Congratulations on your big win!

Here is a detailed booklet that explains everything you need to know if you win a large jackpot. We realize that you have a lot on your mind. Take a moment to review and consider these highlights, sooner, rather than later.

➜ If you are concerned about people trying to contact you, consider changing your cell and home phone numbers or allow your voicemail to pick up calls for a few days.

➜ Interview at least three licensed attorneys and select the one you feel most comfortable with. An attorney can help protect you and your assets.

➜ Interview several Certified Public Accountants. Remember, you will have to pay taxes on your win. An accountant can make sure your taxes are in order year after year.

➜ If you plan to invest your money, do it wisely. You may consider the services of a qualified investment planner. Again, interview at least three and select the one you are most comfortable with.

➜ You may want to hire an attorney, an accountant and an investment planner from three different firms. You want them to act independently from one another.

➜ Remember—you are the boss. They work for you!

➜ You will receive many offers to donate, invest or downright give away your money. Always consult your expert professionals.

➜ Spending fast and furious will only leave you fast and furiously broke. Be careful with your newfound wealth!

➜ There will be immediate interest in your story. History tells us the media will likely attempt to contact you. Their efforts are made easier in this day of internet search engines. With that in mind, we urge you to consider taking part in a news conference. We’ll take the headache away by doing the planning for you. Winners have been better able to satisfy these media requests in one shot and get on with their lives.

➜ According to public disclosure laws, your name is public record. The name and location of the retailer who sold the winning ticket, the date you won, whether your numbers were a Quick Pick® or your own numbers and the amount of your winnings are also matters of public record and are subject to disclosure.

➜ You can form a trust prior to claiming your prize, but understand that your name is still public and reportable.

Below are some reputable associations to help you assemble your legal and financial team.

Martindale-Hubbell Directory | www.martindale.com
California State Bar | www.calbar.ca.gov
The California Society of Certified Public Accountants (800) 922-5272 | www.calcpa.org
National Association of Personal Financial Advisors | (800) 366-2732 or (888) 333-6659 | www.napfa.org
The Financial Planning Association | (800) 322-4237 | www.fpanet.org
Congratulations!

YOU’VE WON THE LOTTERY

WHAT HAPPENS NEXT?

Winning a large Lottery prize can be a wonderful experience as you suddenly find yourself presented with new opportunities and the financial resources to live the life of your dreams.

To help in this transition, here are the most frequently asked questions that Lottery winners ask.

Shasta’s Gateway Unified School District educators were all smiles at the presentation of their $76 million prize. The winners consisted of 15 teachers and administrators from Shasta Lake.

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General Questions

1. **How Long Do I Have to Claim My Prize?**

Almost all Lottery draw games allow you 180 days from the date of the draw to claim your prize. The only exceptions are the Powerball® and Mega Millions® jackpots, which have a one-year time limit from the date of the draw to claim your prize. Scratchers® prizes can be claimed no later than 180 days from the announced end of game date. Click here to find end of game information: [www.calottery.com/play/scratchers-games/end-of-game-info](http://www.calottery.com/play/scratchers-games/end-of-game-info).

2. **When Do I Receive My Checks?**

Your first payment will be available within six to eight weeks from your claim date. For jackpot prizes, your nearby District Office will notify you when your check is ready for pick-up. You may choose to have a Lottery security agent accompany you to your bank or financial institution. If you choose to have your SuperLotto Plus®, Mega Millions or Powerball prize paid in annual installments, future payments will be sent close to the anniversary date of the winning draw. Weekly winners will receive 52 weekly installments each year and monthly winners get a payment at the same time each month. Payments (other than the first payment) can be mailed directly to your home address or to your financial institution at your request. For additional information contact the Lottery’s Investments Office listed at the end of this document.

3. **How Does the Lottery’s Payment System Work?**

By default all Powerball, Mega Millions and SuperLotto Plus® jackpots are paid in 30 graduated installments. A winner is given the opportunity to choose the cash value of their jackpot prize within 60 days following their approved claim. The payment option chosen will apply to all claimants in a multiple ownership claim.

