

Money Players: A Pro Athlete's Guide to Success in Sports, Business & Life

EXCERPTS FROM CHAPTER 1

TAKE CARE OF BUSINESS...EVERYDAY

I am not a businessman/I am a business, man.
– Jay-Z lyrics

You've heard a thousand times how few athletes make it to professional sports. Congratulations! You beat the almost insurmountable odds. You have the opportunity to play the sport you love, live well, help out your family if they need it, and, at the same time, build a financial foundation for the rest of your life. However, your effort must continue on at least three fronts:

1. **Athletic:** To maximize the length and quality of your pro career, you have to work even harder at perfecting your skills, conditioning, studying the game, getting good nutrition and rest.
2. **Social:** The pressures on pro athletes are enormous. To survive and flourish requires working on keeping or building good relationships with teammates, coaches, management, media, fans, family, and friends.
3. **Financial:** You will make a lot of money. What you will end up with at the end of your pro career depends on how much you save and how wisely you invest.

The career window for a professional athlete is short. Every moment counts. Every good move and every mistake is magnified.

Build a team of professional advisors

One critical part of your success is building a great team of professional advisors who collaborate for your benefit. There are a lot of agents, business managers, lawyers, accountants, financial advisors, insurance brokers, real estate agents, and other providers of professional services out there. The best are people of great integrity, experience, and expertise who educate as well as serve their clients. The worst are crooks. In between are those of average competence who are mainly honest but perhaps cut a corner here or there. This book shows you how to build a team of excellent advisors.

Control what you can

Michael Jordan understood that his offensive performance would vary, but he viewed his defense, however, as a constant: Because he controlled his effort, Michael felt he should never have a bad night defensively. Ever. If you have pro ability, focus on what you can do to enhance your athletic performance and get the most from your sports career:

Character

Owners, GMs, and coaches want players who can help them win. Sometimes they'll put up with less-than-model citizens — but the tolerance for bad apples appears to be decreasing, even for superstars. There's a premium on "character guys" — professional athletes who can be relied on to say and do the right things. And it's the character guys who go on to rewarding careers as coaches, announcers and leaders in other fields.

Physical fitness and health

Take care of your body. Babe Ruth stayed up until all hours drinking, was overweight, and still hit 60 home runs in one season. There was only one Babe Ruth. It's a different game today: players work out year-round, and endure hours of daily physical therapy.

Business and finance

Build a team of accountable experts and become knowledgeable enough to ensure that they are working in the right direction for you. Invest wisely, spend wisely, and finish your playing days with a strong financial foundation for the rest of your life.

Be skeptical

Being skeptical doesn't mean you have to be distrustful. Just don't blindly trust people without taking steps to ensure that you're not being lied to or scammed.

Think long term

Every decision you make has consequences. The results of some decisions become apparent immediately. With others it takes years, even decades, before we know whether they were the right decisions.

EXCERPTS FROM CHAPTER 2

COLLEGE RULES!

As soon as you give a player money, you have corrupted the relationship...it's [now] a creditor-debtor relationship.

—Richard Woods, sports agent

There's a 100% chance you'll be offered money.

—Tim McGee, former NFL player

You've no doubt heard repeated warnings that sound something like this: "You need an education to fall back on in case you don't make it as a pro." True, but if you do become a professional athlete, you *really* need an education to deal effectively with the business aspects and to protect yourself from the questionable characters that flock to money.

Agents: Roles and Rules

Too many agents and would-be agents are chasing too few clients. The prizes are big: percentages of multimillion-dollar salaries and endorsement contracts. Less scrupulous agents try to buy athletes' friendship, even at the cost of endangering their NCAA eligibility, with parties, cars, cash, hotel rooms, air fares — whatever will make players feel obligated to sign with them.

The NCAA has strict rules regarding relationships between college athletes, sports agents, and professional sports teams. Penalties can be severe, up to total loss of eligibility. Here is a short, plain-English summary of the rules regarding agents, amateurism, and eligibility.

Five Don'ts and One Do

Don't

- take money or other benefits (including free transportation) from an agent (or anyone else who is giving them to you because you are an athlete).
- agree to be represented by an agent, either orally or in writing.
- allow an agent to act as an agent on your behalf.
- sign with a professional sports team or play on a pro, even if you play for free.
- accept any payment based on your or your team's performance.

Do

- get advice from an agent, a lawyer, or anyone else — as long as he or she does not promote your athletic skills to pro teams or negotiate a contract between you and a team.

