



A different ballgame

Rookie pro athletes signing contracts for the first time are young, impressionable, and eager to show off their newly-acquired brand. On the flipside, pro athletes are also notorious for declaring bankruptcy after a just few years and facing financial difficulties in retirement. It's their financial advisers' jobs to tell them, from business pitches to investment products, "be boring"

By Katherine Goh

Twenty-year old basketball player Ben Simmons signed his first rookie contract with the Philadelphia 76ers for over \$26m in June, \$12m of which is guaranteed for the first two years he plays. After signing, he essentially became a multi-millionaire overnight. Dozens of athletes like Simmons are signing extravagant contracts every year, yet given their short-lived careers—the average in the NBA being only 4.8 years—they face serious financial challenges managing their money and planning for a long retirement.

Pro athletes who have declared bankruptcy in the past, the most notorious being heavyweight boxer

Breaking down the essentials



Lisa Osofsky, leader of private client services and partner at WeiserMazar

Lisa Osofsky and her team at WeiserMazar advises affluent individuals—including several professional athletes—on their finances. Here, she breaks down the essentials of managing athletes' finances.

Do

● **Consider how taxes will impact after-tax money available for spending and saving:**

Many athletes look at their signing bonus, for example, in gross dollars and think about all the "things" they can buy for themselves or others, without realizing that the federal government, and likely their home state or states where they play, will want their share of that income. That could leave them with 50-60% of the amount they think they are earning.

● **Set aside savings and budget for spending:**

Building a war chest for the future can provide some protection. We have one NFL player that has targeted a certain amount of savings each year to get to a fixed number he wants to have set aside when he retires and we work with his investment advisor to manage his cash flow and budget to help accomplish that goal.

Don't

● **Rely on family and friends for financial advice:**

Instead, the athlete should consider his or her partnership with the financial adviser, accountants, and other professionals like a "team" in which everyone is bringing a unique perspective and talent.

● **Ignore other areas of planning once wealth accumulates:**

Once the money is earned and the savings start to build, preserving that wealth is another significant goal. It's not just about investing the money and building a net worth, rather it's about preserving it for his family down the road, which involves estate and insurance planning.



The amount Mike Tyson made in his career, before filing for bankruptcy in 2003

"trusted" friend looking to scale or launch his or her own dream, usually responding with a firm "no."

Brown's firm specializes in rising NBA stars, many of whom migrate from poverty-stricken families to making a couple thousand dollars a year as a scholarship athlete. When they sign their first contract and start making upwards of \$200,000 a month, most lack the financial expertise and background to have a plan in place, and that's when the business pitches roll in.

Staying away from the sexy stuff

"Pro athletes are essentially their own brand, and there are a lot of people out there looking to lever-