You may select the payment option by filling out a California Lottery Jackpot Election Payment Form. You have the option to fill out this form at the District Office when you claim your prize or you can have the form sent to you. If taken home, the form must be notarized and returned to the Lottery within 60 days from the date that your claim is approved for payment. This is normally within a day or two of the date you submit your prize claim. Group

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It’s well known that June 23, 2001 was a lucky day for Alcario and Carmen Castellano. The San Jose couple won a $141 million SuperLotto Plus jackpot.
The Lucky 7,” Joyce Onori, Jennifer Habib, Kate Lynn Juergens, Brenda Heller, Mariza Cuya, Kathy Jones and Bob Guerzon each spent three dollars on tickets for the November 15, 2005 Mega Millions jackpot. The seven Kaiser Hospital co-workers claimed the largest jackpot ever won in California Lottery history, $315 million.

**Who Receives the Interest Earned on this Prize Money?**

The Lottery currently purchases government securities to secure the future payments of your prize. Together, the principal and interest earned by these bonds over a specified time make up the full amount of the prize. In effect, each year a portion of the securities mature and make up that year’s payment.

For example, on a $1 million Scratchers prize paid over 20 years, there is approximately $500,000 cash (approximately one-half of the entire prize amount) available for the purchase of bonds that will be worth $950,000 at maturity. The first payment of $50,000 to the winner is added to $950,000 to equal the full value of the prize.

**Will the Lottery Pay Individual Prizes to Group Winners?**

California Lottery regulations allow for individual payments to be made to all members of a player group who win a Scratchers annuity, SuperLotto Plus jackpot, Mega Millions or Powerball jackpot prize, as long as the group consists of 100 or fewer winners. If you are a Lottery group member, you may claim your winnings on a Lottery Multiple Ownership Claim Form available at any California Lottery District Office. All district offices are listed at the end of this document. The decision to claim your winnings as a group must be made at the time you claim your prize. Group winners must all choose the same payment option.
What Will I Pay in Taxes?

You’ll be happy to learn that Lottery prizes are exempt from California state and local personal income taxes. However, the Internal Revenue Service (IRS) requires the California Lottery to withhold federal taxes from many prizes.

The withholding rate for federal income tax is based, in part, on a claimant’s resident status. The Lottery is required to withhold federal taxes of 25% for U.S. citizens and resident aliens providing a social security number, and 28% for U.S. citizens and resident aliens not providing a social security number. Claimants who do not mark the citizenship status on the Lottery Claim Form will have 30% withheld from all prizes. Federal tax rates are subject to change.

There may be an additional tax liability depending on a winner’s total financial situation. Contact a professional tax adviser to help you determine your total tax liability.

Tax information may be obtained by contacting the IRS at 1 (800) 829-1040.

How Does a Player Group Divide the Tax Liability?

Group winners of Scratchers annuity prizes, SuperLotto Plus® jackpot, Mega Millions® jackpot or Powerball® jackpot prizes must choose the same payment option, and may use the Multiple Player Ownership Claim Form which allows each group member (up to 100 members) to receive individual payments from which their federal taxes will be withheld.

Group winners of prizes other than Scratchers annuity prizes, SuperLotto Plus jackpot, Mega Millions jackpot or Powerball jackpot prizes do not qualify for individual payments by the Lottery. Those winners must select a group representative to file a Lottery Claim Form and receive and distribute the prize to the other group members. In order to accurately assess the group members’ individual tax liability, the IRS provides Form 5754 for this purpose and the group representative should ensure each member fills out this form prior to receiving their portion of the prize. IRS Form 5754 must be filed with the California Lottery by December 31 for the tax year in which the prize was paid. Using the information provided on the IRS Form 5754, the California Lottery will issue an IRS W2-G Form to each individual or group member receiving individual payments by January 31 of the following year.
What Do I Need from the Lottery in Order to File My Tax Return?

As a California Lottery winner, an IRS W2-G Form will be mailed to you by January 31 for the previous tax year. This form reports the amount of your Lottery winnings and must be filed with your federal income tax return. You should also keep a copy for your records. Please remember to notify the Lottery’s Tax Unit or Investments Office if you have changed your address.

Is it Possible to Receive More Than One Annual Payment in the Same Tax Year?

If you claim a large prize paid in installments in late December, you may receive the first and second annual payments in the same tax year because your first payment may not be issued until January and your second payment would be on your anniversary date in December of that same year. Although this will only occur during the first year, you will need to plan for the tax liability of receiving two Lottery prize payments in one year because of the increased income. This can also occur if your payment is delayed into the next tax year for any reason, including failure to respond to our annual confirmation letter.

