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The Importance of Financial Management for Professional Athletes and the Prevention of Bankruptcy

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Abstract

This research explores the importance of financial management and fiscal responsibility for professional athletes. Professional athletes within the four major leagues earn a salary above six-figures, yet a previous report has suggested that over 78% of professional athletes within two years of retirement experience financial distress or file bankruptcy. Professional athletes earn large amounts of money over a short career span, which averages around 5 years or less where upon retirement, it is a drastic change socially and mentally for these athletes which a lot of them are not prepared for. Agents and financial advisors believe athletes' bankruptcies are completely preventable by helping them plan for the future through educated and smart financial management along the way.

The Importance of Financial Management for Professional Athletes and the Prevention of Bankruptcy

Professional athletes work in a growing multi-billion dollar industry, and therefore earn a substantial salary of at least six figures, which is also growing over the years (Hambrecht, Hambrecht, Morrissey, & Taylor,2011; USA Today, 2011). Athletes have short careers which average 5 years or less, and therefore need to take responsibility with their money to make it last (Major League Baseball, 2011; Neumann, 1988). However, previous research has suggested that over 78% of professional athletes are financially distressed within a few years upon retirement (Torre, 2009). The aim of this paper is to better understand the commonalities among poor financial management by the athletes themselves and to get a better understanding of how and why this happens. Then once that is determined, the results will aid with the prevention for future athletes and being able to spot it before it becomes a problem. This will be helpful for athletes' agents, financial managers, friends and family members to better influence the athlete to take responsibility with their money.

Literature Review

U.S. Bankruptcy

According to U.S. Census Bureau as of December 1, 2011 the current population of the United States at 312,700,512 million people (U.S. Census Bureau, 2011). During the 12-month period ending September 30, 2011, the United States recorded 1,417,326 non-business bankruptcy files (United States Courts, 2011). That comes out to .45% of the American population filed bankruptcy within the past year. In contrary, the statistics are extremely high for athletes as Sports Illustrated reported 78% go bankrupt or become financially distressed within a few years of being retired (Torre, 2009). Although these statistics are for the general population over a one year window which is extremely low, it still does justice to compare it to the reported 78% of athletes who earn more money than the general population. The general public does not have as many financial issues as professional athletes, whether upon retirement or still working.

Another startling difference between the professional athlete and the average American is that the average salary of the United States in 2010 was $41,673.83 (Social Security Administration, 2011) where the minimum salary for a professional athlete is in the six figures at the major league level (Major League Baseball, 2011;National Hockey League, 2005). So why are these athletes, who are making more money than the average American, are experiencing a higher rate of financial distress over a non-athlete? It seems that financial management will be crucial for professional athletes and one of the main tasks to take care of, but it doesn't seem to be the case. First it is important to understand the background on why athletes are paid a higher salary and how it came about before dissecting the reasons why they are experiencing these events and what are the common traits between athletes.

Players Rights and Restrictions

The United States Government created the Sherman Anti-trust laws to prevent the stoppage of free trade, which includes personal services ("Antitrust laws", 2005). In sports, this means that teams and leagues could not restrict the free trade and movement of the personal services that are provided by professional athletes. This clause was challenged to the U.S.

Supreme Court in 1922 in *Federal Baseball* where the courts ruled that baseball teams do not engage in interstate commerce with each other and therefore MLB has not been held to the anti-trust statutes. Only MLB has been given this privilege of an exemption from antitrust scrutiny whereas the other leagues, NFL, NHL and NBA all need to obey antitrust laws as the courts ruled against them (Kahn, 2009).

