

“HOW TO WIN LOTTERY POOL”

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INTRODUCTION: IS THERE REALLY A WAY FOR ME TO INCREASE MY CHANCES OF WINNING THE LOTTERY?

We serious lottery players are a breed unto ourselves. In some ways we are dreamers, as the slogans of several popular lotteries from around the US and even the world state:

"Dream big. Win big." (Arizona)

"Your ticket to dream." (Australia)

"Imagine what a buck could do." (California)

"Today could be the day." (Georgia)

"Just imagine!" (Tennessee)

"Give your dreams a chance." (New Jersey)

"A dollar and a dream." (New York State)

"Dreams rock." (Rhode Island)

"Whose world could you change?" (The state of Washington)

Compare these slogans to those that focus on the good the lottery revenue does for the state:

"Take a chance on education. Odds are, you'll have fun." (Ohio)

"Raising billions to educate millions." (New York)

"Benefiting New Mexico's future." (New Mexico)

"Benefiting older Pennsylvanians, every day." (Pennsylvania)

While legalized gambling is an important source of revenue that accomplishes many important initiatives, let's face it. We are not going out and buying tickets because we are thinking, "I really want to help education today." It is the dream that keeps the lottery alive.

States that have implemented slogans like this are responding to criticism that the lottery is a "sucker's game" or a "poor tax"—they are trying to show that the lottery has benefits beyond those any individual winners experience.

This criticism is valid only in that it is true that the vast majority of people who buy lottery tickets will never win more than a few hundred bucks at most. Odds are good (pun intended) that as players we have faced this criticism ourselves, in the form of "You're wasting your money," or similar statements.

There is an important piece of this puzzle that is missing from this viewpoint, though. If playing the lottery is a waste of money, how can it be true that 3-4 people *per day* in the US win

one million or more dollars? How do you reconcile players who have won prizes exceeding \$50,000 more than once?

There is even a player from Calgary, Canada by the name of Seguro Ndabene who is known to have won four or more significant jackpots: one of \$50,000, one of \$100,000, and \$1,000,000 on two separate occasions. (Mr. Ndabene also claimed a \$17 million jackpot in 2009 with a legitimately winning ticket, but the prize distribution is under dispute, as members of the lottery pool he was a member of are claiming that this ticket belonged to the group, not to him legitimately. This case is still being decided in court.)

Were these people wasting their money? Of course not. So how do they differ from the millions of people each week who play the lottery and throw their tickets into the garbage after checking the numbers, or win \$2.00 and call it a wash?

The answer is right here in the first three words of the introduction to this e-Book. The difference is that the winners are ***serious*** lottery players.

There are millions of people each week who buy a lottery ticket because they heard the jackpot was big, or on impulse when they are buying a soda at the gas station, or because they are ticked off at their boss. It can be argued that these people are wasting their money, because they rarely win. It can also be argued that buying the ticket affords them a few minutes or hours of pleasure with very little harm compared to other similar items like cigarettes or junk food, but this is an argument for a different place and time, because just by purchasing this e-Book you have proven you belong in a different class.

Serious lottery players, then, are the ones who play consistently. They are players who have some sort of a system, and who research methods of improving their odds and follow through on them. The vast majority of players who win significant prizes, and *all* of the players who win multiple prizes, fall into this group.

Serious players are more than just dreamers. They have the determination to follow through on those dreams by doing everything they can to maximize their chances of winning.

A very popular misconception that runs rampant is the idea that to do this you have to spend a lot of money. In fact, winning the lottery is not about how much you spend, it is about spending wisely. Although no one can promise that you will win, taking advantage of hard-earned knowledge from lottery players who have truly hit the jackpot makes a lot more sense than taking advice from people who have never won a penny and are both jealous and bitter. By utilizing this knowledge you *will* significantly improve your odds.

One of the very best ways to increase your odds at winning the lottery is to start or join a lottery pool. This e-Book will focus on this as your primary strategy for giving Lady Luck a boost. First, you will learn exactly what a lottery pool is and how it works. Next, we will go over the two main types of lottery pools, the small local pool and the large online lottery syndicate, and delineate the advantages and disadvantages that each has. After this, we will present detailed instructions on how to set up and run a lottery pool of your own, including recruiting people, getting organized, managing it while it's underway, optimizing your group's chances for winning, and protecting yourself legally beforehand so you do not run into problems when your group wins a major jackpot.

Once we have fully covered local groups, we will move on to the large online syndicates and explain what their benefits are and how they work. We will also provide you with suggestions on how to select the right one to maximize your chances of winning while minimizing potential problems.

After this, we will examine case studies of lottery pools gone wrong and lottery pools gone right so you can see the principles you've learned in the course in action. We will also present advice about what to do when you win big so you can join the success stories and leave the potential pitfalls far behind. We will share some quotes from lottery winners to inspire you on your journey to forming a lottery pool. Finally, we will conclude with some lottery statistics and additional resources.

Please note that throughout the course you will find numbered and bolded tips. These are highly specific action points from our top lottery experts that you will not find anywhere else. To get the most from the program, we recommend that you go through it thoroughly once from start to finish, and then review it quickly a second time, paying special attention to the tips and to any areas where you need to reinforce the concepts.

This course is easy to understand, but as it does represent a scientific approach to the lottery pool, it requires careful attention and a commitment to putting the concepts contained herein into practice for best results. Nevertheless, winning at the lottery should never be a chore. Keep your dream alive and feel secure in the knowledge that you are the best things possible to make it a reality. Are you ready? Let's go!

CHAPTER 1: WHAT IS A LOTTERY POOL AND HOW DOES IT WORK?

The phrase "lottery pool" in simplest terms refers to purchasing lottery tickets with a group of people. This can range from family members who have informal agreements to share prizes if they win, to large multinational syndicates that have turned this method of gambling into a science.

People participate in lottery pools for a variety of reasons, including convenience and for enjoyment, but the very best reason for participating in a lottery pool is that it maximizes your chances of winning a prize in a lottery by pooling your resources with other people to significantly improve your odds.

As this is the reason we are concerned with in this course, we recommend that any participation in a lottery pool happens with that aim in mind. This means that even if you are playing with friends or family, it is to your advantage to do so in an organized and businesslike manner.

So, how does a lottery pool help raise your chances of winning? First, let's see what the odds are like in general.

The odds on any given lottery vary greatly, depending on how many numbers you have to get correct to win the grand prize and how large the range of numbers you pick from is, but in general, the bigger the prize is, the worse the odds are.

For example, in the multi-state Powerball lottery, to win the grand prize you have to match 6 numbers plus the Powerball, for a total of 7 numbers. The first 6 numbers are drawn from 1-59, while the Powerball number is drawn from 1-39. The odds of correctly matching all 7 numbers with a single \$1 lottery ticket are 1 in 195,249,054, according to the Powerball website.

Obviously, to win on your own is very difficult, which is how the idea of a lottery pool arose. In a lottery pool, you get a group of players together who pool their money to have more purchasing power.

Each player puts in the same amount of money weekly and a larger number of tickets are bought together, with the

agreement that if any of the tickets are winners, all of the players in the pool will share the winnings.

The rules and methods for accomplishing this vary from pool to pool, and we'll discuss the best ways to do it in section 8 of this guide, but lottery pools work because the more lottery tickets you have, the better the odds are.

Taking the simplest example possible, in a lottery pool with ten people who each put \$5 in weekly, you've just improved your odds by 5000% over what they would be if you purchased \$5 worth of tickets on your own!

CHAPTER 2: THE TWO MAIN TYPES OF LOTTERY POOLS

There are two main types of lottery pools: local, in-person lottery pools and large online lottery pool syndicates. They each have their own advantages and disadvantages.

A local lottery pool usually consists of friends, family members, neighbors or coworkers. No matter where you recruit members from, this type of pool will be a small group of people who know each other. The benefits to this method are that you are working with people you trust, and that if the pool wins a prize, it will be split up among fewer people, so each individual's share will be larger. For this reason, this method is preferable for players who have their eyes on a huge jackpot. Please note that even if you are working entirely with people who you trust completely, it is still crucial to have a written agreement covering all possible contingencies covering the pool. We will talk more about this in section 8, but keep the idea in mind as you read along.