Can a Lien Be Filed Against My Winnings?

Judgment liens, tax levies or offsets may be filed against your prize winnings by creditors or government agencies for payment of your debts. Any such offsets will be deducted from your next installment payment and the remainder, if any, will be mailed to you. The lien, levy or offset may continue from year to year until the debt is paid in full.
What Happens if I Die Before I Receive All the Payments?

In the event of a prize winner’s death, representatives of the estate will need to contact the Lottery’s Investments Office in order to begin the process of transitioning payments to the beneficiaries. All remaining installment payments will be paid to the appropriate heirs of the estate.

Designating beneficiaries for your remaining prize payments simplifies the process of transferring prize payments to your heirs. You may obtain a Lottery Beneficiary Designation Form from the Lottery Investments Office. The telephone number is at the end of this handbook. By simply completing the form, you will provide the Lottery with the names of individuals that you designate to receive any remaining unencumbered payments as they come due. You may change your designated beneficiaries at any time by simply completing a new Beneficiary Designation Form. If there is no Lottery Beneficiary Designation Form on file at the time of your death, the Lottery will make payments pursuant to established Lottery procedures or as ordered by the court.

Can the Lottery Assign Prize Payments to a Trust Established by a Winner?

The Lottery will make installment payments to your qualifying trust if you have properly assigned your prize to the trust. A Declaration and Assignment of Lottery Prize to Revocable Living Trust Form can be requested from the Lottery’s Investments Office. For the Lottery to make payments to a trust, the prize winner must be the grantor of the revocable trust and the trust must be linked to the winner’s social security number. The trust must be governed by the laws of the State of California. Upon a winner’s death, if prize payments were properly assigned, the trustee must notify the Lottery of the winner’s death and of the proper distribution of the payments under the trust. The Lottery may make payments to irrevocable trusts or subtrusts which were established in a winner’s qualifying trust so long as the appropriate form is on file prior to the winner’s death. If this form is not on file, the Lottery will make payments pursuant to established Lottery procedures or as ordered by the court.

Michele Dickerson, a credit union employee from Alameda County, claimed a $32 million prize from SuperLotto Plus®.
Assignment of Prize Payments

Can I Assign My Prize or Sell it to Another Party?

Winners of prizes paid in installments may assign future prize payments to a third party or use their winnings as collateral for a loan. If you are planning to assign your prize payments to another party there are specific regulations that affect this process. Please contact the Lottery’s Investments Office for specific information.

Companies may contact you offering to purchase some or all of your remaining installment prize payments. Past winners have informed us that some companies have misrepresented themselves as the California Lottery, claiming to have the Lottery’s endorsement or implying that they received confidential personal information about prize winners from the California Lottery. Be assured that the California Lottery does not endorse any of these companies or disclose personal information about prize winners other than that information which is designated as public information (see “Public Disclosure” below). If you receive a suspicious solicitation claiming to be from the California Lottery, call us to confirm at 1-800-LOTTERY.

The Lottery encourages you to seek independent financial and legal advice before making any assignment decision. If you decide to assign your right to receive future prize payments or use your winnings as collateral for a loan, please contact the Lottery’s Investments Office. For tax-related questions, contact the IRS at 1 (800) 829-1040.

Public Disclosure

What Personal Information is Subject to Public Disclosure?

The California Lottery is subject to public disclosure laws that allow access to certain governmental records. Your full name, the name and location of the retailer who sold the winning ticket, the date you won, and the amount of your winnings, including your gross and net installment payments, are matters of public record and are subject to disclosure. The Lottery will not disclose any other personal or identifying information without your permission unless legally mandated to do so.

$12 MILLION

Brian McMahon, a prop maker for the entertainment industry, got a chance to live the kind of dream that is often featured in Hollywood films after claiming a $12 million SuperLotto Plus® jackpot. Besides buying a new home and truck, McMahon said he plans to use the money to have a “great life.”
Managing Your Winnings

What Should I Do with the Prize Money While I’m Seeking Professional Financial Advice?

Your first instinct may be to deposit the first payment of winnings safely in a financial institution while you plan your financial future. Your current bank or credit union is a good place to start, but be sure to verify that the amount of your deposit is **federally insured**. If the amount of your deposit exceeds the level of insurance, consider dividing your prize funds between two or more financial institutions.

