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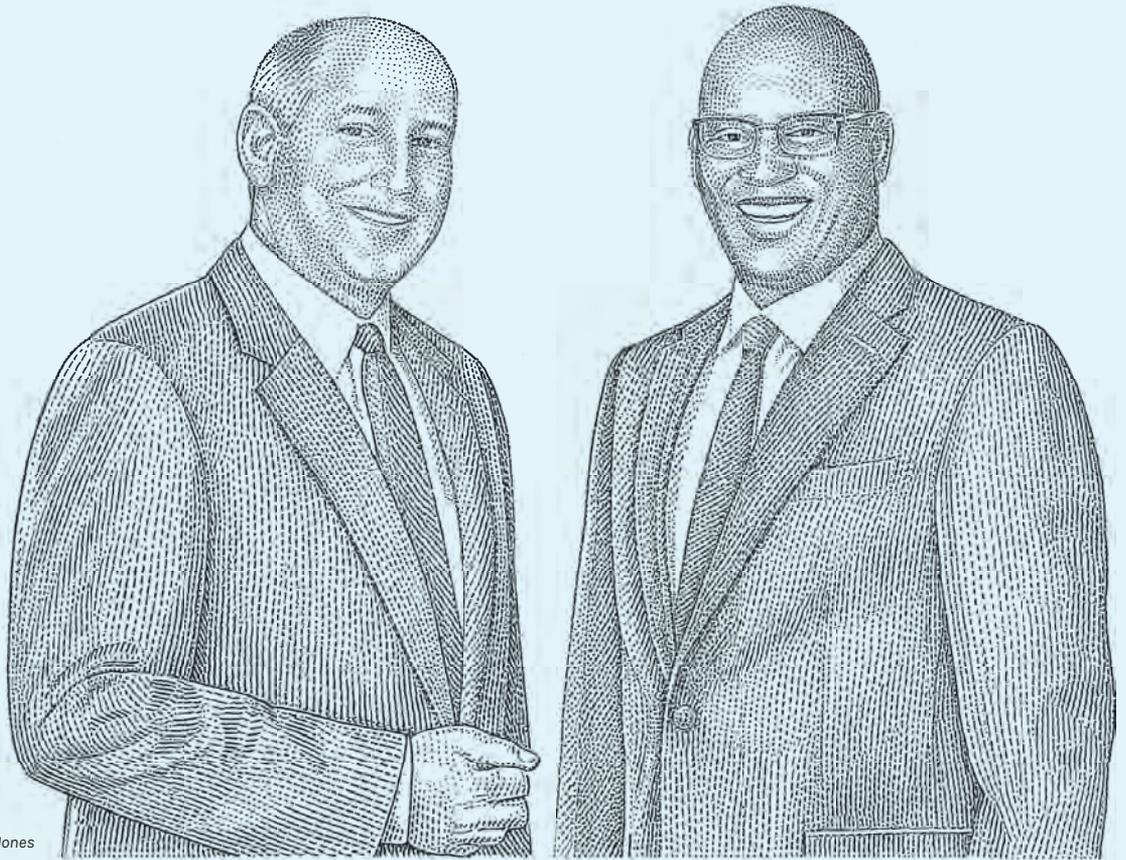
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VOLUME 20 | EDITION 02

How can professional athletes prepare for long-term financial security?

BY CRAIG S. JONES



Left to right: Ian D. Barclay, Craig S. Jones

THE COLONY GROUP

Massachusetts | New York | Virginia | Florida | Colorado

800.758.8200

FEATURED ADVISORS

Ian D. Barclay, CPA, PFS
Managing Director, Rocky Mountain Region &
Co-President, Colony Sports and Entertainment

Craig S. Jones, JD, MBA, CPWA
Managing Director, Rocky Mountain Region &
Co-President, Colony Sports and Entertainment

FINANCIAL SERVICES EXPERIENCE

Ian, 32 years; Craig, 29 years

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Fidelity, Schwab, TD Ameritrade

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services); asset-based fees (investment
services)

EMAIL

ibarclay@thecolonygroup.com
cjones@thecolonygroup.com

WEBSITE

www.thecolonygroup.com

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ike many careers, a career in professional athletics has a life cycle. Unlike what other professionals experience, however, an athlete may find his or her career to be quite fleeting.