A large online lottery pool or syndicate can have hundreds or even thousands of members. The great advantage to this is that the more people you have in the pool contributing money, the

more chances you have to win. The main disadvantage is that the members will be people you don't know. This makes it even more important to operate under a clear written agreement if you go this route, although most syndicates will take care of this for you with terms and conditions that you have to accept before joining. We recommend that you actually read these terms and conditions carefully before joining an online syndicate, and show them to a local attorney if you have any concerns or if there are any conditions that you do not understand.

The other primary disadvantage to large online lottery syndicates is that the prize will be split up among many more people, making each individual's share smaller. Consequently, this method is preferable for players who are looking to make a more steady return on their investment as opposed to wanting a gigantic payout.

There are two other aspects to online lottery pool syndicates that qualify as our first expert tips. The first is a way to make money with an online lottery pool *even before you get your first winning ticket*.

- **Lottery Pool Tip #1: Some online lottery pools or syndicates will pay their members for bringing in other members.**

While this fact is little known, there are online lottery pools which treat their members as affiliates. If you get members to sign up successfully under your referral code, you will get a bonus.

Depending on which site you sign up for, you may make enough to play the lottery for free by signing up as few as 5 other people. On other sites, the affiliate system is multi-level, meaning that if your referrals sign up other people, you also get a piece of the action, down through as many as four levels. If you are successful at this you can earn as much as \$20,000 a year, depending upon the particular program you have joined.

Once again, this is over and above any money you make on winning tickets. We have suggested some syndicates which offer affiliate programs in section 11.

- **Lottery Pool Tip #2: Online lottery pools or syndicates can allow you access to lotteries in which you would otherwise have a difficult time playing because of geography. Many of them buy tickets in lotteries all over the world. For example, if you are a US resident and there is a large jackpot in Australia, it will be difficult for you to get tickets to this drawing unless you join an online lottery syndicate.**

The internet has opened up a world of possibilities to the serious player, possibilities which were not available as recently as 10 years ago. As long as it is not forbidden by local law, it greatly benefits the serious player to investigate all the options, even if they are widely dispersed geographically.

Of course, it is also possible to participate in lottery pools both online and locally if you so desire, and if you have the time and money. We recommend either keeping meticulous records if you decide to do this, in order to avoid accidentally betting on the same game, or keeping your pools separate geographically (for example, using a local betting pool for your state and multi-state lotteries, and using an online syndicate to bet on games in other countries). This is because it is not an efficient use of your resources to bet on the same game in multiple places.

We will discuss online lottery pools and syndicates more in section 11 of this guide. Now that you understand the difference between the two main types of lottery pools, you're ready to learn about them more in depth. The next few sections will discuss how to set up your own lottery pool locally.

CHAPTER 3: HOW TO ORGANIZE A LOTTERY POOL

For those of you who prefer to participate in local lottery pools, this section explains how to organize one properly. Of course, it is also possible that rather than starting one from scratch, you will want to join an existing local lottery pool.

To do so, read the advice in the sections pertaining to setting up your own lottery pool and then check with the person who is managing the pool to make sure that all of the safeguards we advocate here are in place. If the pool is not properly organized, we recommend sharing this course with the lottery pool manager or offering to take over some of the administrative duties yourself so that you can implement the necessary changes.

Organizing your own lottery pool isn't difficult, but it must be done systematically to be successful. Because potentially huge amounts of money are at stake, ground rules must be set very carefully. The steps to organizing your own lottery pool are as follows:

- Decide how many members you want in your pool and who you want to recruit.

- Decide how much money you want each member to contribute weekly and what the prize threshold is for distribution versus putting the money back into the pool.
- Decide how you will proceed if a pool member misses a weekly contribution, and how you will handle it if any one person does this repeatedly.
- Decide which lottery games your pool will buy tickets for.
- Decide if the tickets will be purchased collectively or individually.
- Decide if you will go for cash value or annuity (prize paid out over time).
- If the tickets will be purchased individually, decide if each member will get an equal share of the winning ticket or if the member holding the actual winning numbers gets a larger share.

- Draw up a formal written agreement spelling out the conditions you've decided upon above.
- Have all members sign the written agreement.
- Appoint someone to manage the lottery pool.
- Collect the initial investment and begin playing.

We'll discuss each of these steps in the following sections of this guide.

CHAPTER 4: HOW TO RECRUIT MEMBERS FOR YOUR LOTTERY POOL

If you do intend to start your own lottery pool from scratch, the first thing you need to do is recruit members.

As noted above, it's best to start with people you know and trust. Some good places for finding members for your pool are your family, your friends, your neighbors, members of a club you already belong to, or coworkers. If choosing the latter, make sure that a lottery pool is not prohibited by office policy first.

Some employers don't mind activities of this sort, while others will resent company time being taken up for it. If your employer forbids it, you can still have a pool with your coworkers that's done after hours, but that can be difficult to implement practically, as people go their own ways at night.

The criteria for members of your lottery pool should be that they are people you trust, people who are reliable enough to come up with the necessary dues on schedule, and people within

decent proximity, so that collecting dues or distributing winnings doesn't become burdensome.

Besides deciding who you are going to recruit, you also need to decide how many people you want in your lottery pool. In this case, the choice is easy, because our research has already made it for you.

- **Lottery Pool Tip #3: 10 people are the ideal number of members for your local lottery pool.**

Although lottery pools can consist of as few as 3 members and as many as multiple thousands, 10 people are the recommended number for a small local lottery pool. There are several reasons for this:

- 10 people is enough to significantly increase your odds while still being small enough to manage easily
- 10 is a large enough number of people for individuals to escape potentially annoying public scrutiny should you win a huge jackpot
- 10 is a nice round number that makes all calculations for the lottery pool easy.

Recruiting 9 other people who are interested in a lottery pool shouldn't be difficult, especially during times of highly publicized jackpots.

One more note on the number of people in the pool before we go on to contributions, though: don't sweat it if you have some other amount of people who want to participate in an already existing group. For example, if you're forming a lottery pool with your poker buddies, and there are seven of you, go ahead and do it, just look out for a few other people to add.

Conversely, if your department at work has 12 people in it, and you want to start a lottery pool there, you can't leave two people out graciously, so forming a pool of 12 is okay. The number 10 is optimal but not mandatory.

Approach friends or coworkers who you know will have an interest in the lottery, and explain to them the benefits of playing in a pool. Once you have (approximately) 10 people total who have agreed to be members, you can move on to the next step, which is agreeing upon a contribution amount and frequency.

CHAPTER 5: HOW TO AGREE UPON A LOTTERY POOL CONTRIBUTION AMOUNT AND FREQUENCY

How much money you collect in your lottery pool and how frequently you collect it will make a difference in how much you increase your odds of winning.

Contributions can be collected weekly or monthly, and common contribution amounts for lottery pools range from \$1 to \$100 per member.

- **Lottery Pool Tip #4: A non-variable contribution amount must be set at the start.**

Some pools operate loosely and let people contribute whatever cash they have on them on collection day. As you will see as you get further in the course, we advocate setting rules from the start and sticking to them. Allowing variable contribution rates has two inherent flaws—it makes it more difficult for the pool administrator to keep track of who has contributed what, and it

can breed resentment when a win occurs, as other members question why that member gets a larger share of the jackpot.

Like the number of people who should comprise a lottery pool, there is a preferred contribution amount based on our research of what has been most successful in the past:

- **Lottery Pool Tip #5: Collecting \$5 per member weekly is optimal.**

A \$5 weekly collection is a modest enough sum so that it should not be burdensome for any member even during a week where some unexpected financial burden occurs, and yet over a month it adds up to \$20 per person.

For a pool with 10 people, that's \$200 a month. \$200 a month would be a lot for an individual to spend on the lottery, but by doing it this way **you can pay \$5 a week and have the same odds of winning as someone who does spend \$200 a month**, although the prize will be split, of course.

