



Helping the Pros Create a Financial Playbook

Talent on the field earns them top dollars, but athletes still need management advice

By João-Pierre Ruth

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Peter Grandich, of Trinity Financial, Sports & Entertainment Management Co., right, reviews financial details with retired New York Jets defensive lineman Joe Klecko, who works with the company as a mentor to rising stars. [Steven J. Dundas]

Top athletes may earn salaries that can make executives blush with envy, but their superhuman skills don't always extend to managing their finances. Though not every athlete boasts earnings on par with **Tiger Woods** or **LeBron James**, salaries for pro athletes often exceed six figures.

Even so, athletes are still at risk of losing it all through bad choices, even though their compensation is more dependent on their performance on the field than the whims of the economy. Disgraced Atlanta Falcons quarterback **Michael Vick** famously put his career and fortune in jeopardy by operating an illegal dog fighting ring. The high-profile quarterback was suspended by the National Football League in 2007; just a year later, he filed for personal bankruptcy protection while paying mounting legal bills and sorting out purported mismanagement of his assets.



Peter Grandich, of Trinity Financial, Sports & Entertainment Management Co., right, reviews financial details with retired New York Jets defensive lineman Joe Klecko, who works with the company as a mentor to rising stars. [Steven J.

Accounting firm **Rothstein Kass**, which has an office in Roseland, in December reported the results of a survey that found few young professional athletes were taking direct charge of the business aspects of their careers.

Rick Flynn, a principal in Rothstein Kass's New York office, said athletes must be more involved in understanding their cash flow.

"Our survey showed that a significant portion of athletes are not aware of how much money they are spending, or how much debt they have," he said. When talking about money management with athletes, Flynn said, many reply that no one really showed them how to handle their finances.

Rothstein Kass and other financial counselors, such as **Trinity Financial, Sports & Entertainment Management Co.** in Manasquan, offer their expertise to players who may not know how to field a long-term investment strategy.

Peter Grandich, founder of Trinity Financial, extends to his clients advice on what money moves to make, as well as how to temper their decisions based on their faith.

"We do this from a Christian standpoint," Grandich said. Trinity maintains an advisory board of retired professional athletes, including former New York Jets defensive lineman **Joe Klecko**, who serve as men-

tors to rising stars of the field. The counsel extends beyond money matters to include ethical guidance — the temptations of celebrity can lead to excess, which can quickly drain assets, Grandich said.

Many of Grandich's clients are professional football or basketball players, and "many times, they are the first one in the family that ever made a very large sum of money," he said.

A sudden influx of wealth with no plan on how to manage it can lead to financial missteps, Grandich said — for instance, an athlete might overspend because he doesn't realize a \$500,000 signing bonus may net only \$300,000 after taxes.

Family members and friends may start lining up for cash from an athlete who turns pro, or athletes may listen to advice that steers them into questionable business ventures. "For some reason, many of these guys want to open restaurants or nightclubs — which have a notorious rate of failing," he said.

Such rookie mistakes can stem from a lack of awareness of long-term financial planning, according to the Rothstein Kass report. The firm worked with 89 sports agents who provided blind information on existing clients — agents spoke with their clients to collect the requested data, or responded directly on behalf of their clients. Each of the 178 athletes included in the study had a minimum net worth of \$5 million, including salaries, bonuses, endorsements and other business assets.

Among the responders, 65.7 percent of the athletes were under age 30; these responders had an average net worth of \$21 million, and median net worth of \$9 million. Those athletes older than 30 had an average net worth of \$32 million, and a median net worth of \$13 million.

The survey found "the less experienced the athlete is, the less time they will spend dealing with their asset and balance sheet management," Flynn said.

He said 17.9 percent of responders under age 30 were personally focused on the business side of their careers, compared to 62.3 percent of athletes older than 30 who were hands-on in business matters.

Flynn said professional athletes may develop such skills over time — though this oftentimes comes as a result of coping with a substantial financial loss, he said, from a failed business venture or through someone taking advantage of the athlete.

Flynn said athletes tend to invest in businesses such as franchises, restaurants, car washes, and software and music companies. But just like for non-athletes, jumping into any of these ventures should be done with the input of financial experts.