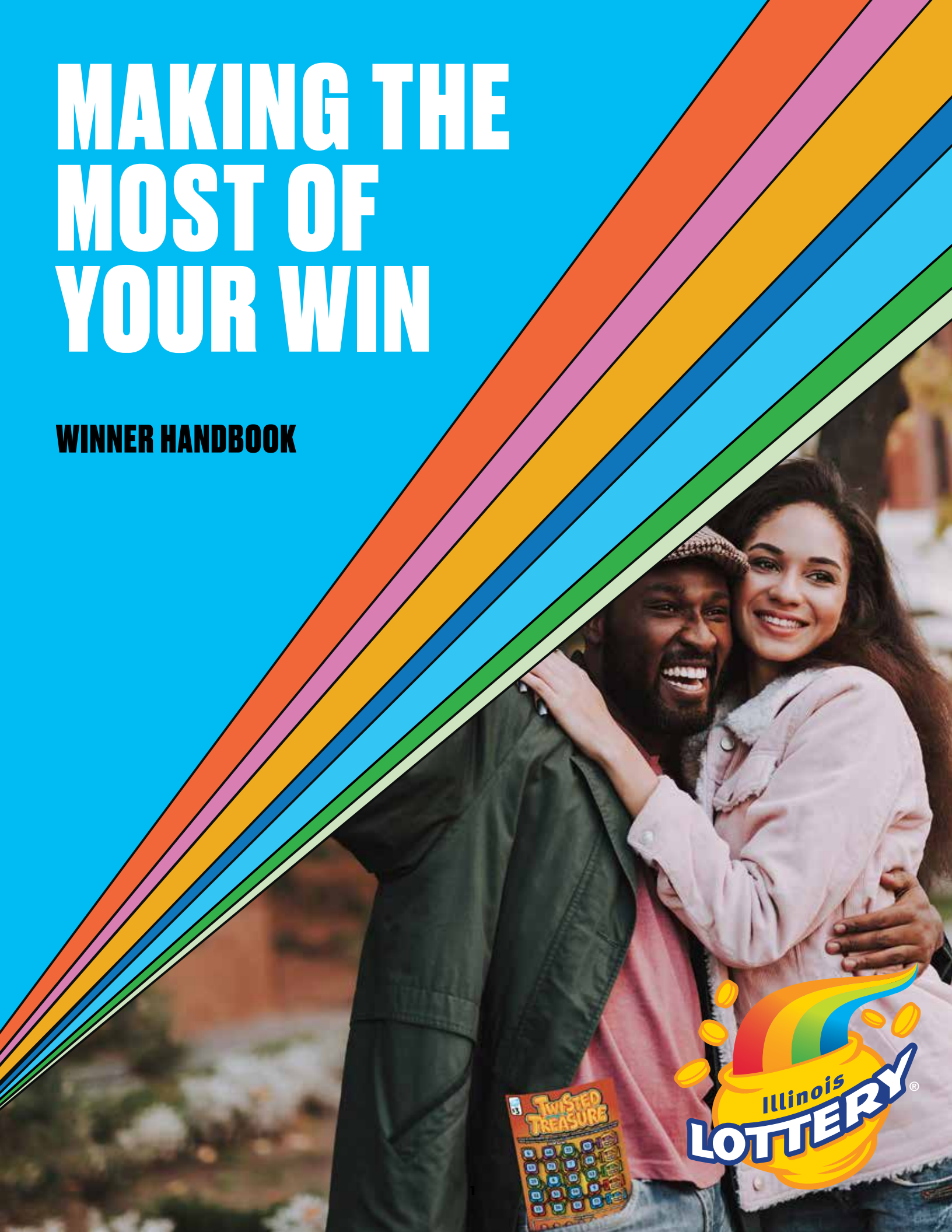


MAKING THE MOST OF YOUR WIN

WINNER HANDBOOK



CONGRATULATIONS, YOU'VE WON THE ILLINOIS LOTTERY! WHAT HAPPENS NEXT?

This handbook provides some helpful information you'll need to be smart about your winnings.