The next decision is what prize threshold to distribute versus rolling it back into the lottery pool. Using our example from Section One, although winning the grand prize in the Powerball is difficult, there are 8 other ways to win in that game with much

better odds, so chances are good that at some point your lottery pool will win a smaller jackpot.

Depending on which game you're playing (we'll discuss how to decide this in the next section), that "smaller" jackpot could range from \$2 to several hundred thousand dollars.

For practical purposes it is best to put smaller winnings back into the pool to buy more tickets with. If your group wins \$50, distributing \$5 to each member and then having to collect it again the next week is a waste of time.

However, if you invest that money back into the lottery pool it will give your group even better odds. It's best to do this **in addition to** collecting dues to create better odds.

Plowing the money right back into the purchasing pool for Pick 5, Pick 6 or multi-state games can make accounting confusing, though. If you won \$100 and have 10 members and each contributed that week, it's not difficult, but what if you won \$30 and have 12 members and 3 of them missed their contributions and you have the rule that people who miss their contribution don't share in that week's win? As you can see, the math can get confusing.

To avoid this problem, many lottery pools use "bonus" money that is not easy to divide to purchase scratch-off lottery

tickets. There is another very good reason to do this as well, which we will discuss in the section on picking lottery numbers.

- **Lottery Pool Tip #6: \$100 is a good prize threshold for reinvestment.**

Prizes above \$100 should be distributed to members. A \$20 return on a \$5 investment is encouraging and should be enough to get the members to stick with the lottery pool. \$100 or below should be reinvested back into the pool to increase your purchasing power, whether it is to purchase more "Pick" numbers or to get scratch-off tickets.

Once you've decided upon your contribution, you need to make a rule to enforce it. There may be weeks when a member is unable to make his or her contribution for various reasons, such as illness, being out of town, etc.

In general, other members are usually understanding about occasional forgetfulness or inability to contribute. If the people in the lottery pool are close, such as family members, you may even get offers to "cover" that person that week. However, if it happens repeatedly, it will breed resentment, and if it happens to occur during a week when your pool hits a jackpot, it raises a dilemma of epic proportions. We will talk about this later on in

the lottery case studies, but this is one of the primary reasons for lawsuits involving lottery pools.

For this reason, you will have to spell out what happens if a member misses a contribution. You must determine whether or not they will share in a prize if they happened to miss a contribution, how another member who “covers” them will be reimbursed, in both possible situations (in the event of no win, and in the event of a win), and whether or not they can continue as a member of the pool if they miss multiple contributions.

- **Lottery Pool Tip #7: Use the three-strike rule for members missing contributions. It will be tolerated twice, but the third time the member will be asked to leave the pool. This allows for unavoidable circumstances but will take care of people who are not pulling their weight.**
- **Lottery Pool Tip #8: As to what to do if a member fails to make a contribution during a week in which a jackpot subsequently occurs, you must have all members vote on whether or not they should be allowed a share of the jackpot. Do this while you are**

forming the lottery pool (and again if you add members subsequently), so it's "written in stone" in case of disputes.

The majority wish should prevail in this situation to avoid resentment and potential lawsuits later. Whatever you as a group decide upon must be spelled out very clearly in a written agreement so that no one can claim they didn't know what the rule was or didn't agree to it if your group wins in this situation.

CHAPTER 6: HOW TO DECIDE WHICH LOTTERY GAMES TO PLAY

Depending upon the area you live in, you may have access to Pick 3, Pick 4, Pick 5, a Pick 6 state lottery with jackpots of a million dollars or more, and one of the giant multistate lotteries like Powerball or Megamillions.

(The smaller games such as Pick 3 and Pick 4 do not have jackpots large enough to make the effort of the small local lottery pool worthwhile, but because the odds on these games are better than the games with higher jackpots, you may wish to play them through an online syndicate, just to get access to games like that in other areas.)

Out of the larger games which are readily available to you, decide whether or not you want to try to cover them all or concentrate on one of them. The latter is simpler for keeping records.

Now, it's highly likely that your members will have the most interest in the games with the highest payouts, and this is fine, but if you really want to run your lottery pool systematically, there is one type of game that offers MUCH better odds but is

frequently ignored by casual lottery players. If you heed only one tip in this course, make it this one, because it will pay for the course many times over.

- **TOP SECRET Lottery Pool Tip #9: Pick 5 is the best choice for lottery pools.**

The average Joe or Jane gets excited over the giant jackpots in the multistate lotteries, but if the goal of your lottery pool is to make a good return on your investment rather than to bet it all on a giant jackpot, Pick 5 games are the right choice. Ironically, the reason for this is precisely because they attract less attention than the giant jackpots.

Lottery jackpots rise based on how many people play each week without a winner. A set percentage of the proceeds of the lottery go into the pot, so if a game goes for a period of time without a winner, that percentage of all the tickets sold go into the prize and the prize amount rises.

The more people playing a particular game, the more likely it is that there will be a winner on any given week. But the Pick 5 games are less popular because casual players have the incorrect perception that the jackpots aren't worth it.

This creates a situation where it often takes a longer amount of time for the Pick 5 jackpot to go off than the Pick 6 or multistate. During that time without winners, though, the jackpot is going up, meaning that the Pick 5 jackpots can rise into the high 6 figures after only a few weeks.

However, the odds on Pick 5 games are *significantly* better than those on Pick 6 or the multi-state games. Using the New Jersey lottery as an example, at the time of this writing the Cash 5 game jackpot is \$770,000 and the odds are 1:658,008. While the Pick 6 jackpot is slightly more than a million dollars, the odds are 1:13,983,816! Cash 5 is the clear winner here.

Even if you only play the Pick 5 games when there is a high jackpot like the one mentioned above, you are making much better use of your time and money. Take advantage of the fact that most people won't bother to do the math here, and make the wise choice, not the popular choice.

Now that we have figured out which games to play, we'll discuss the actual purchasing of the tickets in the next section. Although buying lottery tickets is simple enough, like everything when it comes to a lottery pool, you need to do it systematically for best results.

CHAPTER 7: HOW TO PURCHASE LOTTERY POOL TICKETS

There are two ways of handling the ticket purchases for a lottery pool, one of which is highly preferable to the other.

The first way is to allow each player to purchase tickets individually. If you do it this way, then rather than contributing dues, the player has to provide copies of his or her tickets to the other members weekly. We do not recommend this for a number of reasons. For one thing, if you allow members to purchase tickets individually, you cannot control how much they spend. As noted in a previous section, you need a fixed contribution amount in order to keep everyone happy.

Also, if tickets will be purchased individually, you must decide whether or not the prize will be shared equally among all players or if the person holding the winning numbers gets a larger share.

- **Lottery Pool Tip # 10: It's always better to make the shares in the winnings equal.**

We will repeat this over and over again throughout the course to drum it into your head, but any action that makes things

simpler and reduces the opportunity for complaints and even lawsuits in the event of a big win is the right way to go.

The only way to raise the odds equally for all players in the pool is to make sure that each person gets a stake equal to what he or she contributed, and those contributions should be equal as well to make things fair.

Thus, the better option is to appoint a manager to collect dues and to purchase tickets collectively.

- **Lottery Pool Tip # 11: It's always better to buy the tickets collectively.**

No matter whether they're friends, family, or coworkers, large amounts of money make people behave strangely, even with written agreements in place.

It is much easier to keep things honest and avoid fighting down the road if one designated person purchases the tickets collectively and distributes copies of them to all players before the drawing.

Do it the other way and you also risk the temptation for fraud on the part of the person holding the winning numbers. There are numerous cases of lawsuits where people sued an

individual who won the lottery, claiming that the winning ticket should properly belong to the lottery pool. Even if you completely trust all of the people in your lottery pool and don't think any of them would ever do that, they may not trust each other, and it can lead to litigation in the event of a win. It is much better to actually purchase the tickets as a group and document the purchase by either photocopying or scanning the group tickets to everyone each week. We'll go into more detail about this in the following section.

Designate someone to collect the money and purchase the tickets. This can be the same person or two different people; we will discuss how to pick who does this in a subsequent section.