This meant that MLB was free to restrict player movements through the reserve clause which bound a player to his team unless the team traded him or he retired. The players did not have any say in where they wanted to play or have a say in trades leaving the team in total control (Staudohar & McAtee, 1989). Without an open market bidding war competition, players had no leverage in receiving a higher salary; it came to a take-it-or-leave-it situation for these athletes. With the teams having all the leverage in the negotiations, athletes were bound to a low salary and little movement. When players have a chance to sell their talents on a free market, athletes are able to receive their true value through the competition over the individual and thus a bidding war emerges. Without free movement of players between teams, then the true market value of the player is not cashed in because no bidding war has been created. In 1975, free agency emerged into MLB from an arbitrator-ruling that the reserve clause was not renewable by default and that the players were then allowed to move around to other teams creating a competing free market, thus creating a bidding war for the players' services (Major League Baseball Player Association, 2011). With this successful outcome and the emergence of free agency, athletes were able to receive their fair market value from teams bidding on their services and therefore they received more money. With more income there is more potential to lose that much money. In basic economics if there is more demand for a product with limited supply (in this case the one athlete is the only supply of his individual talent), then in order to secure that good, you will have to pay a premium price, hence the increase in athletes' salaries from the emergence of free agency (Staudohar & McAtee, 1989). Leagues have implemented restrictions on athletes' salary in other forms such as salary caps and restricted players for a certain amount of years prior to being eligible for free agency. When a player is restricted, no team is allowed to offer money for their services and therefore leaves the team they are restricted to all the leverage in the negotiation, causing the team to pay the player under their value of what they bring to the team (Alper, 2012).

Since the other leagues (NFL, NHL & NBA) are subject to the Sherman Anti-trust laws, these restrictions need to be included and agreed upon in the Collective Bargaining Agreement (CBA). The CBA is an agreement between the players' union and the league itself that will outline the basic principle guidelines the league and players must follow. Included in this CBA agreement will consist of the salary cap restrictions, revenue sharing, length of contracts, rookie pay (if applicable), retiree benefits, and many more as these agreements are usually in the hundreds of pages (Champion, 2011). All these restrict the free movement of players between teams, which hinders their true value (Grow, 2008).

The formation of a Union like the Players' Association is to negotiate on behalf of their employees (athletes in this case) for the best interests, economically and socially. Two authors, Lawrence Mishel and Matthew Walters, who did research on the impact of unions summarized the benefits of a union as,

> Some of the advantages that unionized workers enjoy as the result of union organization and collective bargaining: higher wages; more and better benefits; more effective utilization of social insurance programs; and more effective enforcement of legislated labor protections such as safety, health, and overtime regulations. Unions also set pay standards and practices that raise the wages of nonunionized workers in occupations and industries where there is a strong union presence. Collective bargaining fuels innovations in wages, benefits, and work practices (Mishel & Walters, 2003, para. 58).

Therefore in order for these leagues to still have restrictions on players' free movement, classified as restricted free agents where the team has sole rights to the individual, both the Players' Union and League need to negotiate all the terms within the CBA in good faith. Once both sides agree upon having these restrictions that would normally be applicable to antitrust laws, the league and players are now exempt from antitrust laws (Antitrust law, 2005). This exemption is called the non-statutory labor exemption which means if both sides agree to violate antitrust laws, then the government cannot enforce the antitrust laws on those individuals. Unions are a restriction of free trade because the union will require certain working conditions and benefits for their workers which aren't free movement and trade of their services.

Athlete's Salary & Career Length

Even with some player restrictions, athletes do see a large pay check with six-figures if not seven figures, and these salaries are only increasing as evident in the total salaries paid to athletes (USA Today, 2011). Professional athletes are paid more than the average person due the circumstance that they are a part of the sport industry which can be seen as a multi-billion dollar entertainment business, which is only growing larger as seen by the increases in players' salaries over the past five years (USA Today, 2011). However, athletes do not enjoy a long career with a steady flow of income that such of a doctor or lawyer that accumulates the same amount of wealth over a long period of 20, 30, 40, or more years. Athletes' careers are unique in that they earn their life's earnings over a short period of time and therefore need to save some of that money for future use. According to Coates & Oguntimein, the average career length in MLB is 5.6 years as a rookie (2010). The average NFL career length is 3.5 years per the NFLPA, but according to Roger Goodell, the NFL Commisioner,

> "There is a little bit of misrepresentation or a misunderstanding on that. Frequently it is said that the average career is about 3.5 years. In fact, if a player makes an opening day roster, his career is closer to six years…if you are a first-round draft choice, the average career is close to nine years" (National Football League, 2011, para. 3).

