

## **BENEFICIARY DISTRIBUTIONS: THE ACTIVE PAUSE**

A trust beneficiary can find themselves receiving an amount of money much larger than what they are used to. This windfall may come in the form of an inheritance or trust distribution. These life changing events are fraught with both opportunity and danger. The opportunity is to go through this stressful financial transition and come out the other end better in terms of family, security and money. The danger is that this new found wealth will be squandered.

The emotional upheaval caused by this type of financial transition requires a calm and cool response. It requires a stabilization process where a beneficiary doesn't make any decisions that they don't have to. It requires that they put their money in a safe haven so that they are given the time to make one good decision at a time. Some have called this time period a decision free zone but this is a misnomer because this time period is packed with important decisions. I call this crucial time of reflection an **ACTIVE-PAUSE**.

What is an active pause? Buddhist's describe an active pause as a meaningful pause where one can study his surroundings. One can take stock in where one is, assess a problem, settle on a future course of behavior and determine life's direction. Taoism defines an active pause as a basic law of nature combining supreme activity and supreme relaxation.

The active pause is the essence of your financial stabilization plan. The decisions that you make during this planning process are essential in effectively dealing with your windfall. What are the phases of the active pause process:

1. **Self-Reflection:** The importance of self-knowledge is crucial. Feel the emotions that your windfall brings. (Guilt, fear, elation etc...) Perhaps prayer or discussions with loved ones can bring clarity. Therapy may be an important tool in examining your needs and desires.
2. **Goal Setting:** What are my full range of possibilities both personally and financially? You can probably do anything you want but not everything you want.
3. **Financial Team Building:** Trusted advisors, not yes men and women. Objective third parties who can tell you exactly what you have? You need to find an attorney, CPA and financial planner. A team of experts who not only can give you sound advice but act as a buffer between you and the rest of the world. Your financial team will also help you establish your goals.

4. **Financial Planning Process:** Create a written financial plan that is consistent with your objectives. Your plan allows you to unify your personal and financial goals. A blueprint for making all future decisions.
5. **Personal Responsibility:** Don't give up control over your financial windfall. Your financial life is your responsibility. You assess the risks and rewards of your choices and you make all final decisions. It all starts with your financial education.
6. **Have Some Fun:** Happiness is the ultimate currency. The active pause is not about denial. There is no reason not to have some fun during this process. Using a small amount your windfall for a family vacation or buying a toy can help dedicate you to the process.

You may ask yourself, how long should my active pause process take? The answer is unique to every individual but some rules of thumb apply. Long enough for you to decide what you really want. Long enough for you to create and embrace your financial plan. Especially take as long as necessary to feel confident that you're spending and investing with purpose. Your active pause creates an environment where you can make informed decisions regarding your life and your money.

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