MODULE 1 · CASE STUDY

The Curse of the Jackpot

What lottery winners who went broke teach us about financial responsibility

The big question

Imagine you win $16 million tomorrow. How could you possibly end up broke — and even on food stamps — just a few years later? In this case study you'll trace exactly how it happens to real people, and learn the habits that prevent it.

The Scenario

Winning the lottery looks like the ultimate financial win — instant money, no work, every problem solved. Yet a striking number of big winners are broke within a few years. The reason isn't bad luck. It's a breakdown of financial responsibility: the everyday habits of budgeting, telling wants from needs, saving, and managing debt that decide whether money lasts.

Below are three real, widely-reported winners. Notice how the size of the prize barely matters — what matters is what they did next.

Three real winners

William "Bud" Post III — $16.2M (Pennsylvania, 1988)

Post had $2.46 in his account when he bought the ticket. Within months he spent on cars, boats, an airplane, a mansion, and a failed family business. Lawsuits and family conflict followed. He declared bankruptcy in 1993 — about five years after winning — and lived his final years on food stamps and a $450/month disability stipend.

Evelyn Adams — $5.4M (New Jersey, 1985 & 1986)

Adams did something almost unheard of: she won the lottery twice ($3.9M, then $1.4M). But compulsive gambling in Atlantic City casinos and a string of bad

business deals drained it all. She later said, “I won the American dream but I lost it, too… It’s called rock bottom.”

Jack Whittaker — $314.9M (Powerball, 2002)

At the time the largest single-ticket U.S. jackpot ever. Whittaker took a lump sum of about $113 million after taxes and gave millions to charity. But thieves once stole $545,000 in cash from his car, lawsuits and gambling losses mounted, and he suffered terrible family tragedies. He was reportedly broke before his death in 2020.

The Data

Work through the visuals below — you'll use them to answer the questions and complete your final deliverable.

1. How much each winner started with

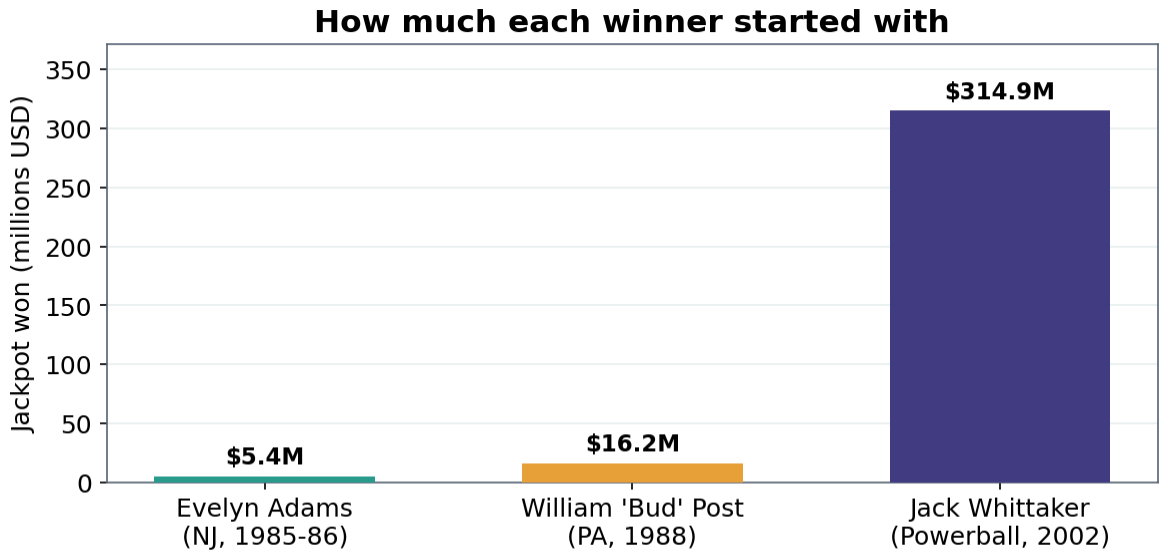
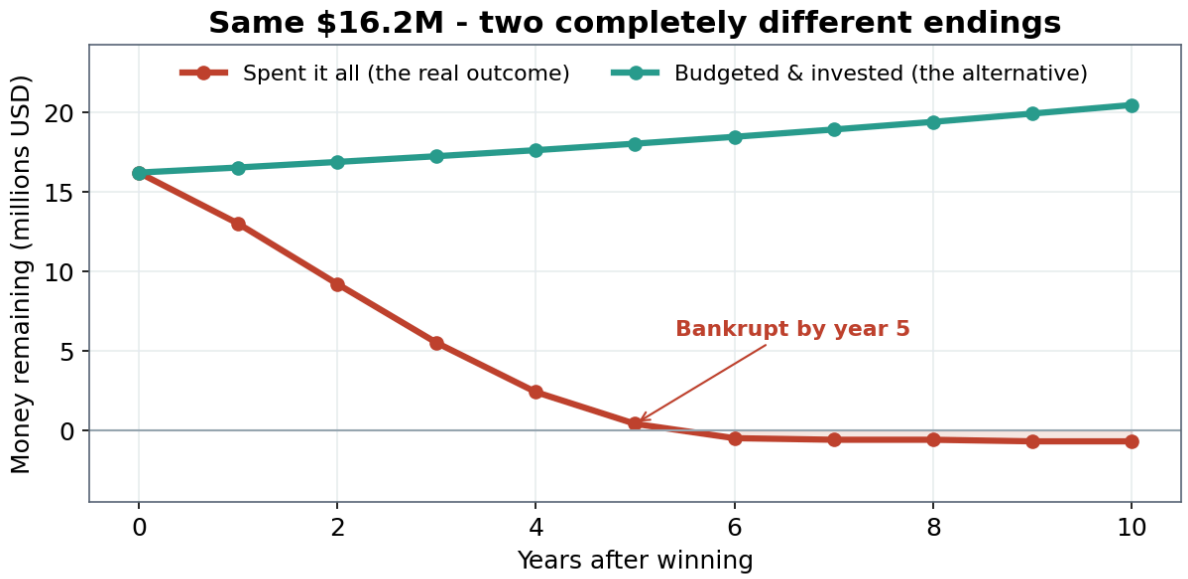


