

# 5 BIGGEST DANGERS TO ATHLETES' WEALTH

## And How to Avoid These Common Mistakes



THE  
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The warning signs that an athlete's wealth is about to take a turn for the worse are easy to spot – because it happens in predictable ways. Lack of experience and betrayals of trust are enough to take down all but the strongest financial foundations. The biggest keys are to understand it can happen to anyone, and take the simple steps to avoid these issues.

1

### The Entourage

Friends from the neighborhood can latch onto the athlete, and live the celebrity life while being a persistent drain on finances and a source of bad ideas. The athlete has promised to “take them with – out of the neighborhood/poverty,” but forgets that before they can help anyone else, they need to put the oxygen mask on first.

**What to do instead:** You can turn this potential risk into an asset. Take your crew out of the neighborhood, but set them up to thrive. Whether through responsible small business loans, or career training, you can rise up together.

2

### The Gatekeeper

Too often a long-time friend or family member, with no financial experience or knowledge, becomes ‘The Gatekeeper’ for the athlete. This person makes bad business decisions and controls access to the athlete, ensuring no one can expose the negative consequences on the athlete's finances.

**What to do instead:** You must take a careful look at who you've put in charge and consider whether their motivations are right, and perhaps more importantly, whether they have the skills needed to make these decisions. If one or both is lacking, go the route of #1 and help them get there, or let them go and find someone you can trust.

3

### The Tantrum

When finally rewarded for the work and discipline required to become a pro, many athletes go through a phase of feeling that they deserve anything and everything. When told not to buy luxury items such as jewelry or cars, the response is – “who the hell are you to tell me what I can or cannot buy!?” Increasingly disastrous financial decisions inevitably follow.

**What to do instead:** This one is on you. No one will ever truly understand what you've endured to achieve success, but you also have to keep one foot on the ground and understand how quickly you could lose everything you've worked for. The best path forward is to implement a budget with room to enjoy what you've earned, but also has controls in place to ensure you're building an unshakeable foundation for the future.

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### 4

#### The YES Men

As soon as someone in the athlete's camp gets fired for not agreeing with bad decisions, the professionals hired to protect their client, like the agent, business manager or lawyer, are likely to mitigate any conflict with the athlete to avoid getting fired – becoming YES Men. They would rather ride out the financial storm that is coming then tell the athlete only what they need to hear. As soon as there are only YES men around, the end is almost certainly near.

**What to do instead:** You must understand how getting different points of view on financial matters helps avoid financial hazards. Get into the habit of always asking your team: "What could go wrong with this financial move?" The final decision is always yours, but there is tremendous value in advisors who feel confident sharing financial knowledge and experience, even when you don't want to hear what you need to hear.

### 5

#### Financial Myopia

Athletes can have a defective vision of their financial future. The average career span in the NFL is 3.3 years, the NBA is 4.5 years, the MLB is 5.6 years, and the NHL is 5 years. Sure they may earn a lot of money, but after paying agent's fees, taxes, and for a luxury lifestyle, there isn't much left to support the rest of their non-playing years. They may think that they can pull off another miracle in overcoming all odds to maintain their lavish lifestyle, but the most common result is a broke athlete.

**What to do instead:** Budgeting and planning are the keys here. Just remember it isn't a "one or the other" situation. With the right mindset and approach, you can still live (relatively) large, while putting away enough to secure a future for yourself and your family. It just takes some self-control and a willingness to make the right decisions.

So many athletes come into a level of money at a young age that no one is truly prepared to handle. Athletes just have to remember that true baller status comes when athletes can live like a king for a lifetime, not just for a couple years. If an athlete can build a trusted team, establish a plan, and follow it through, a comfortable lifestyle is highly attainable.