Be Smart, Play Smart[®] Must be 18 or older to play. If you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537). For additional info or to exclude yourself, call 1-800-252-1775 or visit illinoislottery.com.

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GENERAL QUESTIONS



GENERAL QUESTIONS

Congratulations, you've won the Illinois 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.

Acquiring a large sum of money may give new meaning to how you live your life and manage your budget. Planning for the future by making informed, responsible decisions will help you enjoy your prize winnings to the maximum.

This Winner Handbook answers basic questions lottery winners ask. Please take the time to read this handbook thoroughly. If you have further questions, you may contact the Illinois Lottery's Springfield office at (217) 524-5147. Most importantly, don't make sudden changes; take all the time you need prior to ticket expiration. Enjoy your winnings!

When will I receive my prize money?

Claims up to \$25,000 will generally be paid by check at the Prize Payment Center on the same day.

Claims over \$25,000 will generally be paid by check within four to six weeks from the claim date and mailed to the address printed on the claim form.

If you opt for direct deposit, your money will be available in approximately four to six weeks.

If your prize is paid in installments, the first payment will usually be made within four to six weeks, and you will be notified of your quarterly or annual payment date(s). For additional information, contact the Illinois Lottery's Springfield Office at (217) 524-5147.

How does the Illinois Lottery's payment system work?

The amount and timing of payment will vary, depending on several factors, including the game, the payment option (i.e., cash or annuity), the announced jackpot, and applicable withholdings.

The Illinois Lottery pays Lotto, Mega Millions®, and Powerball® jackpots either in 30 annual payments (annuity option) or a lump sum payment (cash option). In addition, certain instant ticket top prizes are paid in 20 annual payments (annuity option) or a lump sum payment (cash option). The annuity option is the advertised jackpot or top prize in annual or quarterly installments, less the required withholding. The cash option is the current market value of the prize, paid in a single lump sum, less the required withholding. The Illinois Lottery is required by law to withhold federal and Illinois State income taxes, and there may be additional tax liability depending on a winner's total financial situation.

Lotto, Mega Millions, and Powerball winners have 60 days after the date of the drawing to choose the lump sum cash option. For example, if the drawing is held on July 31, a player has until September 29 to claim the cash prize.

You may select a payment option by completing the prize election form, which can be obtained from one of the Illinois Lottery's five prize payment centers, or by calling the Springfield Office at (217) 524-5147.

The Illinois Lottery must receive the prize election form within 60 days after the date of the drawing.

Group winners of a jackpot prize must all choose the same payment option.

Failure to choose a payment option within

GENERAL QUESTIONS

the 60-day time period will automatically result in annuity payments.

If you choose the cash option, the amount you receive will be considerably less than the announced jackpot. For example, if the announced jackpot is \$12 million for Lotto, you will have the option to elect a cash option of approximately \$7,440,000, resulting in a single lump sum payment to you of approximately \$5,286,120 after federal and State taxes are withheld (depending on your tax status).

If you choose the annual payment option for an announced Lotto jackpot of \$12 million, you will receive an initial payment of approximately \$181,000 and 29 additional annual payments with a graduating 5% payment each year. State and federal taxes are withheld from each annual or quarterly payment.

Who receives the interest earned on this prize money?

If you are a winner who receives annuity payments, you receive the interest earned on the bonds purchased by the Illinois Lottery for the payment of the prize based on the announced prize amount. For example, on a \$1 million instant game prize paid in 20 annual installments, paid over 19 years:

An initial payment of \$50,000 is paid to the winner four to six weeks after the prize is claimed.

Approximately \$730,000 cash is available for the purchase of bonds worth \$950,000 at maturity (\$50,000 x 19 payments).

The Illinois Lottery purchases bonds with the available cash.

A portion of the principal, plus the interest accrued over the next 19 years, makes up the annual payments to the winner.



Juliette M. \$10,000 Winner

After the 20th payment, the full prize amount of \$1 million will have been paid.

Will the Illinois Lottery pay individual prizes to group winners?

This depends on the prize amount. If your prize is \$600 or less, only one name can appear on the back of the winning ticket, and only one person can be paid the prize.