According to these statistics, the average NFL player still plays less than ten full years in the NFL, while a lot of them fall short of the six year mark. This is where the importance of financial management for these athletes to come into place. Athletes are receiving their income in bigger sums, but only receiving that amount of money for a short time in comparison to the average individual who has a longer career-length average to accumulate their income gradually over time versus large money in a short window.

Financial Planning

Financial planning for anybody is important to receive income after retirement, yet athletes are especially important because of their short careers. Catherine Newton, who is a journalist that spoke with four financial planners about financial management for professional athletes stated in an article in *Journal of Financial Planning*,

> "These young players are not very experienced in managing money, let alone *that kind of* money. In my experience, NFL players are very motivated, intense, passionate people, but they're not always realistic about how long their paycheck will last" (Newton, 2003, p.61).

Catherine Newton continued in the article by speaking to a CPA, Rothstein Kaas, who works with professional athletes on their finances and gave an insight into how financial management differs for them compared to the average American that earns their wealth over a longer window period. Rothstein Kaas stated,

> "Professional athletes have a relatively short time to amass wealth … [and] only one out of every three professional athletes is focused on the business side of his or her career…[and] the percentage is significantly higher, over 62%, for older athletes, suggesting they tend to become more conscious of their personal brands as their careers progress ("Finances a blind spot for athletes", 2009, p. 25).

This goes to show that athletes who are younger are less interested in planning their finances for the future as much the older veteran players. This could be explained by the lack of education on the importance of planning for retirement for young athletes. Or it could be the fact that these younger athletes are living in the moment and not worrying about the future, whereas the veterans are realizing their careers are coming to a close. At the same time, there is a consensus among some athletes that trust is not present between some financial advisors, agents and the players themselves. The CPA firm Rothstein Kass conducted a survey of athletes and noted an interesting statistic that,

> Two-thirds of who are under the age of 30, have amassed net worths of at least $5 million including their salaries, bonuses, and endorsements. Yet they have a lot of financial worries and only a relatively short time to earn their professional wealth. 32 percent of these athletes have also been involved in 'unjust lawsuits' or divorce proceedings, and over 80 percent of them express concern about being embroiled in these situations…Less than 15 percent of athletes from the

> survey have an asset protection plan because nobody has primarily showed them how to do it" and "In addition over 78 percent say they feel they have been exploited by friends and family and even advisors!" ("Pro athletes' financial plans in penalty box", 2009 p. 12).

This is an example why the Player Associations, family members, agents, financial advisors need to educate these athletes on the importance of financial planning during their careers. For example, the NFL along with the NFLPA take financial matters of their athletes very seriously by starting a program within their Player's Association that lists the certified financial advisors that they recommend to their players because some players were targeted for fraud (Margolis, 2010). The program, described through Robert Margolis, Guest Columnist for RIA Biz: News, Vision, and Voice for the Advisory Community as:

> "Eight years ago, after William "Tank" Black, was convicted and sentenced to six years in prison for defrauding seven players of more than $14 million, the union decided to start the Program, which is a listing of union-approved advisors given to players and their agents. Advisors who want to enter the plan apply though the NFLPA" (2010)

Only these certified financial advisors have the inside information and contact information of these players to make it difficult for the advisors who are not certified to be involved with the athletes due to "78 athletes [lost] $42 million in the last three years from fraudulent advisors" ("Professional athletes fumbling financial planning", 2002, p. 27). The program is designed to force financial advisors to become certified to make getting clients easier.