While individuals pursuing other professions are just hitting their prime earning years in their late 30s and early 40s, most athletes are winding down their careers or already retired by then. This phenomenon varies from sport to sport, but evidence suggests that the average athlete's career lasts only two to four years.

In planning for the financial well-being of an athlete, it is important to consider four stages of the career life cycle: early career, mid-career, late career and post-career. Through each stage, continuous but dynamic action and education are essential in the areas of wealth accumulation, investing, taxes, risk management and wealth transfer.

Ultimately, the athlete's goal is to achieve financial independence and peace of mind; but just as important is empowering these athletes to understand their own finances so that they may become confident and informed decision-makers. And for that to occur, their advisory teams must act as their non-athletic, but lifelong "coaches."

By proactively planning for challenges and opportunities at each stage in their professional life cycle, athletes can be proud of their career statistics

while avoiding another, less stellar statistic: the one that says that 60 to 80 percent of athletes are broke within five years of ending their careers. Practices that generally should be considered include:

Early career—first contract. The personal financial journey begins. At this stage of the journey, the athlete should take a disciplined approach to personal finances, similar to the discipline applied in his or her training regimen. Steps of this disciplined approach include:

here include:

- Monitor spending on residences and nonappreciating assets, remaining accountable to savings plans and goals.
- Remain disciplined with family and friends who may seek to upgrade their lifestyles along with the athlete's.
- Increase understanding of long-term investing in a diversified portfolio to increase the likelihood of achieving goals.
- Restructure tax plan to account for changes in residency.

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- Establish a budget and cash-flow plan that includes housing, automobiles and other expenses.
- Set boundaries to manage pressure from family and friends for money.
- Begin a responsible and diversified investment program, avoiding over-exposure to "products" and illiquid "deals."
- Plan for taxes, including withholding, multi-state and international taxation, taxes on bonuses and incentives and tax residency.
- Establish a strong credit history.
- Gain an understanding of life, disability, casualty and other insurance coverages.
- Initiate estate-planning work, which should include a will, healthcare proxies and, in some cases, trusts.

Mid-career—second and largest contract. Maintaining financial focus. At this stage of the journey, the athlete is enjoying the financial success that comes with a lucrative contract. It is a challenge, but also a necessity, for the athlete to keep to a spending plan that balances the desire to enjoy life while saving enough for the future. Steps

- Create a more sophisticated estate plan for wealth transfer and tax minimization.

Late career—last and shorter-duration contract. Looking ahead. As the journey of an active professional athlete winds down, it becomes necessary to prepare for what is next—professionally, personally and financially. Steps include:

- Fund education plans for children while exposing those children to a financial education.
- Consider investing in well-researched alternative investments, such as real estate and private business opportunities.
- Consider permanent residence choices.
- Explore planned wealth transfer and charitable-giving opportunities.
- Leverage fame to create post-career employment and other opportunities.

Post-career—the journey continues. This is the time when the retired athlete adjusts to a lifestyle that matches his or her financial capacity and carries with it a lower public profile and the change in status to a full-time family member. Steps include:

- Find a career or activity that generates personal passion.
- Avoid "deals" that have no management track record and are not properly researched.
- Consider working with "transition" coaches, including psychologists and counselors.

By partnering with the right advisory team, professional athletes can successfully navigate each stage of their career. By its end, they can achieve financial independence, peace of mind and full empowerment to begin life's next journey. ●

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Ian D. Barclay, CPA, PFS

Managing Director, Rocky Mountain Region & Co-President, Colony Sports and Entertainment

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cjones@thecolonygroup.com

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