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# Don't Spend it All in One Place:
## 8 Dumb Things You Do When You Inherit Money

By Kathryn Tuggle

When you come into a lump sum of money, Ponzi schemes and yachts aren't the only bad investments out there. Here's a look at eight things you should never do when you inherit money.

**1. Delay paying your taxes.**
If you inherit a lump sum, you could have a huge tax liability on your hands, says Kurt Fillmore, president of Wealth Trac Financial Group.

"If someone leaves you an IRA and you cash it out all at once, you're going to have to pay those taxes," he says. "You may think, 'Oh, I have a lot of money, we won the lottery,' but then you will have spent everything without thinking about the future."

**"Think about what that money could do for you in the future. If you buy a car, it's going to be gone in seven years."**
*Kurt Fillmore*

When you get an inheritance, you may be going through a grieving period, notes Will Waldner, an attorney in New York City. Taxes may be the last thing on your mind. But it's something that needs to get settled quickly.

**2. Pay off your house.**
When there's ample money in the bank, it can be very tempting to pay off your house and sit back and enjoy not having a monthly mortgage, Fillmore says. Although this can be fulfilling emotionally, it's not the smartest decision financially.

"Paying off your house can make you feel rich, but when you look at where interest rates are today, you should be taking advantage of paying down that 30-year mortgage," he says. "When you get rid of the house payment, you're also getting rid of the tax advantage from that house."

Rather than putting your money into your home, Fillmore recommends investing in retirement assets.

"What you'll earn on that money over time will be worth a lot more than the satisfaction of paying off a house with a 3.5% mortgage rate," he says.

With that said, an inheritance can be wisely used to pay down "bad" debt, such as for credit cards and other high-interest debts that don't carry tax advantages.

**3. Try to make more money, quickly.**
"If someone is promising you an 8% return on investment or something ridiculous, it's probably not the right thing for you — or anyone," Waldner says.

If you hear of any investments "guaranteed" to pay more than 6%, it's likely very risky, illegal or possibly a scam.

"You need a safe investment that will earn a little each year, keeping pace with the market," Waldner advises. "You just need to be able to let it ride out and keep your mind off of it."

**4. Think you're an investment guru.**
Even though you may have a substantial amount of money in your possession, you're not going to become an investing expert overnight, Waldner cautions.

"Don't invest in a new business. Don't help a friend start a new business and don't try to manage your own mutual fund unless you've been running a mutual fund for the last 15 years and it's going nowhere but up," he says.

Whether it's inheritance, investments or income planning, Kurt and his team at Wealth Trac Financial can help you make informed decisions to ensure financial security in retirement. Call 888-519-9614 to learn more.

**5. Fail to set a beneficiary.**
Although you're probably more focused on what you want to do with your money than giving it away, if you don't have a beneficiary set up, do so immediately.

Accidents happen. "If you're single and you put all this money in an account with no beneficiary, what happens if you pass away? Who gets that money?" Waldner asks. "Unfortunately, your estate could end up going through probate, and there could be a lot of fighting and legal hassle involved."

**6. Get a timeshare.**

"Timeshares are the worst investment on the planet," Waldner says. "You can't give those things away."

Timeshares are an obligation for payment for "the rest of your life," he says. It may sound great now that you have money in the bank, but it could come back to bite you in a few years' time.

**7. Go on a spending spree.**

A fancy car may seem like a great investment right now, but consider the growth your money would have over time if you invested it instead, Fillmore says.

"Think about what that money could do for you in the future. If you buy a car, it's going to be gone in seven years. Just ask yourself what you'd rather have in the next few decades."

Any vehicle is generally a bad investment, Waldner says. Planes, cars, boats, jet skis, and other sport and recreation vehicles depreciate quickly and require an investment for upkeep.

"Unless you are a billionaire and have them housed in a garage that costs $200,000 a month, it's not a good investment," he says.

**8. Talk about how much money you inherited.**

Don't brag, Fillmore says.

"You hear of cases where people win the lottery and they end up having to move because they're being harassed," he says. "People from your past will suddenly want to be your best friend, but they are more interested in what they can get than they are in you."

Don't buy flashy, extravagant items and try to keep a low profile whenever possible.

***About Wealth Trac***

*Wealth Trac Financial Group is a full-service retirement planning firm based in Southfield, Mich., serving clients throughout the Detroit area. Led by principals Josh Alpert and Kurt Fillmore, the team at Wealth Trac uses a wide variety of strategies to create truly customized and individualized plans for each of their clients, ensuring financial security in retirement. To learn more, visit WealthTracFinancial.com.*