Along with success in their respective sport, the pressure of media and others including friends and family put an enormous stress for the athlete to live the elegant life. This additional stress eventually wears on the athlete to spend and sometimes are not smart about their decisions. It is a constant pull and tug between financial advisors and athletes with how to spend their money (Finances a blind spot for athletes, 2009; Margolis, 2010; Neumann, 1988; Newton, 2003; Pro athletes' financial plans in penalty box, 2009; Professional athletes fumbling financial planning, 2002; Jason Ruble, personal communication, 2012; Denzel Jarent, personal communication, 2012). In addition, most athletes only get paid in season and therefore during the off season they do not have a flow of income and need the money they made during the season to spend off season. For example in the NFL, athletes receive 17 paychecks, not 52 (Newton, 2003 pg. 61). This makes it important for athletes to save part of the 17 paychecks to help them during the 35 weeks they are not receiving any income.

Retirement

Randy Neumann is a Certified Financial Planner (CFP) that used to be a heavyweight contender and referee of title fights prior to opening up his own financial planning company in New Jersey after he retired. In an article posted in 1988, he states that “athletes need to plan for the future because it is a different lifestyle for them to receive this kind of money” (Neumann, 2008 p. 18). It is almost a 180-degree turn around from making no money to having too much to know what to do with it. Therefore athletes have a tendency to splurge and spend it instead of budgeting and planning for the future because their careers are short. He states a saying that, “when you have money, you have people knocking at your door” (Neumann, 2008 p.19). Everybody wants a piece of the pie especially if it is a big pie, which these athletes usually receive. He found the hardest part for these athletes was the fact that when they retire, “it is a culture shock because their whole life they worked towards one goal of playing sports and then when it ends, it's a different lifestyle that takes time to adjust to” (Neumann, 1988, p.20).

Neumann discovered this back in 1988, yet today we see that athletes still do not take financial management as serious as it should be. "Athletes think they will be successful in their careers but until they actually live their career, they don't know how successful they will be" (Neumann, 1988 p. 18). This is why financial management is crucial; to help plan for the unexpected which in this case can be the short career many athletes face.

In an article published in 2000 in the *British Medical Journal,* it was discovered that, "medical bills account for over 40% of bankruptcies" (Gottlieb, 2000). This is applicable to the sporting world because during the most recent 2011 NFL CBA negotiations, NFLPA Executive Director DeMaurice Smith took a firm stance on retired players' benefits and wouldn't budge on this during the negotiations. When the new 2011 CBA was agreed upon, the result was $900 million to $1 billion earmarked for retired player benefits, including medical bills, over the next decade with $620 million ticketed for pre-1993 retirees (Davis, 2011). Injuries that linger with professional athletes are very well known especially in the NFL with all the concussion scrutiny that has recently taken place. Retired players are having continued symptoms long after their career is over and their medical bills have helped contribute to bankruptcies.

Overpaid?

Some will argue that athletes are overpaid and if they received less money, maybe they won't spend it all so quickly. However, much research has been done to compare a player's salary to what they produce for their team in revenue. Hayward & Patrick (2008), explore how much athletes are paid to what the player is worth to the team's overall performance. They looked at runs, hits, ERA, and more in production for baseball. They explain how athletes are paid on how much they will generate for the team in wins which in turn creates revenue as more people demand the game when they win, which increases prices and revenues. (Hayward & Patrick, 2008,) The argument is that athletes are overpaid in comparison to a regular working individual, but then that working individual is not producing as much revenue for their company as the athlete is. Sports and entertainment are the only two industries where the worker is also the end product and the form of entertainment that the audience enjoys. Therefore athletes will be paid more than other professions, generally.

This research is aimed at a better understanding why this phenomenon of poor financial management is occurring for professional athletes in large numbers in comparison to other. Prevention of a problem is easier to fix instead of trying to correct it after it occurs. To get a better understanding, information from people who are closely involved in these athletes lives, including player agents and financial managers, will help better understand how and why this is occurring.

Method

Participants

The participants for this experiment consisted of five professionals within the sport industry that are involved in professional athletes' finances consisting of certified agents and financial advisors for athletes. With insider knowledge on how their everyday responsibilities involve the player's financial aspect, it was a good insight into seeing how much final say the financial advisor has over the athlete or if the athlete has final say of how he spends his money and if the advisor is just there to assist. One strategy to gather more data and research is called the snowball effect, where one individual will recommend another individual to speak to and so on. The plan was to eventually interview as many professionals as possible but due to privacy concerns, the snowball effect didn't take into account as it was hoping to going into the research. In order to receive accurate data that is valid, it was important to go to the source of the information to have data first hand from them.