If your prize is \$601 to \$999,999, your group can claim a prize if the following procedures are followed:

- *The claim form is filled out in one person's name;*
- *The claim form is filed with IRS Form 5754 (available from the Lottery Prize Payment Center, the Illinois Department of Revenue, or the Illinois Lottery website); and*
- *One claim form is completed by the*

GENERAL QUESTIONS

group representative, but a winner questionnaire is completed for each person receiving a payment.

Each person listed on the IRS Form 5754 will receive a check for his or her portion of the winnings, less applicable withholdings.

If your prize is \$1 million or more, your group may be entitled to form a partnership and secure a federal identification number. If members of your partnership want individual checks issued, they must state their preference in the formal partnership agreement and attach the partnership agreement to the claim form. The partnership agreement must also include the names and Social Security numbers of members. Alternatively, the partnership's authorized representative can request, in writing, individual checks, but Social Security numbers must still be provided. If your group does not form a partnership, a group agreement must be submitted along with the claim form, winner questionnaires, and the IRS Form 5754.

What will I pay in taxes?

As of the date of this publication, the Illinois Lottery is required by law to withhold:

- *Federal taxes from prizes of \$5,000 or more;*
- *Illinois State taxes from prizes of \$1,000 or more; and*
- *Additional taxes on all prizes over \$600 from U.S. citizens and resident aliens who do not provide a Social Security number.*

Winners who are non-resident aliens or do not mark a citizenship status on the claim form are subject to federal withholding at the non-resident alien rate from all prizes over \$600. Generally, non-resident aliens or persons not indicating their citizenship status

are subject to withholding at 30 percent federal tax.

The current withholding rate for Illinois income tax is 4.95 percent. The Illinois Lottery is currently required to withhold federal taxes of 24 percent for U.S. citizens and resident aliens. State and Federal tax rates are subject to change. Winners paid in annual installments automatically have taxes withheld from each annual payment.

Tax withholding amounts are not generally designed to meet a winner's total tax liability. Contact a professional tax adviser to help you determine your total tax liability.

Does a player group divide the tax liability?

Unless the number of group members exceeds our system capabilities, or the prize is \$600 or less, the members of a player group may be paid individually, and the tax liability divided among the members, provided the claim form is filled out in one member's name and is accompanied by an IRS Form 5754, setting forth the names, addresses, Social Security numbers, and prize shares of all persons entitled to a share of the prize. Using the information provided on the IRS Form 5754, the Illinois Lottery will issue an IRS W-2G Form to each individual group member who receives a portion of the prize up to and including \$25,000.

For groups claiming prizes greater than \$25,000, payments and IRS W-2G Forms will be issued by the Illinois Comptroller's Office.

Contact a professional tax advisor with additional tax liability questions.

What do I need from the Illinois Lottery in order to file my tax return?

An IRS W-2G Form will either be attached to the check you receive from a Prize Payment

GENERAL QUESTIONS

Center or mailed to you by the end of January of the New Year from the Illinois Comptroller's Office.

You should also keep a copy for your records.

Please remember to notify the Illinois Lottery's Claims Department 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 payments in the same tax year because your first payment may not be issued until January.

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 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.

Tracie M. \$50,000 Winner



ESTATE PLANNING & FORMS



ESTATE PLANNING & FORMS

What happens if I die before I receive all of the payments?

In the event of your death, any guaranteed remaining prize obligation will be paid to your estate or successor trustee (if proper documentation is on file with the Illinois Lottery).

Depending upon the type of prize you won, your estate or trust may receive:

- *Ongoing installment payments until the prize commitment has been fulfilled; or*
- *The current cash value of the prize in a lump sum.*

Your estate or trust representative should immediately contact the Illinois Lottery's Claims Department to determine available options.

How can I designate a beneficiary for my remaining prize payments?

The Illinois Lottery Law authorizes the Illinois Lottery to pay a deceased winner's estate or, under certain circumstances, a successor trustee.

A court order will be required in order to pay your heirs or beneficiaries directly unless you have previously filed a trust document with the Illinois Lottery.