There is one more decision you have to make as a group before actually purchasing the tickets. This is whether or not you are going to choose cash value or annuity. A cash value ticket is paid as a lump sum up front, while an annuity is paid over time, usually 20 years. There are advantages and disadvantages to both, and we will discuss them further in the course in the section on what to do if you win the lottery. However, one of the options works better in general for lottery pools.

- **Lottery Pool Tip # 12: It's usually better to choose cash value for tickets purchased by a lottery pool.**

With this method, everyone gets paid up front. You don't have to worry about designating potential heirs, which may be more or less complicated depending upon the laws of the state you live in.

Nevertheless, you should have all members vote on which they prefer beforehand, and the result of the vote should be specified in the written agreement you create.

This section has now presented all the decisions you need to make to set up your lottery pool, but making these decisions is not sufficient in itself. It is time to formalize them by creating a lottery agreement. We'll discuss this in the next section.

CHAPTER 8: HOW TO CREATE A LOTTERY POOL AGREEMENT

Now that you have your members and have decided upon the guidelines governing your drawings, it's time to cement the agreement.

While many families informally pool their tickets with verbal agreements, this offers very little legal protection for anyone if disputes should arise. A signed written contract is the only way to do this.

Now, we are not offering any legal advice because we are not lawyers. When you start your own lottery pool agreement, we encourage you first and foremost to talk to a lawyer and CPA/accountant to find out how to create a lottery pool agreement.

But if you were to create your own quick contract among your lottery pool team, you can do it something like what is shown below. Again, the below information is JUST an example (not legal advice because we advise you to seek professional counsel regarding this).

- **“I, _____, hereby agree to remit \$5 weekly in order to participate in this lottery pool. In return I will receive _____% of any winnings the pool generates above \$100. I agree to abide by the rules as set forth below.”**

The document should then spell out all of the decisions you have agreed upon above, including what will happen if someone fails to contribute one week, who will buy the tickets, and whether or not you will select cash value or annuity.

This document should be signed and dated by each member of the pool. Have it notarized in order to verify the signatures, make multiple copies for each member, and store the originals in a safe place such as a bank safe deposit box.

- **Lottery Pool Tip #13: Include a place of legal jurisdiction for disputes in your lottery pool contract.**

If all members in your pool are from the same state and you are only playing the lottery within your state, this step is not necessary, but if you have players from multiple states or are playing lotteries from multiple states, it can be crucial.

Should a lawsuit end up being the result of a jackpot, it can be filed in the state where either party resides or the state where the ticket was purchased.

This can end up being a huge hassle if you're sued in a state other than the one in which you reside, so spelling that out in the contract beforehand is highly recommended. An example of the correct language would be, "All parties agree that in the event of a dispute, the outcome will be decided by the courts of Florida."

This site has a sample lottery pool contract which you can modify to suit your situation depending upon the criteria you decided above:

- <http://www.docstoc.com/docs/2947972/Lottery-Pool-Agreement>

As you will see in the sample contract, it is also important to designate who will make a decision in the event that something happens which is not covered by the contract. Although we do our best to foresee every possible eventuality, things always happen that couldn't be anticipated. Having people agree beforehand to how those situations will be handled is very helpful in preventing disputes. The most typical ways of designating decision making power are either letting the manager decide or having all members vote and the majority rules. Whichever you choose, remember to spell it out in the contract.

Finally, there is one more thing you can add to the contract that will make things easier for your group. It may seem trivial but there is a good reason to do it.

- **Lottery Tip # 14: Name your lottery pool and put the name on your written agreement.**

If your pool is an office pool, you can call it something like Thompson Industries Lottery Pool, or (if you work for a large company) Thompson Industries Human Resources Lottery Pool (substitute the name of your own company and your own department, as needed). If it is a group of friends or relatives, you can use surname if there are only a few of them (ie, the Larsen-Simmons Lottery Pool), or some indicator that relates to all of you (the Green Street Lottery Pool). You can even name it something whimsical (the Lemon Drop Lottery Pool).

The name itself isn't important; what is important is that you name it and record the name. If the name needs to change for any reason (for example, you use the surname version and then one of the families drops out, so you want to rename it the Wilson-Simmons Lottery Pool), create a new agreement. We will explain the need for the name in the following section.

Once you have this written contract completed and signed by everyone (as a reminder, we recommend that you have an attorney look at it to make sure it protects you), it is time to get

in the game! The next section will cover the logistics of managing the lottery pool on a day to day basis.

CHAPTER 9: HOW TO MANAGE YOUR LOTTERY POOL

Assuming you're following the advice that lottery tickets for a pool are best purchased collectively, you will need a manager to execute the activities of the pool.

This lottery pool manager will have to collect dues, record the collection, purchase tickets, make copies of the tickets and distribute them to the members, check the tickets, report the results to the members, collect any winnings, distribute or reinvest them, and record the distribution or reinvestment of the winnings.

It is possible to divide these tasks among a group of people but in practice it is easier for one person to execute all of them as long as the group is small. Pick someone who is honest, reliable, has math skills and is good at record-keeping.

- **Lottery Pool Tip #14: Because there are a lot of tasks associated with managing the lottery pool, you may want to consider having rotating managers, with one**

person handling them for a period of several months and then another person taking over.

All of these tasks can become burdensome, especially when the manager is not getting compensated extra for completing them. To avoid resentment, which can lead to laxity, which can cause problems in the case of a financial windfall to the pool, it is best to distribute them fairly. The other options are to give the manager an extra share in the prize in return for the work he or she performs in conjunction with managing the pool, or to select someone who enjoys this kind of organizing and possibly even finds it fun.

The lottery pool manager should pick a day of the week (or more than one, if you are playing multiple lotteries) to collect contributions by, and notify all of the members of this deadline. Ideally, money should be collected at least a day before the drawing, in order to give him or her time to buy the tickets and perform the necessary record-keeping tasks.

By record-keeping tasks, we mean the following: Once the money has been collected, the person who is serving as the manager should create a spreadsheet showing each member's contributions, tickets purchased, any prizes collected, and how they were distributed or reinvested.

Some groups also keep track of the numbers played in this spreadsheet, but although this work is not difficult, it can be time-consuming: for a lottery pool with 10 players who contribute \$5 each, that is 50 sets of numbers to record correctly. It is far preferable to just make copies of the tickets or scan them, and it is also more accurate in the case of a dispute.

It is not necessary to send all of that information to every member every week, just to have it on record for anyone who wants to see it. Nevertheless, the lottery manager should email the members of the group weekly with updates. These updates should include how much money was collected, how many tickets were bought, whether any prizes were won, and if so, how they were collected and either distributed or put back into the pool.

While we are on the subject of collection, lottery rules vary from state to state, but most rules provide for collecting a prize below a certain threshold in cash at any authorized lottery dealer.

For a smaller prize above the \$100 threshold, the manager should collect it in cash and then distribute it to members, getting a signed receipt from them in order to avoid disputes down the road.

For a larger prize, it is usually required that the winner go to the state capitol to collect it in check form. For tax purposes, in this case all members of the group would need to claim the

winning and then go together to collect, rather than having this task fall on the shoulders of the pool manager.

Finally, the group should decide together how and where pool contributions, lottery tickets and winnings should be stored safely. You also may want to consider writing down such decisions, adding them as an addendum to your lottery pool agreement and having all members sign it.

Also, keep in mind that if you add players to your lottery group, you can simply add an appendix to your agreement with their name and signature. However, if players leave your lottery pool, it is best to draw up an entirely new agreement so that it is clear which members are no longer part of the group.

Also, keep contact information (home address and mobile numbers) for each player with your agreement so that in the event of someone abruptly leaving the workplace, you will be able to get in touch with them to determine how they want to proceed.

Some lottery experts recommend adding a clause to the document requiring that managers agree not to purchase individual lottery tickets for themselves in the same drawings that the pool is playing. The idea behind this is that you won't have a scenario where the manager has a winning ticket and claims that it was his or hers personally as opposed to one that belongs to the lottery group.