Figure 1. Advertised jackpots. Whittaker won ~58× what Adams did — yet all three ended up broke.

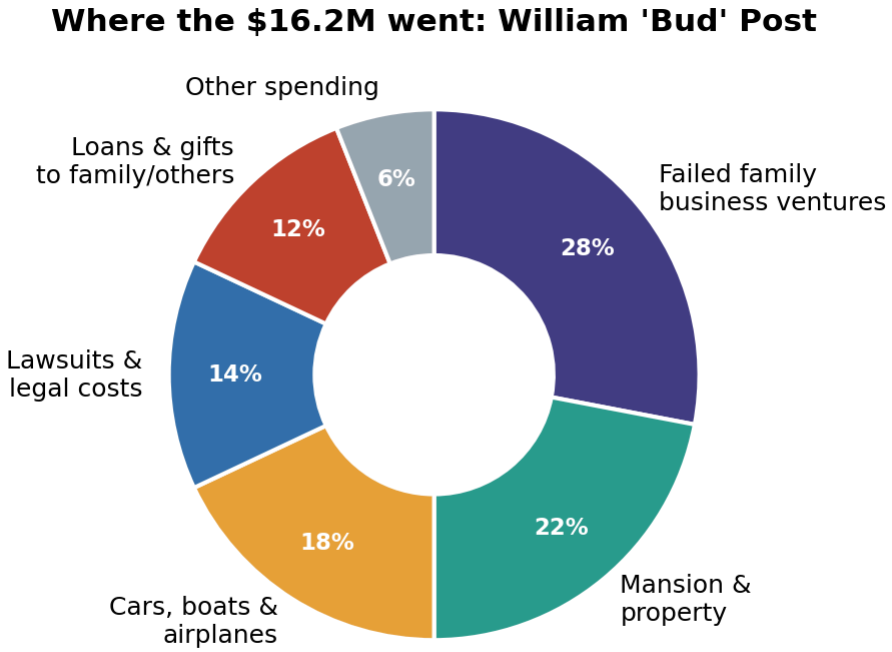
2. The same money, two endings



An illustrative model of Bud Post's $16.2M. Red = spend it all (what happened). Teal = budget + invest.

Figure 2. An illustrative model of Bud Post's $16.2M. Red = spend it all (what happened). Teal = budget + invest.