Can the Illinois Lottery assign prize payments to a trust established by a winner?

The Illinois Lottery Law authorizes winners to establish revocable living trusts to receive prize payments. The trust agreement, along with a notarized letter of direction from the winner, must be on file with the Illinois Lottery's Claims Department, in order for the Illinois Lottery to recognize the trust and pay the successor trustee upon the winner's death.



Darrell W. \$2,500 Winner

ASSIGNMENT OF PRIZE PAYMENTS



ASSIGNMENT OF PRIZE PAYMENTS

Can I assign my prize or sell it to another party?

Winners of prizes paid in quarterly or annual installments may assign future prize payments to a third party. If you are planning to assign your prize payments, there are specific regulations that affect this process. Please see 20 ILCS 1605/13.1.

Companies may contact you offering to purchase some or all of your remaining installment prize payments. The Illinois Lottery does not endorse any of these companies or disclose personal information about prize winners. The Illinois Lottery encourages winners to seek independent financial and legal advice before making any assignment decision.

Jose G. \$1,000 Winner



PUBLIC DISCLOSURE



PUBLIC DISCLOSURE

What personal information is subject to public disclosure?

As a State agency, the Illinois Lottery is subject to public disclosure laws that allow access to certain governmental records. The following are matters of public record and are subject to disclosure:

- *Your name;*
- *City of residence;*
- *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.*

The Illinois Lottery may release additional information if legally mandated.

Will the Illinois Lottery publicly release my name and city of residence absent a request under applicable law?

This depends on the prize amount. If your prize is \$250,000 or more, at the time of claiming the prize, you may submit a written request on the Illinois Lottery claim form to keep your name and city of residence confidential from public disclosure. However, the Illinois Lottery may release your name and municipality of residence pursuant to an Illinois Freedom of Information Act request or if legally mandated to do so.

What do I do if I am contacted by the news media?

If you have questions about dealing with the news media, please call (312) 793-3034 and ask to speak to the Illinois Lottery's Communications Director.

Carolyn F. \$1,000 Winner



RESPONSIBLE GAMING



RESPONSIBLE GAMING

The Illinois Lottery is committed to raising funds sustainably and responsibly. This means placing responsible play at the heart of all operations and ensuring the highest standards of player protection. Applying responsible gaming and consumer protection best practices, the Illinois Lottery operates under procedures that emphasize our core value of integrity.

Promoting Responsible Play

The Illinois Lottery is more enjoyable when played responsibly. Illinois Lottery employees and retailers are involved in helping promote responsible play and encourage everyone to:

- **Remember, it's a game of chance.** It is important that you know the rules of the games you play. The odds, ticket prices, prizes, and rules vary for each game. Specific information for each game can be found on www.illinoislottery.com.
- **Set a limit. Stick to it.** Before you play, set a limit on the amount of money you will spend. Only spend your limit and don't chase your losses.
- **Play for fun. Not funds.** It's fun to dream about winning, but you can never count on winning money. Play the Illinois Lottery as a fun form of entertainment – not to earn money.
- **Don't overdo it. Take a break.** Watch the clock and keep track of how much time you spend playing. Don't let the lottery negatively impact your time with family, friends, and other interests.
- **Remember, it's not a kid's game.** It is illegal for individuals who are under the age of 18 to buy or play Illinois Lottery games. Never give a lottery ticket to a minor.

What is Problem Gambling?

Problem Gambling can affect anyone, regardless of age, gender, or ethnicity. Knowing the following problem gambling warning signs is an important part of being a responsible lottery player:

- *Spending more time or money on gambling than planned or able to afford*
- *Hiding lottery tickets from other people*
- *Neglecting important responsibilities to play lottery games*
- *Continuing to gamble after repeated attempts to stop*
- *Gambling to forget problems or reduce stress*
- *Borrowing money to gamble*

If you are concerned about any of the warning signs above, help is available.

Problem Gambling Support

The Illinois Lottery has strong partnerships with a number of organizations that provide information, help, and support on problem gambling. These services can be accessed through the 1-800-GAMBLER helpline advertised on Illinois Lottery tickets and marketing material.