How Do I Find Reputable Advisers?

Banks and other financial institutions offer a variety of options. To receive the maximum benefit from your Lottery prize, you should check the credentials of prospective advisers and interview them to determine if their financial approach fits with your needs and lifestyle. There are professional organizations listed online and in every telephone book that can provide you with the names of advisers, including accountants, attorneys, and investment counselors. Remember that you can change financial advisers and hire more than one at a time. Although the Lottery does not endorse any advisers or any advisory group, lists of advisers can be obtained from the following sources:

- **Martindale-Hubbell Directory**
  - [www.martindale.com](http://www.martindale.com)

- **California State Bar**
  - [www.calbar.ca.gov](http://www.calbar.ca.gov)

- **The California Society of Certified Public Accountants**
  - (800) 922-5272
  - [www.calcpa.org](http://www.calcpa.org)

- **National Association of Personal Financial Advisers**
  - (800) 366-2732 or (888) 333-6659
  - [www.napfa.org](http://www.napfa.org)

- **The Financial Planning Association**
  - (800) 322-4237
  - [www.fpanet.org](http://www.fpanet.org)

Anneliese Hansen and Brian Cabaud, both deputy sheriff officers with the Marin County Sheriff’s Department, were “stunned and overwhelmed” to find they had won $75.7 million on May 1st, 2009.

While some past winners prefer to research their own financial options, others report that building a team of advisers who work together and are experienced in working with large sums of money has provided them with sound legal and financial advice.
The Marketwatch’s Charles A. Jaffe offers important tips:

“The single most important decision you make with your newfound wealth will not be how to spend or invest it. It will be who you hire to help manage it.”

Sudden money makes you an instant candidate to hire a financial adviser. For starters, you are likely handling much more than you have ever had at your disposal before. More importantly, you want to make sure your once-in-a-lifetime good fortune becomes a rest-of-your-lifetime benefit.

You most likely have heard stories of athletes, rock stars and celebrities who wound up losing their fortune at the hands of an unscrupulous agent or rogue stockbroker. Your windfall puts you in the big leagues, in terms of the potential to become a victim.

That being the case, there are several factors to keep in mind as you choose an adviser:

**Interview three to five before making a decision, with at least one candidate having “no strings attached.”**

The reasons you hire an adviser—to protect and grow your money, to make sure that you have properly insured yourself, planned for your estate and more—are standard fare for good advisers. That means that the first person you talk to will sound like they are a tailor-made perfect fit for your needs, even if they are mediocre and inexperienced.

Make sure you have a basis for comparison, and that you know not just about the services you will get for your money, but about how comfortable you are with the adviser personally. If you interview top advisers, what will make one stand out is not so much expertise—all good advisers have it—but your comfort level and confidence in them.

You may get referrals from friends and relatives, but you will want to have at least one candidate who you have never met before. This makes sure that your feelings for an adviser aren’t colored by the fact that he’s your nephew, your best friend’s financial adviser and so on.

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How Should I Handle Requests for Donations?

Many winners have shared their winnings with their favorite charities. You may receive requests for donations from many sources, including friends, family, and individuals from organizations or charities that are unfamiliar to you. Take time to investigate the legitimacy of any organization or charity before you make a donation. One way to do this is to request a financial statement. To ensure that a charity is authorized, you may check their non-profit status with the IRS at [www.irs.gov](http://www.irs.gov).

You Should Also Consider:

- Changing your phone number or using a voicemail system or answering service to screen your calls.
- Using an intermediary such as an attorney or an accountant to act as your spokesperson when responding to requests and to intercept information from various organizations. A knowledgeable adviser can also help you with income tax implications and advise you on the allowable limits of charitable donations and contributions.
It was a BIG surprise for one lucky Replay ticket winner! After all, who wouldn’t mind the Lottery adding a few extra zeros to their winning check? Judith Tate sure didn’t mind when she showed up thinking she had won a $1,000 Lottery prize. Imagine her look of shock when she found out she had won a cool $1,000,000 from a Replay draw ticket!

Look for an adviser who deals regularly with this kind of money, and preferably with clients who suddenly come into money.