In our experience, such a clause is almost impossible to enforce legally, and it may offend your lottery pool manager because it implies that he or she might be tempted to cheat the group. Keeping photocopies of the tickets on record should be protection enough.

Finally, there is one more step you can take that will make things easier in case of a win and protect all of the members of your group. In lottery terms, the owner of a winning ticket is deemed to be the person who signs the ticket. If you lose a lottery ticket and it has winning numbers, the finder can sign it and claim the winnings. For this reason, you should always sign a lottery ticket immediately after purchase. If the ticket gets lost, your signature will prevent other people from claiming it illegitimately, and it may enable an honest finder to return the ticket to you.

(As an aside, if you do forget where you've placed your ticket, the company that manages the U.K. national lottery suggests looking in these places:

- Under the floorboards
- In jewelry boxes
- Taped to the body
- On the page for "M" in the dictionary—"m" is for millionaire!

- In their bras if they are women and shoes if they are men.)

However, you can't have all 10 members of a lottery pool sign the ticket. This is where that name we suggested you give your pool comes into play.

Lottery rules may vary from locality to locality, so check with your state or national lottery authority first to make sure this is an acceptable practice, but several randomly selected lottery authorities agreed that this process would work in their jurisdiction: have the lottery manager sign the ticket on behalf of the lottery pool.

As an example, say your lottery pool is called the Thomson Industries Lottery Pool and your pool manager is named Jason Chan.

Immediately after purchasing the tickets, he should endorse them "Jason Chan on behalf of the Thomson Industries Lottery Pool." This process protects both your lottery pool and your lottery manager. The manager cannot claim the ticket belongs to him personally if it is endorsed this way, and the indication that it was a group purchase protects him from having sole liability in terms of taxes.

As an addendum to your agreement, have a sheet with the name of your lottery pool and a list of all group members, along

with their addresses and phone numbers, and an indication of who the manager is. The members' signatures should be on this sheet as well. Your group will need to bring this with you in case of a claim, so keep it in a safe place.

Now that we have set out all the tasks associated with purchasing lottery tickets for the group, it is time to devote some attention to an area that will have great impact on the success or failure of your lottery pool. Read the next section to find out how to pick numbers that give you better odds.

CHAPTER 10: HOW TO PICK LOTTERY POOL NUMBERS

When it comes to actually picking numbers for the tickets purchased by your lottery pool, there are another set of decisions you have to make, as purchasing lottery tickets requires picking numbers, either individually or automatically, which is known as a quick pick.

Which option gives you a better chance of winning? This is a question that is not easily answered. According to many lottery experts, quick picks are to be avoided because the machines pick unfavorable patterns. However, other authorities suggest the opposite. For example, a spokesperson for the California lottery states that 70% of winners of their SuperLotto Plus bought their tickets with quick picks, while the Ontario Lottery website states that the percentage of winners from quick picks versus picking your own numbers runs at 50-50.

Our research suggests that the Ontario Lottery has it right—it's close enough where it makes no difference, and in places where quick pick predominates, that is because the majority of players have chosen their tickets that way for convenience. Quick pick is

easier for the lottery pool manager to implement quickly, but there is no inherent disadvantage to choosing your own numbers either, as long as you avoid some common pitfalls, which are described in more detail below.

If your lottery pool decides to do it individually, either the manager can pick numbers for everyone or members can submit numbers themselves and have the manager execute the picks. If you are going to do the latter, we recommend getting an ample supply of the fill-in cards and giving them to all members to fill out ahead of time. Also, in order to be fair, it is best that you do it one way or another. Letting some members pick themselves and making the manager pick for others is too disorganized.

If your group decides to pick the numbers individually rather than use quick picks, there are a few things you should avoid when selecting your own numbers, no matter who does it (the manager or the players).

- **Lottery Pool Tip #15: Avoid selecting only birthdays or anniversaries as lottery numbers.**

Lottery experts explain that birthdays and anniversaries only fall in range of numbers from 1-31, while most lotteries go up to 49 or higher. By picking only from this limited range you are making the odds more difficult for yourself than they need to be.

What it boils down to is that it is all right to include some “lucky numbers” within your picks, but you should mix them with random numbers for best results. (As an aside, most lotto experts caution against picking all odd or all even numbers, saying that any given set of winning numbers is likely to be spread nearly evenly among the two.)

Another reason for this is that you are also making it more likely that you will have to share a prize. Birthdays and anniversaries are shared by a lot of people, so they are more likely to be picked by a larger number than random numbers.

One way of generating truly random numbers if you want to pick your numbers yourself is to visit random.org. They have a section especially for picking lottery numbers and the process is truly randomized, meaning that you are unlikely to end up with a set of numbers that many other people have. There are other sites, including lottery syndication sites, that claim to randomize numbers the same way, but we have no way of telling whether they are truly random or merely appear to be. For an explanation of the difference which is understandable to people without a strong math or computer background, read [here](#).

Besides these suggestions, there are many more tips for picking numbers which increase your lottery pool’s chance of winning than we have room for in the scope of this course. For additional reliable information from experts on how to select your

lotto numbers the right way, you can check out <http://www.lotterymethod.com>.

Keep in mind that if your lottery pool is also going to purchase scratch-off tickets, which some groups do with their smaller payouts instead of putting them back in to the pick 6 pool, the fact that they are NOT random is your friend.

- **TOP SECRET Lottery Pool Tip # 16: Scratch-off tickets are not random. They have a certain number of winners automatically built into the system and there are ways to track the winners.**

Bear with us in this section, because this tip will take a little bit of explaining, but it is another one of those “top secrets” from pro lottery players that will give your lottery pool a big leg-up on the competition.

Some scratch-off lottery tickets have prizes of as high as \$4,000,000 or more. (For example, there is a Florida scratch off where the prize is “\$200,000 for life,” where “life” is defined as 20 years or more—they will pay your heirs for 20 years if you die before then, and if you live longer than that, you’ll continue to collect as long as you live.)

Such tickets tend to come with a high price tag—that particular scratch-off costs \$20. However, for your lottery pool, this price

isn't prohibitive, as you will be using "bonus" money (wins that are too small to distribute) to purchase them.

Pick 6 or similar games create truly random winners, as the prize changes every week based on the number of people who have played into the game. Scratch-off tickets work differently. They are printed ahead of time, so the winning numbers already exist apart from whether or not someone has bought them.

The lottery cannot pick these numbers completely randomly. If they did, they would run the risk of a situation where, say, 100 winning tickets were generated and they had to pay out 100 "grand prizes" when their intent was to pay 1. They could theoretically lose money if they did it this way, and the lottery is not in business to lose money!

Instead, they generate the numbers beforehand with a set number of winners. Taking the Florida game as an example, they have built that game to have 10 grand prize winners, 10 "first prize" winners, and varying other smaller prizes.

To make sure that this is how the game plays out, they have to pick the winning numbers first, and then print 10 tickets that have that combination—AND ensure that no other tickets besides those 10 share it.

This lack of randomness actually helps your lottery pool.

- **Lottery Pool Tip # 17: Check your state lottery website to see which scratch-offs still have big prizes at large.**

The lotteries print these games in “series.” They keep track of the number of winners, and when the prizes are gone, they will pull the series and start a new one.

Most state lottery websites keep track of when the series were issued and how many winning tickets have been found. Before purchasing a scratch off lottery ticket, you need to go to your state website and check these tables.

The odds posted for these games apply only on the day the game is first issued, because there are a finite number of tickets. As soon as losing tickets are purchased, the odds get (slightly) better; as soon as a winning ticket is purchased, the odds get (slightly) worse.

Therefore, a series that has been on the market for a year and has had 90% of its winning tickets found is a waste of time and money. A series that’s brand new will have pretty close to the odds they post. Your best bet, however, is a series that’s old but still has most of its prizes unclaimed.

Very few lottery players bother to do this, and it’s a shame because it can vastly improve your odds, so don’t let your lottery pool neglect this step.