Pseudonyms were given to interviewees due to the sensitivity issues and confidential purposes. This allowed the professionals to become more comfortable conducting this research without infringing upon privacy policies they need to fulfill. The first was Shawn Briggs, a certified NHL agent that has helped close to 1,000 professional athletes over his career and has experienced close to 900 players that have retired over his career, with close to 100 in the past five years as an agent. The next individual who was interviewed was Jason Ruble, certified CFM (certified financial manager) and CIMA (chartered institute of management accountants) who has helped over 40 professional NHL athletes over his career while assisting ten of them retire financially. Brad Kugel, CFP (certified financial planner) was the next individual who participated in research. Mr. Kugel has worked with over 100 professional athletes within the National Hockey League. He has assisted around 80 clients with retirement, ten within the past five years. Following Mr. Kugel, Joel Tomanek, a certified NBA agent and lawyer who has clients in the NBA, WNBA, and basketball overseas, has 19 clients with 4 of them retired in the past couple of years. The final interviewee was a portfolio manager and lifestyle manager for professional athletes within the NBA, NFL and PGA. He has helped over 25 professional athletes along with many more non-athletes over his career so far, with a couple of them who have retired over the past few years.Three NFL agents committed to conduct the interview back during the NFL season in December 2011. A timeframe of January, 2012 through March, 2012 was given to them as a reminder. However, with the extensive work during their offseason and preparation for the NFL Combine in April, all three were unable to conduct their interview. Additionally, since the MLBPA does not make their agent contact list public, trying to get a hold of any agent that worked in MLB was extremely challenging and came up short. Also along with the MLBPA not making their agent contact list public, since they don't have any say in their athletes' finances or a list of approved financial advisors like the NFL, no MLB financial advisor was able to be tracked down and therefore no MLB athlete statistic about financial management will be discussed in this research.

Data Collection Procedure

Initial emails were sent to each of the Player Associations inquiring if there was somebody to speak to gather information and data on statistics to see if there is a quantitative correlation between leagues and financial distress or bankruptcy between them. When no response was offered, follow-up phone calls were made. Ultimately, no contact was made with these agencies so that portion of the research was omitted.

After collection of that data from the Associations failed, interviews were set up with financial advisors to professional athletes, and agents who have clients that have retired. It was important to conduct research questions on professionals that had clients that have retired to explore the differences among retirement. Agents and financial advisors who did not have clients that have retired were discarded as they did not have any clear understanding on what happens to the athlete upon retirement. This research was aimed at how when income ends upon retirement, that financial management is poor and therefore having clients who are retired is important. See Appendix A for interview questions that were asked.

Numerous attempts were made to MLB, NBA and NFL agents and financial advisors to conduct this research while five professionals within the sport industry from sports that include NHL, NBA, NFL and PGA all conducted an interview either via email or via phone call or a combination of both. After getting acquainted with these individuals and getting to know the details of their experience with working with professional athletes in the different leagues, questions asking specific details about their experiences were asked.

Data Analysis Plan

To record interviewee responses, notes were taken during interviews as well as audio recorded. For email interviews, the written answers from respondents served as the permanent record. The results were entered into an excel spreadsheet categorized by question to extract commonalities in the responses from these professionals. The type of professional, agent or advisor was also categorized and separated to see if there were differences between them as not all agents are educated in financial matters as much as certified financial advisors are.

Results

After contacting all four Players Associations, only the MLB answered back with the NFLPA, NHLPA and NBPA all not returning numerous email and phone call attempts. The MLBPA's response was that they are not involved in their athletes' finances at all but rather they believe that is the player himself and their respective agent's responsibility to deal with. The also responded by saying that they also did not have any statistics referring to athletes about their finances upon retirement (MLBPA, personal communication, 2012). This is drastically different from the NFL where they have a program designed to specifically help their athletes in stressing the importance of financial management along with choosing the right advisor since there was so much fraudulent activity within the NFL. Therefore since the three other Players Associations didn't respond along with the MLBPA not taking any role in the finances of their athletes, all data from Player Associations trying to find a quantitative correlation was eliminated from this research. Instead this research focused on the qualitative findings found through the interviews.