3. Where the money actually went

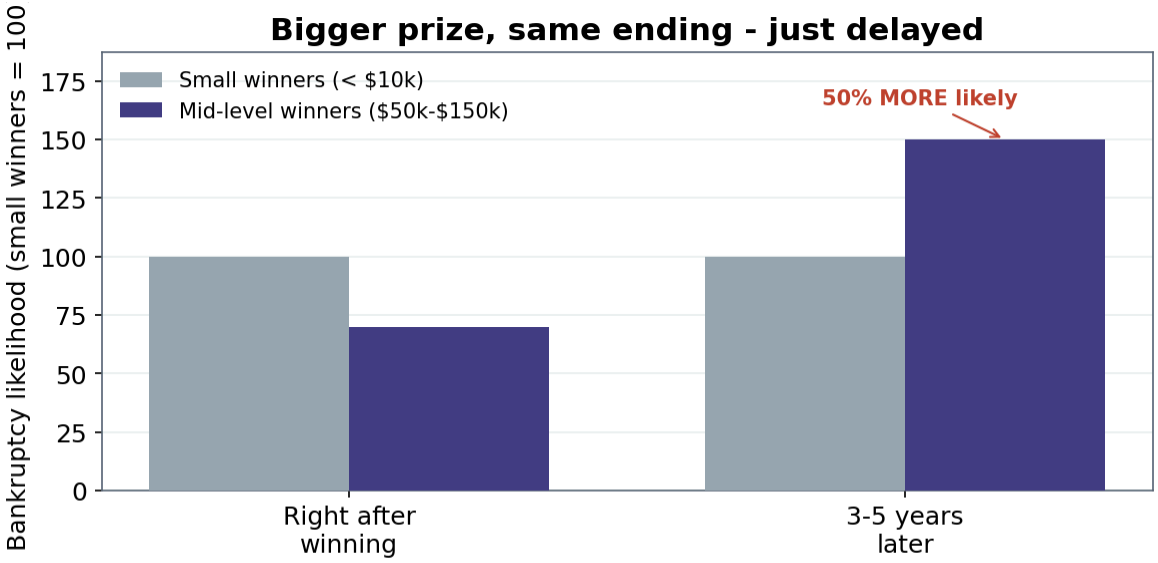


Illustrative reconstruction of reported spending categories - not exact figures.

Figure 3. Illustrative reconstruction of reported spending categories - not exact figures.

4. What the research says

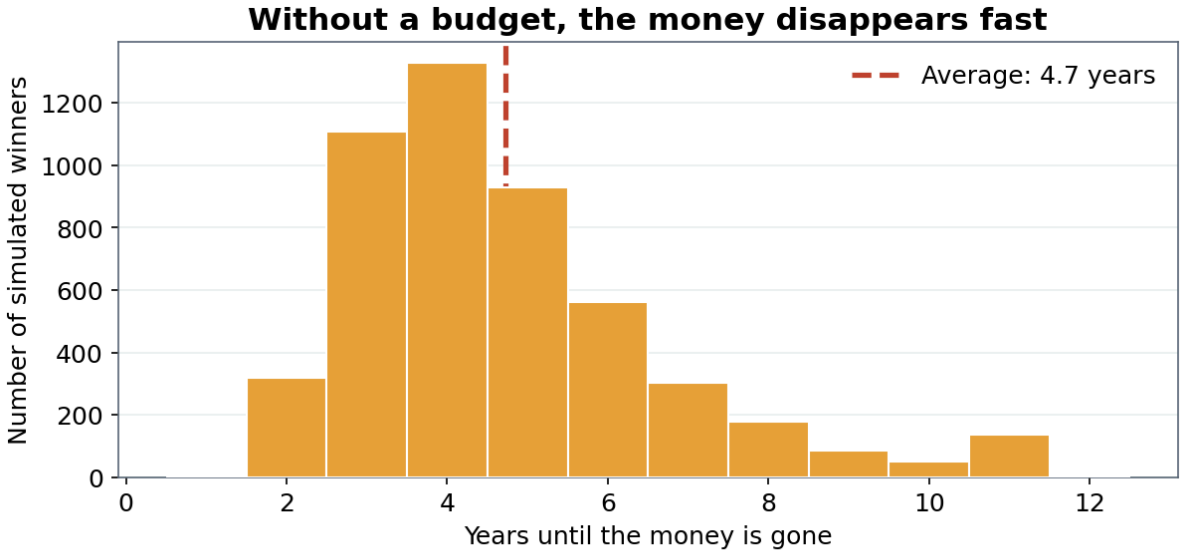
It's not just a few unlucky stories. Economists Hankins, Hoekstra & Skiba studied about 35,000 Florida lottery winners. Winners of $50,000–$150,000 were 50% more likely to file for bankruptcy three-to-five years after winning than people who won under $10,000.



Based on Hankins, Hoekstra & Skiba (2011), ~35,000 Florida lottery winners.

Figure 4. Based on Hankins, Hoekstra & Skiba (2011), ~35,000 Florida lottery winners.