Now that we have thoroughly covered the details of how to pick tickets for your local lottery pool, it is time to turn our attention to the online versions, which can be used as either an alternative or a supplement depending on your wishes. However, first let us present you with some advice for those of you who are considering joining an existing local lottery pool rather than starting your own from scratch. If you do so, ask whoever has organized the pool if they have a written agreement covering the lottery pool. (If the answer is no, ask if they are open to instituting one. Have your attorney look at the agreement and make sure it covers all of the important points we discussed here.) If the members of the lottery pool do not want to operate under a written agreement, we recommend you look elsewhere or start your own.

CHAPTER 11: HOW TO JOIN AN ONLINE LOTTERY POOL

As you can see, creating your own lottery pool, while rewarding, can be a lot of work. The other alternative is to join an existing online lottery pool. Doing this costs a little bit more but gives you even better odds, and access to many more games.

To join an online lottery syndicate, you register for an account on the syndicate website, after signing an agreement similar to the ones described above for small local lottery pools, but more detailed. Read the agreement thoroughly and have your lawyer look at it before joining, just as you would for a local pool. These agreements tend to be more detailed and comprehensive, so make sure you understand it all before signing off.

Most sites will let you join for free in order to look around, but to actually play you have to set up your monthly contribution via credit card or Paypal.

Many of them allow sliding contribution scales. For example, you can start by contributing \$5 a month but you can up the amount later if you decide to. Whatever percentage of the pool you put in is the percentage of winnings you get when they occur. In most cases, payment is done monthly and you can cancel or change your contribution at any time, although it will not take effect until the following month.

There are a few other advantages to joining an online syndicate as well. These include:

- Automated management of the syndicate (all you have to do is set up payment; everything else is taken care of for you by the system)
- Flexibility (many syndicates will allow you to choose which

game you want to participate in and whether you want to choose your own numbers or have them chosen automatically)

- Automated win verification—you don't have to check your numbers; the system does it for you automatically. This eliminates worries about lost tickets, checking tickets incorrectly or forgetting to check tickets.
- Playing online; you don't need to go to a retailer to purchase tickets but can do it at home at your own convenience.
- **Lottery Pool Tip #18: Online lottery syndicates may pay you for recruiting other members.**

Perhaps the most exciting reason to join an online lottery syndicate is that some of them will pay you for recruiting other members.

Those which do so are usually structured in a multi-level marketing format, so you get some money from people who are recruited by your down-line as well.

For example, one prominent online lottery syndicate offers a 6 tier affiliate program where you get 20% commission on your direct referrals, 6% commission one level down, and 4% commission on levels 4-6.

This commission is earned off of the money the people under you spend on their lottery games. This type of

arrangement is very favorable because it means that you earn money from the drawings whether you have a winning ticket or not.

In many cases, you will have to pay a small fee to become an affiliate, but it is usually recouped in time so it's generally worth the effort.

We have investigated several of the lottery syndicates and have come up with the following as some good programs to join:

- Free Lotto: www.freelotto.com
- European Lottery Guild: www.europeanlotteryguild.com
- Oz Lotteries: www.ozlotteries.com
- Golden Casket: www.goldencasket.com
- Lotto Magic: www.lottomagic.com

Please note that while in general lottery syndicates are legal, laws may vary from location to location and only a local attorney can advise you specifically.

If you wish to participate in an online lottery syndicate we recommend that you begin with one that is in your own country or check with a lawyer before you proceed. Starting with one on

our list is a good way to go because unfortunately there are some lottery syndicate scams out there. If you pick a syndicate outside of our list, investigate it thoroughly before providing any financial information to make sure it is legitimate.

Also, check the terms and conditions of the lottery you are targeting to make sure you are eligible for a prize. There were some lottery syndicates in Spain in recent years which were notorious for accepting money from foreigners for lotteries that expressly forbade non-residents from collecting prizes. A reliable online lottery pool will spell out this information in their FAQ or help section, but if you don't see it there you will need to investigate yourself.

For those of you who want to play the lottery with your friends or family but do not have the time or patience to organize your own lottery pool, or have a group of people that is so large it is unwieldy, there is also a potential compromise. You can all join a syndicate together and benefit from the referrals to get more purchasing power. Managing a local lottery pool can take up a lot of time, and if you want the fun but don't have the time or inclination to go through all of these steps, this can be a good way to go.

The details of how a lottery syndicate operates will vary. Some of the questions to ask yourself when joining are as follows:

- What games does this syndicate cover? Some of them concentrate on a single game, while others allow you to pick and choose among numerous games.
- Is the syndicate available to people in your area? Some of them are international, while others are targeted at people from specific countries.
- How do they pay out? Some syndicates pay by check, while others do it by online payment methods such as Paypal or MoneyBookers. Also, the payment periods vary from weekly to monthly. Large lottery syndicates also follow the practice of putting their “small” wins back into the pot for the most part, but the “small” win for the syndicate may be as much as \$5,000. Keep in mind that the prize amounts will be split among much larger numbers of people than in your own local lottery pool.

Remember, when playing with a large online lottery syndicate, the benefit is that you are more likely to win more frequently, and the downside is that you will have to split any prizes with a much larger group of people. Some lottery syndicates get around this problem by grouping their members into smaller sub-groups. In this case, you get a larger percentage of the win if your particular group wins, and a smaller percentage if winners come from another group.

The better odds more than make up for the fact that you have to share the prize with a lot of other people, though, as does the ease of the method and the fact that the better odds mean more frequent payouts. Online lottery syndicates have some very clear benefits that more than outweigh their downsides, and we recommend them as one of the best ways to see real lottery results as long as you go with a legitimate site.

Now that we have thoroughly discussed the different ways to get involved with lottery pools, we will move on to what happens when you win. In the next section, we have presented some case studies of lottery pools gone wrong in order to illustrate why you need to be careful choosing which pool to play with and getting everything in writing. Our intent is not to scare you away from participating in a lottery pool, it is to show you how mistakes happen so you can learn from them without suffering from them yourself.

CHAPTER 12: CASE STUDIES OF LOTTERY POOLS GONE WRONG

If you have carefully followed the above guidelines for creating and/or participating in a lottery pool, chances are your experience will go smoothly.

These stories illustrate what happens if you're not so cautious. They underline that the most important part of having a lottery pool is having a written agreement in place spelling out in minute detail what the rules are, because almost all of these cases could have been prevented by following the precautions we have recommended.

- A woman in Florida took part in a lottery pool with her coworkers at a golf course for over 8 years. One week she missed work and failed to contribute her dollar. That week the lottery pool won \$16 million dollars, and refused to pay her a share because she had not contributed. She claims she routinely covered other people's shares when they failed to contribute and as such is owed her share. The case is in court now and her share is being held in trust while a judge decides it. Had this group had a written agreement which

spelled out what to do in the case of failure to contribute, a lawsuit could have been prevented and the woman could have been treated fairly.

- Similarly, in Ohio, 4 workers were out of the office on the day contributions were collected for an office lottery pool to which they had contributed for five years under a verbal agreement. That week the pool won a \$207 million dollar payoff and the other 15 members of the pool would not share with them. This case is still being litigated at the time of the writing of this course, but a formal agreement would have spelled out the results in this case and avoided litigation.
- Also in Ohio, the administrator of an office lottery pool won \$175,000 in the lottery personally, according to him. He'd faithfully managed the pool for four years, including providing copies of the losing tickets, but on the day a winning ticket was drawn, he claimed that the tickets bought with the lottery pool money were losers, and the winning ticket was something he'd purchased on his own the next day. However, he failed to provide copies of the losing tickets that week, and his coworkers sued him. The plaintiffs provided evidence (sales records from the store that sold the winning ticket) that proved the defendant was lying about how much money he spent on tickets on what

day, leading the judge to rule in favor of the plaintiffs. This case is the perfect illustration of how the precautions will protect you in case of fraud.)

