

A photograph showing several people in business attire (suits and blouses) leaning over a table. They are looking at and pointing to various financial documents, including spreadsheets with charts and graphs. The scene is brightly lit, suggesting an office or conference room environment.

LONG-TERM FINANCIAL PLANNING PRESERVES WEALTH

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LOS ANGELES IS A HYPER-STIMULATIVE ENVIRONMENT WITH FASHION, FARM-TO-TABLE RESTAURANTS, CAR CULTURE, NIGHT CLUBS, BEACH CLUBS, COUNTRY CLUBS, HAIR SALONS, PLASTIC SURGERY AND SO ON. It seems like an endless flow of luxuries compete for every dollar of our household's discretionary income.

In the manifesto below, we highlight the many challenges that professional athletes face financially. But, we also recognize the issues are not isolated to athletes and that there are insights to be gained from their stories and the similarly competitive work environments in which we live.

ATHLETE WEALTH & ADVISORY ASSISTANCE

SCENARIO: When people think of professional athletes and their economic futures, they usually envision enviable salaries and earnings that support lavish lifestyles. However, the reality is often a very different scenario. Sometimes, it can be one of financial distress, or worse, bankruptcy. An overwhelming body of evidence suggests agents, managers, advisors and accountants should recognize the challenges professional athletes encounter that could possibly undermine their financial well-being.

According to *Sports Illustrated*, **78% of NFL players file for bankruptcy**, or experience financial distress as soon as two years into retirement. **MLB players file for bankruptcy at four times the national average.**

QUESTION: One may wonder how, given their newsworthy bonuses and soaring salaries, a player could experience financial distress. What happens economically between their signing day and their last day of professional play? The answer: **Not enough to protect them.** With professional athletes, a lack of financial education, expertise, guidance, financial literacy and absence of a solid financial plan are ingredients that can lead to catastrophic economic hardship at a relatively young age.

SOLUTION: An athlete is expected to perform consistently at their peak physical condition. It's rightfully not expected that they also have financial expertise. This is where having a trusted financial manager, advisor or better yet, a team that can help protect, preserve and maximize key economic interests in a conflict-free relationship is essential.

It is a player's skill, discipline and ability that can lead to substantial earnings; it is their advisory team's skill, discipline, ability and fiduciary obligation to help ensure they maximize the benefit of those earnings to build a solid and secure financial future.

The financial advisor should work with the athlete, the agent and the attorney to protect against unnecessary financial risk and help construct an investment portfolio that strives for financial safety and accumulation of wealth to support them throughout their retirement.

When an athlete signs a contract yielding substantial compensation, there are obvious temptations, including requests from friends and family, which may ultimately conflict with the best outcomes for their economic futures. Add the pressures of a hyper-competitive locker room

environment and it's easy for an athlete to lose sight of their monetary limitations.

Under our approach, the athlete's financial team will help guide the player to make sound financial decisions that are consistent with their **current economic and long-term retirement goals.** The average MLB career is 5.6 years and the NFL average is 3.2 years. This highlights the fact that athletes earn 70% to 90% of their entire life income before they are 35. This also reinforces the importance of coaching athletes to invest their money with the expectation that they are going to have 40 or more years in retirement.

The implementation of sound financial guidance is paramount in professional sports. As a member of the athlete's financial team, we will encourage an allocation that minimizes risks, maximizes future income, and preserves their future wealth.

This piece isn't designed to deter one from enjoying the finer things in life. It does, however, stress the importance of prioritizing long-term goals, whether you're a professional athlete or a mainstream professional competing in a hyper-competitive environment. Your 401k/Profit Sharing Plan/Defined Benefit Plan and financial future are equally depending on it.

Jeff Runyan is the lead of Runyan Capital Advisors financial advisory team based in Beverly Hills, providing clients nationwide with wealth management and retirement planning advice. Backed by over two decades of industry experience, Jeff leads an investment team committed to designing investment portfolios that adhere to the premise, "Discipline Makes the Difference." Learn more at RunyanCapital.com.

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