

# Your *Trust* Matters

June 2024 Newsletter



**MidWestOne**<sup>™</sup>  
PRIVATE WEALTH



**John Quinto**

2nd VP/Trust Officer  
Iowa City, IA  
319.356.5937

## Navigating Unexpected Wealth: The Power of Financial Planning

Imagine waking up one day to the news that you've inherited a significant sum of money from a distant relative or unexpected source. It's the kind of news that can leave you feeling a mix of excitement, disbelief, and perhaps even a touch of apprehension. While unexpected wealth can open doors to new opportunities and possibilities, it also comes with a unique set of challenges and responsibilities. That's where the importance of financial planning comes into play.

### Embracing the Opportunity

First and foremost, inheriting unexpected wealth is an opportunity—a chance to take control of your financial future and create the life you've always dreamed of. Whether it's paying off debt, buying a home, starting a business, or traveling the world, unexpected wealth can provide the means to turn your aspirations into reality.

However, without proper planning and guidance, this newfound wealth can quickly evaporate, leaving you no better off than before. That's why it's crucial to approach the situation with a clear head and a solid plan in place.

### Understanding Your Situation

The first step in navigating unexpected wealth is to gain a clear understanding of your financial situation. This means taking stock of your assets, liabilities, income, and expenses to get a comprehensive picture of where you stand. It's also important to consider any potential tax implications or legal obligations that may arise from your newfound wealth.

Once you have a clear understanding of your financial situation, you can begin to identify your goals and priorities. Do you want to use your inheritance to secure your financial future, support your family, give back to your community, or pursue your passions? By clarifying your goals, you can create a roadmap for how to best utilize and manage your wealth.

### Avoiding Common Pitfalls

When it comes to managing unexpected wealth, it's important to avoid common pitfalls that can derail your financial success. One common mistake is succumbing to lifestyle inflation, wherein you increase your spending to match your newfound wealth. While it's natural to want to enjoy the fruits of your inheritance, it's essential to strike a balance between enjoying your wealth and maintaining financial prudence.

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**MidWestOne.bank**

**Email: [privatewealth@midwestone.com](mailto:privatewealth@midwestone.com)**

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Another common pitfall is making impulsive investment decisions without fully understanding the risks involved. Before making any investment decisions, take the time to educate yourself about different investment options, seek advice from professionals, and consider how each investment aligns with your financial goals and risk tolerance.

### **Seeking Profession Guidance**

A solid financial plan is essential for making the most of unexpected wealth. Your financial plan should outline your short-term and long-term goals, as well as the strategies you'll use to achieve them. This may include budgeting, investing, saving, tax planning, estate planning, and charitable giving.

While it's tempting to dive headfirst into spending or investing your inheritance, it's important to take a thoughtful and strategic approach. Consider consulting with a MidWestOne Bank advisor who can provide expert guidance and help you develop a plan that aligns with your goals and values. By enlisting the support of a trusted team of professionals, you can make informed decisions and navigate the complexities of wealth management with confidence.

### **Enjoying the Journey**

Inheriting unexpected wealth can be a life-changing experience, but it also comes with a host of financial considerations and responsibilities. So, here's to embracing the opportunities that unexpected wealth brings and making the most of every moment along the way.

Cheers to your financial success!

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