- In Georgia, a group of cab drivers who had a lottery pool claim that when their administrator held a winning ticket to a \$90 million dollar jackpot in the Big Game multistate lottery, he shut some of them out and only shared the winnings with a portion of the members in the pool. This case is still in litigation, but whichever side is right, the dispute could not occur with written instructions in place.
- In Florida, a married woman named Donna Campbell started becoming suspicious when he had their home landline disconnected and started demanding that she keep the television off. After finding a postcard to a friend he wrote that indicated he was purchasing a new home, a purchase she had no knowledge of, she did some amateur private detective work and found a story online stating that her husband was one of 17 airline mechanics whose lottery pool won a jackpot of \$19 million. They took the lump sum, which amounted to a little over \$10 million, or about \$600,000 each. Her husband, Arnim Ramdass, had no intention of notifying his wife of the win and went into hiding

when he found out she had become aware of it. This was back in 2007, and since then she has located him, successfully sued for her half of the prize, and divorced him. (For the record, most states would require you to share such a jackpot with a spouse, so when selecting members of your lottery pool, you may want to stick to the single or those with happy marriages to avoid having proceeds tied up in disputes like this!)

- Finally, in New Jersey, a couple who won \$25.4 million in the Mega Millions jackpot was sued by coworkers of a friend of theirs. The plaintiffs claimed that their lottery pool manager had purchased the winning ticket and then handed it off to his friends to avoid having to share the prize with the members of the pool. The judge ruled that the couple were the legitimate purchasers and winners of the jackpot. Unfortunately, the lottery pool manager had to spend money defending himself in this lawsuit even though he had nothing to do with the winning ticket other than knowing the owners of it. Having copies of all tickets purchased for the lottery pool could have prevented this expense.

Virtually all of these situations could have been avoided with a clear written contract in place and proper records being kept.

They prove that you can never be too cautious when it comes to protecting your interests in a lottery pool, and that sometimes, even mere proximity to a winning ticket will cause problems.

Keep in mind that such disputes not only cause stress and unnecessary expense, they also prevent members from accessing their winnings. Lottery winnings which are in dispute in this manner are held in trust until the dispute is decided. Depending upon your local legal system, this can take years. In one case where numerous appeals were made, it took more than 9 years to have the money distributed! This is a very unfortunate result to an event that should be like a dream come true for all involved. An ounce of prevention really is worth a pound of cure.

Nevertheless, there are many happy stories of lottery wins which originate from lottery pools as well, and we don't mean to discourage you from participating because your chances of winning really are significantly better if you play with a pool. If you take the precautions recommended here, you will be a lot closer to realizing that dream. In the next section we present some lottery pools gone right to give you inspiration.

CHAPTER 13: CASE STUDIES OF LOTTERY POOLS GONE RIGHT

When put together systematically and administered properly, a lottery pool can be the ardent lottery player's best friend. Following are some stories which show what happens when the lottery pool is done right.

- 22 people in Kentucky who had an office pool for over 10 years in which they contributed \$1 per week each won a \$61.5 million Powerball jackpot in 2007. The group traveled to state headquarters together in a white limousine to pick up their winnings and remain friends. After taxes, each individual got approximately \$894,000, which was enough to make a big difference in their lives. Think about this for a minute. The power of pooled resources enabled them all to become near millionaires...for an investment of a mere dollar a week!
- An office lottery pool in the UK with 13 members won 3.9 million pounds and then proceeded to give the money to the

owner of their company, who had been trying to keep his small family-run auto repair business afloat during the recession. As a result, the firm will stay in business, the lottery winners are now equity holders and they get to keep their jobs. With all the warning stories out there, it is refreshing to hear of a group of people who worked well as a team and used their winnings to help friends and the community as well as themselves. In truth, most lottery pools work out fine; it's just that the problems make headlines more than the nice stories.

- 24 employees with a lottery pool at a nursing home in Ohio won \$250,000 by getting 5 out of 6 numbers in the Mega Millions multi-state drawing. Though the winnings only amounted to a little over \$7,000 each after taxes, they were ecstatic and they had a huge party with the residents to celebrate. Sometimes a small win like this keeps your group going in the hopes of pursuing that big dream.
- In Georgia, an office lottery pool with 8 members won \$250,000 in the Mega Millions drawing by correctly selecting 5 of the winning numbers. Ironically, this was the first drawing they'd played together as a pool. This story illustrates that it can happen to anyone at any time.

- Finally, 8 workers at a meat-packing plant in Nebraska who contributed \$5 each weekly to a lottery pool won the single largest jackpot in lottery history in America when they drew the winning ticket for a \$365 million Powerball payout. If it is often repeated that playing in a lottery pool is a tradeoff, where better odds win out over large prizes, this story proves that luck still plays a part in it and that even your biggest dreams can come true. In the next section, we will discuss just what to do when that happens.

CHAPTER 14: WHAT TO DO IF YOU WIN

If you've followed the tips presented in this guide it is our fervent hope that at some point you will find that your lottery pool manager is holding a winning ticket to a jackpot like the people mentioned in the previous section. We conclude this book with some suggestions of what to do if you find that is the case.

- **Lottery Pool Tip #19: Do not rush to claim the prize.**

Store the winning ticket in a secure place while all members of the lottery pool get an opportunity to consult with professionals such as attorneys, accountants and financial planners.

For most lottery winners, this will be the first giant windfall of their lives and getting professional help is absolutely crucial to avoid the sad cliché of the lottery winner who ends up bankrupt.

In addition, this will give you time to take steps to preserve your privacy. Most states publicize the winners of big jackpots,

and lottery winners are typically subjected to constant barrages of requests for money from friends, family and strangers alike.

If your lottery pool has won big, you may want to change your phone number and work on removing whatever personal information you can from the Internet before claiming your prize.

This can be difficult to accomplish when you win in a pool, as some people will be excited they'll want to claim the prize the second they realize they won.

For this reason, it may be beneficial to specify something like a two-week waiting period in the lottery pool contract beforehand.

During this waiting period, make multiple copies of the signed ticket and have them notarized. Also, make sure that every member of the lottery pool knows the expiration date on the ticket. That way, in case of something intervening in the meantime, such as an accident or illness, all members of the pool will have this information and you will avoid accidentally blowing it by missing the deadline. (Prizes as large as 9.4 million British pounds have gone unclaimed.)

The next thing you need to think about we discussed in brief before, but even though it is sometimes a decision your group will need to make before your lottery manager purchases your tickets, we are going to go into more detail on it here because it

only makes a difference if you actually win. Here we are talking about whether to select a lump sum prize or an annuity.

- **Lottery Pool Tip #20: The answer to the question whether it is better to pick a lump sum or annuity depends on your own personal situation.**

In many states, you need to choose whether you want the prize in a lump sum or annuity at the time of the purchase of the ticket. If this is the case in your region, the lottery pool group should agree on a strategy beforehand.

Even if, however, you have to decide this issue at the time of claiming the prize, once again you'll be better off if the group made the decision beforehand and put it in writing.

As to which choice is preferable, it depends on your own financial situation and temperament. Some financial planners advise the lump sum because you can reinvest it at a rate that gains higher return than the annuity.

On the other hand, others suggest you take the annuity because if you're not used to dealing with large sums of money, you can't blow through the whole thing all at once.

Strike a good balance between creating financial security for yourself and enjoying your time here on earth. Spending all your lottery winnings on conspicuous consumption will leave you hollow and quite possibly broke in the end, but squirreling it all away for the future can also mean squandering your now.

Some combination of investing sensibly and spending on some big dreams like world travel or the business you always wanted to own is your best bet on what to do with the money.

Take comfort in the fact that unlike some lottery winners, if you won because of a lottery pool, you have a group of peers who understand what you're going through. Winning the lottery together is a bonding experience that is entirely unique in this world. Keep in mind that nothing any of you do should be rash.

- **Lottery Pool Tip # 21: Take your time before making any irreversible decisions.**

Instead of quitting your job or buying a new house while you're in the first rush of excitement, take your time and think about things. By all means, take a vacation and enjoy it, but don't make any long-term decisions that will impact your life. You don't have to quit your job, you can take a leave of absence and see if you like early retirement or want to pursue a new career or if you find you miss things. Many of the happiest lottery winners end up living relatively modestly and enjoying experiences, not

material goods.