When asked about assigning a letter grade to their athletes, Shawn Briggs gave his clients a letter grade of B- (Shawn Briggs, personal communication, 2012), Jason Ruble along with Brad Kugel assigned their clients a letter grade of B (Jason Ruble, personal communication, 2012; Brad Kugel, personal communication, 2012) while Joel Tomanek declined to assign a letter grade to his clients. Denzel Jarent assigned his clients a letter grade of a range between B through A explaining further that, "The NFL is the most difficult to predict the future given the instability with NFL contracts. It is an easier model [NBA] for us to follow as we target a 40% savings rate during their career" (Denzel Jarent, personal communication, 2012). A follow up question asked if they agreed with the statistic from Sports Illustrated and what their opinion was on the matter. Shawn Briggs responded, "Not in my sport, hockey. It seems high but pro athletes get used to a certain lifestyle and have trouble dialing it back" (Shawn Briggs, personal communication, 2012). Jason Ruble responded by stating,

> "I believe that the statistic is accurate across the broad world of professional athletes but have no specific experience in this regard of a similar outcome with the clients that I advise. [This statistic] is unfortunate and completely preventable with better, more responsible professional advisors. KEEP IN MIND

> that advisors can only take as much control as the athlete allows" (Jason Ruble, personal communication, 2012).

Brad Kugel took a different approach answering this question by asking another question, "If this statistic includes athletes that never make it to the big leagues, I would believe it" (Brad Kugel, personal communication, 2012). Joel Tomanek stated, "No idea; not with our guys but don't know generally (Joel Tomanek, personal communication, 2012). Denzel Jarent tries to explain the high statistic by stating,

> "Yes and No. It depends on how long the athlete played. If an athlete played for 2 years, got hurt or cut and is out of the league – no question that percentage holds up. If the opposite is true and the athlete had say a 10 year career, even with the worst spending habits – I'd be surprised to see that percentage be true. I think it all depends on the length of the athlete's career. For the typical athlete (exclusive of the sport), who has not enjoyed quality financial planning – than that percentage may not be too far from the truth" (Denzel Jarent, personal communication, 2012).

Asked if they would estimate the percentage of athletes who are in financial trouble within a few years of retirement, Shawn Briggs estimated 5% at the most in his case of the NHL (Shawn Briggs, personal communication, 2012), Jason Ruble declined to estimate a percentage because there is "no basis for accurate assessment" (Jason Ruble, personal communication, 2012) along with Brad Kugel who declined to estimate a statistic. Denzel Jarent estimates,

> "My personal opinion – say for an athlete that had a 5 year career – I'd bet it's around 50% that are bankrupt within a few years. There is also a different between being bankrupt (no money) and not having any investments, but still own assets. We've run across a number of former NBA players who have come to us for help who don't have an investment portfolio to speak of, but still own houses, cars, etc. and need income to live and support those houses" (Denzel Jarent, personal communication, 2012).

In order to try to understand how many people are involved with the athlete's finances and how many influences the athlete is experiencing when it comes to money management, the question of how many individuals are directly involved with the athletes' finances was asked. Shawn Briggs responded with, "Myself and a broker" (Shawn Briggs, personal communication, 2012), Jason Ruble responded that it varies from athlete to athlete, "Depends on the athlete. Agent, lawyer, CPA, Financial Advisor, Family members, athlete him/herself" (Jason Ruble, personal communication, 2012). Brad Kugel has four people in his firm directly involved with the athletes' finances (Brad Kugel, personal communication, 2012) similar to Joel Tomanek who has "one or two contact people" (Joel Tomanek, personal communication, 2012) whereas Denzel Jarent explains more people are working with the players' finances than you think,

> "Between analysts, back office, etc – you could argue that well over half of our firm (40 people) are involved in their accounts. I am their primary contact on a daily basis, but we have countless people behind the scenes" (Denzel Jarent, personal communication, 2012).

