

The Financial Line-up

Financial Planning, News, and Tax Tips for Professional Athletes

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Editor: Allen W. Tharp, CPA

Money Lessons From Athletes

“Irreplaceable Capital”

By Paul Sullivan-NY Times

Most professional players do not get huge paychecks. Even among those who do, the savviest ones are not buying Bentleys and mansions for their families. They are renting apartments and driving modest cars, looking at the long term instead of the immediate. And given the uncertainty surrounding the 2011 season as labor talks continue, this is true now more than ever.

That is the case with Paul Posluszny, a linebacker who four



years ago was a second-round draft pick in the NFL and signed a four year contract for \$4.75 million with the Buffalo Bills. Of that, about \$2.5 million was guaranteed; the rest was in performance incentives.

With a \$1 million signing bonus and a first year salary of \$285,000, it is fair to say that he was doing better than most of his classmates at Penn State who were entering the job market.

Paul said he was well aware of the financial problems that a rush of wealth had caused many professional athletes. And he did not want to be among them. “I knew I wanted to be in something safe and secure”, he said. “A long career isn’t guaranteed.” “I wanted to have this money for life.” Instead of trying to manage his money on his own, or **worse** turn to a friend or family member, he found someone independent who could advise him. Today he lives in a modest home, he drives a Nissan Armada, which he gets to use in exchange for signing autographs and doing promotions at a local car dealership. Many professional players make a lot of money and save none of it, things can change quickly, this is irreplaceable capital. The players who are the most successful at managing their “sudden money” assume the worst. They budget, save and invest carefully and that is something they can teach the rest of us.

10 Financial Tips for the Newly Drafted Athlete

By Royal Bank of Canada

Coming into a considerable amount of wealth at a young age brings with it many challenges, including the temptation to blow it all on a fancy sports car, a huge new house or an extravagant lifestyle. But as is the case with many professional athletes—the career span is a short lived one.



Given that financial mismanagement is common among professional athletes, it is important that young players establish a solid financial plan that will help them preserve their wealth for the fifty years after they have stopped playing.

Becoming a professional athlete is a dramatic change. Suddenly they deal with significantly more money but also much higher expectations for spending. So they need to start financial planning as soon as they are drafted.

10 financial tips for the newly drafted athlete:

1. Don't let your signing bonus change your life
2. Manage your spending
3. You probably have to **fund 50 years of retirement**
4. Careful tax planning can make a huge difference
5. Fluctuations in foreign exchange
6. Before you buy your dream house, evaluate the impact of where you own property.
7. You will be asked for money regularly—so plan your giving in advance
8. Endorsement income can offer tax advantages
9. Protect your assets from lawsuits
10. Protect your family's future through insurance and estate planning.



HAMILTON THARP, LLP
323 N. Pacific Coast Hwy 101* Solana Beach *California 92075 * (858) 481-7702
www.ht2cpa.com



Professional Athletes Score With a College Degree

By Catherine Groux—Arizona Republic

Individuals who dream of becoming professional athletes may feel that they should spend their time after high school working on their athletic skills rather than earning a bachelor's degree. However, many professional athletes praise the value of higher education.

Thomas Davis, a linebacker for the Carolina Panthers, recently spoke to a group of children who participated in the Achievements Unlimited Basketball School, the *Charlotte Observer* reports. The athlete recently used online education to finish an economics degree in the spare time he had after football practice.

Many professional athletes praise the value of earning a college degree. Now that he has earned a college degree, Davis said he felt more confident speaking to the group of young students.

"It felt so much better now talking to them because I know I can say with conviction I went back," he told the *Observer*. "I've done it. I've accomplished what I needed to do."



New Breed of Athletes Seeking Edge Through Food, Not Drugs

By Dan Bickley—Arizona Republic

Most athletes enjoy a special bond with food. They eat whatever they want and still look good in the mirror. It's easy to abuse the relationship. Some Cardinals players make fast-food runs at lunch before dispersing into meetings. A prominent ex-Suns player wolfed down greasy breakfast sandwiches on his way to practice and never gained a pound. All this internal sabotage, and no one ever knew the difference. Until now!

"The one thing that is not emphasized enough in the world of sports is diet," Suns forward Grant Hill said. "Maybe it's a bad analogy, but you don't want to put regular gas in a high-performance car. But for some reason, nutrition has never been a priority."

To a new breed of athlete, nutrition is the final frontier. To them, food is the new drug of choice. There are big benefits, there is less down time, people don't get ill as often or as easily and missed days are a huge setback to teams. Hill and Nash pay careful attention to their diets and have sworn off sugar. The Phoenix Suns are the most health conscious team in the NBA. Both are convinced that their diet is largely responsible for their youthful performance. Hill's nutrition plan is simple: If it was around 50,000 year ago, I'll eat it.

Bottom line: Athletes are always looking for an edge. And as long as the trend doesn't involve a syringe or illegal drugs, that's progress. Maybe even the start of a clean, new era in sports.

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