Read the rules

The current NCAA rules regarding agents, amateurism, and extra benefits are published annually in the *NCAA Division I Manual* and posted at www.ncaa.org. When you're faced with an issue which may impact your eligibility, consult your school's compliance officer and/or contact the NCAA for information you can rely on. Otherwise, you run the risk of misinterpreting the rules, which is definitely a poor defense. If all else fails, follow the "five don'ts" and "one do" above.

"Your eligibility is your most valuable asset"

As a college athlete, your eligibility is your most valuable asset. No eligibility, no scholarship, and likely no pro career. College athletes are under the microscope. These days, schools are not very forgiving if you don't get the grades or if you screw up off the field. You may feel the rules are unfair or that you won't get caught if you cheat. But it's not worth the risk.

— Ryan Nece

Hands down: the best advice

As an elite athlete, you have likely been offered freebies or special deals that go beyond the norm. Shoes, clothes, equipment, meals, entertainment, travel, cushy or no-show summer jobs, cars, apartments, and money are among the enticing goodies made available to athletes. Once you've started along the path of easy acceptance, it's hard to change course as the gifts become bigger and better. Then, you've put yourself in a place where it's hard to make an independent decision. You may feel obligated to select an agent who may not be competent and who is definitely not ethical. **If you do end up hiring him, you will pay for all those gifts you received many times over, and your money will be used to dangle similar bait in front of other prospects.**

Reason #968 to follow NCAA extra benefits rules

Extra benefit cases involving NCAA athletes often come to light when individuals (typically wannabe agents) claim they are owed money by college athletes. Convicted criminals Michael Michaels and Lloyd Lake alleged that Reggie Bush's parents lived rent-free in a house owned by Michaels while Bush was playing at USC. The duo claimed they provided \$100,000 cash and other benefits to the Bush family and invested another \$200,000 to start a sports agency which would represent Bush when he turned pro. Bush signed with another agent and another marketing firm. Michaels and Lake demanded Bush pay them \$3.2 million to settle their "economic loss." Their demand letter included a not-so-subtle hint that the NCAA and the media would have an interest in this matter. The dispute was settled out of court in April 2007.

EXCERPTS FROM CHAPTER 8

GETTING STARTED

Introduction

As a professional athlete, you are among the fortunate few who can earn a lot of money at a young age. Unfortunately, that does not automatically translate into a happy and satisfying life. Many athletes, entertainers, lottery winners, and others who hit the jackpot have discovered that sudden wealth can even bring on misery — such as when you have to deal with family members, friends, and "long lost friends" who want a share. This section helps you take advantage of the opportunities — and avoid the disasters — associated with high income, fame, and (let's hope) growing fortune.

Financial success/failure

There are four main factors that determine financial success — or, on the flipside, financial failure. They are income, spending, investing, and selection of financial and legal advisors. You

don't have to be an expert, but a basic understanding of these areas will give you the ability to ask the experts the right questions, supervise them, and help you make the best decisions.

Income

If you don't make money, you will have a tough time amassing wealth. Fortunately, you not only chose a very lucrative profession, but you beat the long odds to gain entry into one of the smallest work forces around — professional sports.

Spending

While the market plays a major role in determining your compensation, you are pretty much in control of what you spend. The more you save, the better. To paraphrase an old Chicago political credo: Save early and save often.

Investing

The more money you invest, the more money you should earn from your investments. You build wealth by saving (and investing) the money you make.

Selecting advisors

As the next two chapters will show, your ability to select honest, accountable, competent, and qualified financial and legal professionals will significantly impact your bottom line. Your net worth will be largely determined by the company you keep.

Fun and fortune

Some of the advice I offer might not sound like fun. You can live on a self-imposed budget, hold off on some big-ticket purchases, invest prudently — and still enjoy life. You can live like a king relative to the average American. The problem is when you're an averaged-salaried professional athlete and you try to live like Shaq.

The short, simple guide to financial success:

- Pay off all credit card debt.
- Fund your 401K and other available retirement accounts to the max.
- Spend modestly, based on reasonable needs, not how much you currently earn.
- Hire good, competent, ethical business advisers.
- Do not give anyone full power of attorney.
- Buy the insurance you need (car, life, liability), not the most highly-commissioned products.
- Make a will.
- Do not invest money you cannot afford to lose in nightclubs, restaurants, record labels, and other risky propositions.
- Learn about business. Read *The Wall Street Journal*. Take advantage of educational opportunities offered by your league and players association. Hang out with business leaders, not salesmen.
- If a proposition sounds too good to be true, it probably is.
- Live modestly. Invest conservatively (7-10% annual returns are great). Have patience.
- Keep doing these things for years and even decades.

Pretty simple, right? That's the point.

Of course, there are details. Read on.