9/11 FAMILIES | ENDOWMENT LOGIC

The Distribution Intake Strategy

A framework for converting irregular USVSST payments into structured, tax-efficient capital deployment.

BOTTOM LINE UP FRONT
Irregular payments from the USVSST Fund require a "waiting room" infrastructure to prevent accidental overspending and ensure tax readiness. Without this structure, large sporadic payments create a "morale hazard" where a high bank balance leads to undisciplined spending.

The Problem

The United States Victims of State Sponsored Terrorism Fund distributes assets in annual rounds, with each distribution varying in size based on available funds and the number of eligible claimants. As of 2026, the Fund has completed five distribution rounds, with the Sixth Distribution expected in late 2026.

These large, sporadic payments create a dangerous "morale hazard" for families. When a six- or seven-figure deposit appears in a checking account without context or structure, behavioral finance research shows that spending patterns shift dramatically. Families begin making purchases and commitments based on a perceived level of wealth that may not be sustainable across their lifetime.

Additionally, without pre-positioned tax reserves, families can face unexpected tax liabilities of 20-37% on these distributions. Many discover this only when filing their annual return, creating a second financial shock that compounds the original planning failure.

The Solution: Distribution Intake Architecture

We establish a dedicated intake account that acts as a safety valve. Before any money reaches your checking account, it is automatically partitioned into three distinct "buckets":

Bucket 1: Tax Reserve Account (25-37%)

An immediate partition of estimated federal and state tax liability. This money is placed in short-duration Treasury instruments, earning yield while remaining fully liquid for quarterly estimated tax payments. The exact percentage is calibrated to your marginal tax bracket, accounting for all other income sources.

Bucket 2: Liquidity Buffer (10-15%)

A 12-24 month living expense buffer that ensures no family is ever forced to liquidate long-term investments for short-term needs.

This buffer absorbs the irregularity of the distribution schedule, providing steady monthly cash flow regardless of when the next payment arrives.

Bucket 3: Long-Term Growth Engine (Remainder)

The balance flows into a diversified, risk-managed portfolio designed for multi-generational wealth preservation. This allocation follows our Core-Satellite model, combining low-cost index exposure with tactical positions calibrated to the family's specific time horizon and risk tolerance.

The Goal

To transform irregular windfalls into a sustainable, multi-generational legacy. By implementing this intake architecture before distributions arrive, families convert what could be a source of financial chaos into a disciplined, compounding wealth engine.

The result is a family that never experiences the "feast-or-famine" cycle common among USVSST recipients. Instead, each distribution is absorbed seamlessly into a structure that has already been optimized for tax efficiency, liquidity, and long-term growth.

Implementation Timeline

Phase 1 (Weeks 1-2): Financial situation analysis, tax bracket determination, and trust structure design.

Phase 2 (Weeks 3-4): Account establishment, beneficiary designations, and automated partitioning rules.

Phase 3 (Ongoing): Pre-distribution readiness reviews conducted 60 days before each anticipated payment, with real-time adjustments based on tax law changes and family circumstances.