Ideally, you want to hire an adviser familiar with the kinds of situations you’ll be facing. That means someone whose average client already has the kind of money you have won, and preferably with people who came into that money quickly.

You don’t want to be someone’s guinea pig, their first shot at handling the issues—from investing large sums to estate planning—that will soon be among your major concerns.

Consider building a financial team.

You don’t see famous wealthy people like Donald Trump or Warren Buffett managing their money alone. They have a team of advisers who handle everything from the legal to the investment to the tax sides of the issues.

Remember that you are new at this, and your winnings don’t guarantee that you will make great decisions. Building a team—and the members should not all work for one firm—allows you to have multiple advisers. While the financial planner might handle the strategy, the accountant can make sure everything is proper from a tax standpoint. The best part of a team approach is that you can bounce around ideas, giving you a better chance to determine if anyone is steering you wrong.

Be sure that the following questions are at least a part of your interview with each candidate.

→ How does your compensation work? Find out how the adviser will be paid—commission, flat-fee or some combination—and precisely how much money they will make in dollars if they work with you and implement a financial plan.

→ What services will I get for my money?

→ May I see a sample plan? Before hiring an adviser, make sure you see what you actually get for your money.

→ Will anyone else be working with me or will I always deal with you?

→ How do we terminate this relationship if I am not satisfied?

→ What is your basic approach to financial planning?

→ What is your educational background and what professional designations do you hold? How much education must you undergo to keep those credentials, and how will that expertise benefit me?

You are hiring help, not surrendering control. Just because you pick a financial planner doesn’t mean you will be uninvolved in managing your money. Instead, you should be involved in all key decisions, and your goals—even if they disagree with the strategy of the adviser—should be carried out.”
Winner’s Checklist

18 What Do I Need to Do if I Want Future Payments Mailed Directly to My Financial Institution?

Your first Lottery prize payment is only available for pickup within six weeks of your claim. Future payments can be mailed directly to your home address or your financial institution for deposit into your account. At this time, the Lottery does not offer Electronic Fund Transfers (EFT). For more information, contact the Lottery’s Investments Office.

19 What if I Change My Address?

Be sure to notify the Lottery’s Investments Office in writing immediately with any changes to your name, address or telephone number to ensure timely delivery of your annual payment and IRS W2-G Form. The Lottery will provide you with a change of address form for your convenience.

20 Who Do I Call if I Have Questions?

The Lottery does not offer financial or legal advice, but we will provide you with information or forms you need to facilitate your planning.

$112 MILLION

Cynthia Stafford won a $112 million Mega Millions jackpot in May 2007.

Congratulations on your big win. We wish you well in the future as you begin to realize your hopes and dreams.

The California Lottery thanks you for your patronage. Remember, with your help we have sent $27 billion to California’s public schools. While this amount is relatively small given the entire needs of our schools, I’m sure you’ll agree that every penny counts!

Good luck and thank you again!

Regarding media inquiries or winner questions:

Corporate
Communications Division
(916) 822-8131

Questions from annuity winners:

Investments Office
(for annuity winners)
(916) 822-8306

Executive Office
(916) 822-8110
Lottery District Offices

HEADQUARTERS OFFICE
700 North 10th Street
Sacramento, CA 95811
1 (800) LOTTERY
1 (800) 568-8379
TDD 855-591-5776

CENTRAL VALLEY
750 W. Pinedale Ave.
Fresno, CA 93711
(559) 449-2430

INLAND EMPIRE
1840 Commercenter Circle
San Bernardino, CA, 92408
(909) 806-4126

SACRAMENTO
4106 East Commerce Way
Sacramento, CA 95834
(916) 830-0292

SAN DIEGO
5656 Ruffin Road
San Diego, CA 92123
(858) 492-1700

SAN FRANCISCO
820 Dubuque Avenue
So. San Francisco, CA 94080
(650) 875-2200

EAST BAY
2489 Industrial Parkway West
Hayward, CA 94545
(510) 670-4630

SANTA ANA
3400 West Warner Ave., Suite F
Santa Ana, CA 92704
(714) 708-0540

SANTA FE SPRINGS
9746 Norwalk Blvd.
Santa Fe Springs, CA 90670
(562) 906-6356

VAN NUYS
16525 Sherman Way, #C-10
Van Nuys, CA 91406
(818) 901-5006

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