When asked about implementing measures for financial security, all advisors responded with yes; Shawn Briggs explained further, "yes, work with them on saving and spending responsibly" (Shawn Briggs, personal communication, 2012) and Brad Kugel exclaimed, "That's our job!" (Brad Kugel, personal communication, 2012). Once again, Denzel Jarent explained the most by stating,

> "Absolutely. We set a savings goal each year, not only for the following 12 months, but also through the athlete's current contract. At all times, the client knows what their goal is for the current season and current contract. Like any quality advisor, we meet and interact with our clients as much as possible" (Denzel Jarent, personal communication, 2012).

The following questions go more into depth asking each professional their opinion of the best way to correct poor management. Shawn Briggs explained,

> "Realizing that pro athlete level income will not continue for most guys after career ends, they need to put money away and have a plan in place post career that matches their income and savings at the time of retirement" (Shawn Briggs, personal communication, 2012).

Jason Ruble simplified it through saying, "the best way to correct poor management is through candid, accurate, direct education and ethical advice" (Jason Ruble, personal communication, 2012). Brad Kugel said, "The best way to correct poor financial management is thru education and involving the athlete in decisions regarding his portfolio, both during his career and in retirement" (Brad Kugel, personal communication, 2012). Denzel Jarent stated,

> "Hire an investment advisor that will not only advise on investments, but also personal affairs. Athletes need an advisor that will help them with family dynamics as well as protect them from others that are attempting to take advantage of them. Athletes need someone who will not only invest their money wisely and conservatively, but also help them with any other issues that come their way (premarital agreements, house purchases, alternative investments, etc." (Denzel Jarent, personal communication, 2012).

When asked about their client's proactivity, Shawn Briggs answered, "Some better than others but for the most part they are receptive and responsible if we work with them" (Shawn Briggs, personal communication, 2012). Jason Ruble responded, "60% yes…40% no" (Jason Ruble, personal communication, 2012). Denzel Jarent stated, "Some are and some aren't! Some put a lot of trust in us to let them know when they are getting off the right path. On the whole, our clients are very conscientious about their money and they understand that this is a long-term play" (Denzel Jarent, personal communication, 2012) and Joel Tomanek commented, "Great job, without details" (Joel Tomanek, personal communication, 2012).

Discussion

After reviewing these answers, it seems to be fairly accurate that athletes who have professionals involved in their finances are not as financially distressed as a lot of the athletes portrayed in the Sport Illustrated article. It was very clear that the NHL athletes are better managed with their money in comparison to other athletes. In the NHL all athletes' contracts are guaranteed money which therefore makes it easier for the agents and financial advisors to manage their money over their career to help save for retirement since that money is guaranteed. In the NBA, WNBA, NFL, PGA and overseas, is a lot harder to predict the future of the athletes' salaries which in turn makes it harder for the advisor and or agent to help him plan for retirement.

There was a general theme across all professionals interviewed that poor financial management is preventable as long as the athlete takes part of his/her finances. Like Jason Ruble said, "KEEP IN MIND that advisors can only take as much control as the athlete allows" (Jason Ruble, personal communication, 2012) is a strong statement as to who has the final say. It is quite obvious that the agent and or advisor can assist and recommend to the athlete how they should manage their money, but if the athlete doesn't want to take the advice, he or she does not have to.

It would have been a helpful statistic to receive from each Player's Association about their athletes and compare it from league to league. Unfortunately with only the MLB answering after numerous attempts, they don't even partake in their athlete's finances but leave it up to the agent themselves. It would be a good distinguishing factor comparing the NHL, which seems to have the least financial stability during their career and after retirement in comparison to the other leagues, to the other leagues and see if the NFL and NBA are on the higher end of the spectrum with the NHL lowering that statistic.