For more information on problem gambling support resources and how the Illinois Lottery promotes Responsible Play, please visit:

www.illinoislottery.com

Be Smart, Play Smart.® Must be 18 or older to play. If you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537). For additional info or to exclude yourself, call 1-800-252-1775 or visit www.illinoislottery.com.

MANAGING YOUR WINNINGS



MANAGING YOUR WINNINGS

What should I do with the prize money while I'm seeking professional financial advice?

The Illinois Lottery strongly encourages you to seek financial advice BEFORE claiming your prize.

How do I find reputable advisers?

Banks and other financial institutions offer a variety of options. To receive maximum benefit from your Illinois 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 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 Illinois Lottery does not endorse any advisers or any advisory group, lists of advisers can be obtained from the following sources:

- Better Business Bureau, www.bbb.org
- The Illinois State Bar Association, www.isba.org
- Your local County Bar Association
- The Illinois Certified Public Accountants Society, www.icpas.org
- National Association of Personal Financial Advisers (847) 483-5400, www.napfa.org
- The Financial Planning Association (800) 322-4237, www.fpanet.org

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 Boston Globe's personal finance columnist Charles A. Jaffe offers the following important tip:

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.**

Suddenly winning money makes you an instant candidate to hire a financial adviser. That being the case, there are several factors to keep in mind as you choose an adviser:

- *Interview three to five advisers before making a decision, with at least one candidate having "no strings attached."*
- *The reasons why you're hiring an adviser (e.g., to protect and grow your money, make sure that you have properly insured yourself, and planned for your estate).*

George K. \$1,000 Winner



MANAGING YOUR WINNINGS

- *Make sure you have a basis for comparison and 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 are not colored by the fact that they are your relative or your best friend's financial adviser.*
- *Look for an adviser who deals regularly with this kind of money and preferably with clients who suddenly come into money.*
 - *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 would 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 don't want to be someone's first shot at investing large sums of money or estate planning.

Consider building a financial team.

Remember that you are new at this, and your winnings do not 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 in the wrong direction.

Questions to consider when interviewing each candidate.

- *How the adviser will be paid — commission, flat fee, or some combination*

You are hiring help, not surrendering control. You should be involved in all key decisions, and your desires — even if they disagree with the strategy of the adviser — should be carried out.

How should I handle requests for donations?

You may receive requests for donations from many sources, including friends and family, or 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 the charity is authorized by the State, you may check their 501(c)(3) status. Many winners have shared their winnings with their favorite charities. But there is no need for you to do so if you don't want to donate.

MANAGING YOUR WINNINGS

You should also consider:

- *Changing your phone number or using a phone answering machine or answering service to screen your calls.*
- *Getting a post office box. A post office box will also help you screen unsolicited requests.*
- *Asking for any requests that come in via phone to be put in writing, accompanied with background literature, and sent to your post office box.*
- *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 the income tax implications and advise you on the allowable limits of charitable donations and contributions.*

Patricia C. \$250,000 Winner



WINNER'S CHECKLIST

What if I change my address?

Be sure to notify the Illinois Lottery's Claims Department in writing immediately with any changes to your name, address, or telephone number to ensure timely delivery of your annual payment and IRS W-2 G Form.

Who do I call if I have any questions?

The Illinois Lottery does not offer financial or legal advice. For general questions about your Illinois Lottery winnings or information about the required forms to facilitate your planning, please contact Player Assistance at: (800) 252-1775 or support@illinoislottery.com



Shawn W. \$20,000 Winner

LOTTERY PRIZE CENTERS



LOTTERY PRIZE CENTERS

Fairview Heights Claim Center

15 Executive Dr
Fairview Heights, Illinois 62208

Rockford Claim Center

200 South Wyman St
Rockford, Illinois 61101

Chicago Prize Center

69 W. Washington St
Suite LL06
Chicago, IL 60602

Des Plaines Claim Center

9511 Harrison St
Des Plaines, Illinois 60016

Springfield Claim Center

404 N 5th St
Springfield, IL 62702