more shares. When prices are high, she'd buy fewer.

Then there's the big surprise

Even if you don't have a lump sum to invest right now, you can hope to get as lucky as Elizabeth Gibson, 54, of New York City. Four years ago, she was on an early morning stroll when she spotted a vividly colored painting that had been left out with the trash. She started to pass on by—but something about the painting compelled her to take it home. "The next day I asked the doorman how long it had been out there, and he said 20 minutes," she remembers. "And he told me that 20 minutes after I took it, the garbage man came."

Last May, Gibson learned the painting was a stolen twentieth-century masterpiece by Mexican artist Rufino Tamayo, worth \$1 million. By returning it, Gibson gets more than \$15,000. "I want to use some of it while I write a book," she says, "and if it's a best-seller, then I'll get a face-lift!" **M**