We've all heard the stories about lottery winners who go bankrupt, but are they the exception or the rule? According to *Smart Money* magazine, a study by economists at three major US universities tracked winners of the Florida pick five numbers over nearly a decade. (Prizes for this drawing were moderate, ranging from \$50,000 to \$150,000, well within the range of possibility for your pottery pool.) This study found that 1% of the winners, or 1 out of every 100, went bankrupt within any given year. This does not sound like a lot, until it is compared to the number of bankruptcies in the general population. It turns out winning the lottery doubled people's chances of going bankrupt.

Does this mean you shouldn't play the lottery? Of course not. It means that unless you are already good with money, you need to get top quality financial advice right away, before you spend a dime.

- **Lottery Pool Tip # 22: It is important to get sound financial advice from advisors you can trust, especially if you are going to invest your earnings.**

Please note that we said advisors plural above. A lottery winner can benefit from the advice of a CPA who is an expert in taxes, an attorney with expertise in estates, and a financial planner at the very least.

There are certainly large numbers of people who have gone bankrupt due to blowing their jackpots, but there are other issues that can come up. For example, some people try to do the right thing and invest their money in a business. The problem is that they may not know how to run a business and the money goes down the drain.

The negative stories get far more publicity than the positive stories. For every Bud Post (the guy who won \$16 million, blew it all, and even had someone take out a contract with a hit man on him), there is a Brad Duke (who won \$85 million and is both enjoying his money and making it grow through investments; his goal now is to become a billionaire!).

Brad Duke invested \$80 million of his money, and spent the rest on gifts to loved ones, travel, paying off his existing debt, and a few "toys" such as bicycles. He also went back to his old job part time, just because he enjoyed it, but is getting the greatest pleasure out of his successful investments. When asked if he will ever buy a new car or new house, his answer was "I'll get around to it someday!" He points out that it is not the material things his money bought that he enjoys the most, it is the opportunity to have more enjoyable experiences such as travel.

The biggest nuisance for him was getting pestered by acquaintances for handouts or investment opportunities, but he

happily reports that after the first flush of excitement, things settled down and he was able to interact with people normally. This is another reason we recommend taking a short leave of absence from work and travelling to somewhere you're not known for a while after a large lottery win!

Brad's goal was to turn his winnings into a billion dollars in 10 years. His financial investors suggested that this was unrealistic and laid out a 15 year plan. He agreed to it, and has been following it for 6 years. The plan is now ahead of schedule and it looks like he'll actually be a billionaire in 6 more years. This illustrates the value of finding the right advisors and listening to them, but although Brad hasn't made any really expensive purchases, he's still taking the time to enjoy himself. He represents the best of lottery winners and we can all do well to emulate him—even if our jackpots are smaller, the principle is the same!

If you have gotten this far, you are already aware that anything worth doing is worth doing right. Take your time, don't make any irreversible decisions in the first flush of excitement, and all will be well.

CHAPTER 15: SOME LOTTERY STATISTICS

While some people do make mistakes in their lives after winning the lottery, chances are good that they would have made similar mistakes if they hadn't won. There are many happy lottery winners out there, and we hope that you and your group will soon be among them. To inspire you, we are including some statistics that show you exactly how winning the lottery can change the lives of the members of your pool.

First, some general statistics: New Hampshire started the first state lottery in the U.S. in 1964. (That's kind of appropriate for the state with the motto "Live Free or Die!")

Since then, 43 out of 50 states in the U.S. have gone on to operate lotteries. The state with the highest spending per person on the lottery is Massachusetts, with an average of \$700 per person. We find that fascinating, as many anti-lottery critics make the claim that lottery players are "less educated" than the general population. For the record, Massachusetts has the third highest education rate (this index is a comparison of various factors, including public school test scores and numbers of residents who have a college degree or higher) in the country.

The US Bureau of Labor Statistics notes that winning a lottery prize of \$80,000 a year (equal to a prize of about \$1,600,000, paid as an annuity over 20 years, and not adjusted for taxes) impacts your life in these ways:

Individuals who win such a prize have to work 11% less on average than they did before.

The price of the type of car the winners drive rises as well, at an average of \$5,500 more.

The price of the homes winners live in after winning rises as well, with an average \$30,000 increase.

The savings and investments of winners also grow. While the amount varies depending on the prize won, the average winner ends up saving approximately 32% of his or her winnings.

Interestingly, players between the ages of 55 and 65 seem to reap the most benefits out of a win; their savings, home values, car values and time off from work rise even higher than players in other age groups.

The company who runs the U.K. National Lottery surveyed lottery winners and came up with the following statistics:

- 55% of winners say they are happier after winning.
- Only 2% say they are less happy.

- The remaining 43% say winning neither improved nor hampered their happiness.

The size of the win had no effect on whether the winners were happy or not; these rates were steady through various jackpot sizes.

Out of the more than half players who said they were happier after the win, the vast majority of them said it was either because they had fewer financial worries or because now they were able to buy whatever they wanted.

This survey found no negative effect on the winners' romantic relationships, as 95% of couples who were married when they won stayed married, and 100% of couples who were cohabitating but unmarried at the time of the win stayed together (an unspecified number of them subsequently got married).

When winners were surveyed as to whether their win affected the happiness of their family, the response did depend upon the prize amount. Almost 60% of winners who received a prize of 250,000 pounds or more stated that their families were now happier, while only 37% of winners who won less than that amount did. Out of all of those who said the win made their family happier, one in three stated that it was because they now had increased financial security.

According to this survey, lottery winners are a generous bunch—83% of them gave some money away to family. Siblings are the most likely to benefit from a family member's generosity, while children and parents come close behind. The survey notes that the higher the prize level you win, the more likely relatives are to ask you for money.

This survey has some interesting information about lifestyle changes after winning the lottery:

- Only 40% of respondents said they moved after their win
- Of these, 75% of them upgraded their housing stock, and the average move is 9 miles away from their former home.
- Approximately 1 in 4 winners buys a second home.
- Over a five year period, the average amount of winnings spent is 44%.

The section on work in this survey is of particular interest to lottery pools, as so many of them originate in the workplace.

- 48% of all lottery winners keep the job they had when they won.
- 56% of winners of more than 1 million pounds give up working and retire early.
- 15% of all winners quit their job but go to find a better one.

- 45% of the winners who leave their job to find a better one leave work to start their own business.
- Winners usually continue to identify with the same class and political party even after their win.
- Almost 90% of lottery winners continue to play the lottery after a win.

The evidence speaks for itself. Pursuing your dreams in the form of a lottery jackpot with a lottery pool is a worthwhile dream.

CHAPTER 16: CONCLUSION

If you have gotten this far in the course, congratulations! You and your lottery pool are well on the way to making your dreams come true and hitting the big-time. Now that you've followed everything, we recommend that you skim it once more to make sure you understood everything, and then jump into action. For convenience, following is a step-by-step checklist to make sure you don't miss any important steps:

1. Decide if you want to join or start a local lottery pool, play with an online syndicate, or both.

2. If you are forming your own lottery pool, make the necessary decisions such as how many players to have, what games you will play, how you will keep tickets safe and distribute winnings, how you will pick numbers, and whether or not you want an annuity or cash value prize.
3. Once you have made these decisions, draft a written agreement, and then select players and choose someone to manage the pool. Have all players sign the agreement.
3. If you are joining an existing lottery pool, ask to see their agreement and have your attorney look at it.
4. If you are joining an online lottery syndicate, make sure it is a reputable one and have your attorney look at the terms and conditions before committing to anything.
5. If you win, don't rush to claim your prize. Safeguard the ticket in as many ways as possible, but take a week or two to protect yourself by removing contact information from public places, installing a security system in your home, etc.
6. When you collect the money, don't rush to do anything major with thinking it through. By all means, take a vacation and enjoy it, but don't permanently quit your job or buy a new home until you have had time to think things through. Spend in haste and repent in leisure!

Be responsible and ethical and follow all the tips presented here and you and your lottery pool will have an excellent chance of joining the success stories. Don't stop dreaming, and even though you should treat the process of winning as a science, remember to have fun too!