These results have been limited in scope due to the sensitivity of the nature of this matter and therefore a lot of professionals declined to comment. Initially three NFL agents were supposed to conduct an interview but due to sensitivity issues and time constraints during the NFL off season, they declined to partake. Even Joel Tomanek, certified NBA, WNBA and overseas agent, who did answer some questions, still didn't want to tell some details such like grading his clients or talking about if his clients are proactive in their money management.

The main limitation that was present in this research was not having the access or credentials that Sports Illustrated has to really follow up and dissect the results they reported. It would be greatly beneficial to interview athletes themselves, those who went broke and those who didn't go broke, to compare the differences and see if there are commonalities between athletes who go broke with each other; and vice versa with athletes who were smart with their money and didn't become financially distressed upon retirement. This research paper changed from the reasons why athletes go broke upon retirement to more of a preventative conclusion on how to manage an athlete's finances to help set up a long lasting retirement with plenty of assets to enjoy with.

In addition, validity became an issue because some of these questions were personal questions that some may not have been trusting to give the truthful answer. It is very well possible that some of these professionals withheld or lied about information that would have had a different outcome in the end. The scope of five professionals was too small and instead of becoming a broad research project that could be applied across multiple sports, it became a small case study of five professionals with clients mostly in the NHL and not as much in the other leagues. Athletes in the MLB were not included at all and since the MLB does not partake in their athletes' finances, that is a factor that limited the results of this research greatly as well.

Conclusion

We can conclude that athletes, who partake in their finances from the beginning of their careers and stay educated on the matter, will not experience financial distress as those who do not par-take in their own finances. Athletes can be misled through poor advice from agents and or advisors, but overall those that did have a financial advisor experienced a letter grade of a B or higher. Since these results only accumulate for athletes with a letter grade of a B or higher managing their money, it's hard to determine the exact cause why other athletes reported by Sports Illustrated are ending up broke after retirement.

The best way to correct and prevent poor financial management for professional athletes for their retirement would be to involve them in their finances, take their opinion into account and educate the individual about all possible outcomes. It is important to follow what your client's wishes on how to manage his/her finances and therefore they have final say, but if you explain the best way through educating them and being honest, athletes should experience a short career in comparison to the rest of working Americans and enjoy a long prosperous retirement.

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Appendix A

Interview Questions for Agents and Financial Planners

1. How did you start in this industry?

2. Approximately how many clients have you had over your career?

3. In what professional sport leagues have you had clients in?

4. How many of your clients have retired?

    a. How many in the past 5 years?

5. If you were to assign a letter grade to your clients' financial responsibility, what grade would you give them?

6. Does it differ for each league?
    a. NFL:
    b. NBA:
    c. NHL:
    d. MLB:

7. Sport Illustrated reported 3 years ago that upon retirement over 78% of athletes are in financial distress or bankrupt upon two years out of retirement, do you agree with this?

8. What is your opinion on this statistic that was reported?

9. What is your estimate percentage of athletes who are in financial distress or bankrupt within two years of retirement?

10. How many people are involved directly with the athletes' finances?

11. Do you take measures to help your clients to ensure financial security?

12. What do you believe is the best way to correct poor financial management?

13. Do you feel that your clients are proactive in addressing their money management?

14. Do you know of any other representatives that would be willing to share their insights into these matters? Agents or Financial Advisors?

Table 1

	Client Leagues	Professional Label	Number of Clients	Retired Clients	Grade	Preventable
Shawn Briggs	**NHL, AHL, EHL, Europe**	**Agent**	**1,000+**	**900***	**B-**	**Yes**
Jason Ruble	**NHL**	**Financial Advisor**	**40**	**10**	**B**	**Yes**
Brad Kugel	**NHL**	**Financial Advisor**	**100**	**80***	**B**	**Yes**
Denzel Jarent	**NBA, NFL, PGA**	**Financial Advisor**	**25**	**5**	**B-A****	**Yes**
Joel Tomanek	**NBA, WNBA, Overseas Basketball**	**Agent**	**19**	**4**	**N/A**	**Yes**

Note: * indicates estimate. ** pertains to different leagues. Preventable refers to athletes being broke upon retirement.