5. How fast can a windfall vanish?



Illustrative simulation of 5,000 winners who spend with no plan - models the research pattern.

Figure 5. Illustrative simulation of 5,000 winners who spend with no plan - models the research pattern.

⚠ Be a smart reader of money claims

You'll often see the claim that "70% of lottery winners go broke," credited to the National Endowment for Financial Education (NEFE). NEFE has publicly said it cannot confirm that number and did not produce it. The verified research (Figure 4) is more careful. Lesson: even scary-sounding statistics need a real source — a skill you'll use throughout this course.

Discussion Questions

Answer in complete sentences. Use the figures as evidence.

Q1. Jack Whittaker won about 58 times more than Evelyn Adams, yet both went broke. What does this tell you about the relationship between how much money you have and financial responsibility?

Q2. Using Figure 3, identify which spending categories could never pay Post back, and which might have. How would a budget have changed his choices?

Q3. Figure 2 shows two paths for the same $16.2M. Estimate the dollar gap between them at year 10. What single habit creates that gap?

Q4. Figure 4 shows bigger winners going bankrupt later, not less. Why might a huge sum of money actually make bankruptcy more likely for someone without a plan?

Q5. Define each term in your own words and give an example from the case: budget, wants vs. needs, saving, debt management.

Final Deliverable: The $1,000,000 Survival Plan

> **Your task**
>
> You've just won $1,000,000 (about $650,000 after taxes). Your job is to make sure you are NOT in Figure 5. Build a one-page plan that proves you understand financial responsibility.

Part A — Allocate the money

Decide how you'll split your $650,000 after-tax winnings across the categories below. Your percentages must total 100%, and you must write one sentence defending each choice.

Category	Your %	Your $ amount	Why (1 sentence)
Emergency savings			
Needs (housing, debt payoff)			
Investing / growth			

Category	Your %	Your $ amount	Why (1 sentence)
Wants (fun spending)			
Giving / helping others			
TOTAL	100%	$650,000	—

Part B — Defend your plan

In 150–200 words, explain how your plan would keep you out of the patterns shown in Figures 2–5. You must use at least three of these terms correctly: budget, wants vs. needs, saving, debt management, investing.

Part C — Make it visual

Turn your Part A allocation into your own pie chart (by hand or with a spreadsheet). Then write one sentence comparing your pie chart to Figure 3 — Bud Post's actual spending.

How you'll be graded

- Percentages total 100% and dollar amounts are correct (20%)
- Each category choice is defended with sound reasoning (30%)
- Part B uses at least three key terms correctly (30%)
- Pie chart is accurate and the comparison is thoughtful (20%)

Key Terms

Term	What it means
Financial responsibility	Making informed choices about how you earn, spend, save, and borrow.
Budget	A plan that decides where your money goes before it goes there.
Wants vs. needs	Telling apart things you must have from things you'd merely like to have.
Saving	Setting money aside for needs and emergencies you can't predict yet.
Debt management	Handling borrowed money so it stays small and on your terms.
Investing	Putting money where it can grow over time instead of sitting still.

Sources

All figures and quotations in this case study are drawn from the sources below. Charts labeled "illustrative" are teaching models built to demonstrate the concepts, not exact financial records.

1. William "Bud" Post (lottery winner) — Wikipedia. https://en.wikipedia.org/wiki/William_Post_(lottery_winner)
2. "Lottery Winner Goes From Rags to Riches Then Back to Rags Again" — Celebrity Net Worth. https://www.celebritynetworth.com/articles/celebrity/lottery-winner-goes-rags-riches-back-rags/
3. Jack Whittaker (lottery winner) — Wikipedia. https://en.wikipedia.org/wiki/Jack_Whittaker_(lottery_winner)
4. "Jack Whittaker won Powerball's $314 million jackpot. It ruined his life." — The Washington Post. https://www.washingtonpost.com/history/2018/10/24/jack-whittaker-powerball-lottery-winners-life-was-ruined-after-m-jackpot/
5. Evelyn Adams (lottery winner) — Wikipedia. https://en.wikipedia.org/wiki/Evelyn_Adams_(lottery_winner)
6. Hankins, Hoekstra & Skiba, "The Ticket to Easy Street? The Financial Consequences of Winning the Lottery" (2011) — Vanderbilt Law School / SSRN. https://scholarship.law.vanderbilt.edu/faculty-publications/1456/

7. “Research Statistic on Financial Windfalls and Bankruptcy” — National Endowment for Financial Education. https://www.nefe.org/news/2018/01/research-statistic-on-financial-windfalls-and-bankruptcy.aspx