

Winning in wealth for professional athletes



For every driven athlete, there is a focus and competitiveness in the pursuit of success. Those that perform at the highest of levels and achieve greatness are rewarded personally, professionally and monetarily. The latter, a game changer in lifestyle and legacy, is one of the many perks of professional athletic success.

Managing those earnings is a separate endeavor that requires a laser focus and a strong circle around you. To a degree, it can mirror your approach to training as you seek to perfect your profession. Implementing a winning financial strategy means a lifetime of success long after a sports career ends. However, failure to plan often spells trouble, especially when finances are mismanaged.

The world's 50 highest-paid athletes collected \$2.97 billion before taxes and agent's fees between May 2021 and May 2022.¹ When handled well, the opportunity for impact and creation of generational wealth can result in a winning formula. Preserving this wealth, avoiding financial pitfalls, and optimizing the deployment of capital therefore are top priorities for athletes both during and after their playing days.

A prudent wealth plan hinges on setting a strong foundation.

Three key principles to success

Designing the ideal plan for your personal lifetime of financial well-being involves some specific actions and mindsets. Surrounding yourself with a team of specialized professionals to help establish goals on how to accumulate and protect your wealth while devising a strategy to pass assets onto heirs is key. At the center of it all sits you, the athlete, who should take on an ownership role in personal financial strategies and management pursuits. As you establish your interests, here are three principles to help build your path to financial success:

① Build your team

View your financial team as a business-first unit assembled to function seamlessly alongside your athletic advisors. This team of financial professionals beyond your agent and possibly a business manager should include an attorney, a certified public accountant (CPA) and a wealth manager or financial advisor.

Understanding the role that each individual plays will help you measure the progress of the plan in place. With this, they should understand that your team is a collaboration. It is comprised of professionals that work well together and interact regularly with you at the center of their discussions. They can also create a natural checks and balances in auditing each other's impact on your team, while debating and reaching consensus on ways to optimize your wealth outcomes.

The importance of accumulating, growing and protecting net worth cannot be emphasized strongly enough. In short, building net worth might entail responsibly managing cash flow and debt while constructing a diversified portfolio of assets that balance risk with reward. As such, choosing an experienced and proven wealth manager becomes paramount to a healthy financial status and lifestyle sustainability.

For example, when selecting a wealth manager/financial advisor, consider asking the following questions:

- **Is the advisor a true fiduciary?** A fiduciary has a legal obligation to act in your best interests and not their own.
- **Do they offer a diverse range of investment services** tailored to your specific needs and risk tolerance? That might include cash positions, equities, fixed income, alternative assets or other tax-advantaged solutions.
- **Is the fee structure easy to understand and measured?** Fees and advisor compensation will impact your returns and bottom line. Those amounts should be clearly stipulated in investment proposals, including “all-in” costs such as advisory, platform and manager fees, or other services, such a family office and concierge services.
- **How often does your advisor reach out?** A financial plan constantly evolves. Regular communication and periodic portfolio reviews should be part of an advisor’s service agreement.
- **What is the advisor’s overall approach and investment process?** Advisors should remain impartial, mapping out strategies and recommending options aligned with your objectives and risk tolerance.

Like any business plan, your strategy must be dynamic and proactive. Attorneys should identify any potential legal exposures, providing guidance on evolving estate or business laws and helping devise other strategies for your personal and business needs. CPAs should drive tax compliance, assessing looming tax liabilities and optimize entity structures based on your earnings sources. By having the right team and focusing on areas that enhance rather than derail your short, intermediate and long-term career and financial goals, you can be on a good path.

② Be the CEO of your own wealth

CEOs and entrepreneurs balance many responsibilities. They may have vast expertise in one facet of the business, yet still understand how all departments function to fulfill the common goal of the business. Picturing your own team, it might resemble a wheel with you at the hub and various advisors, including your attorney, agent, business manager, CPA and wealth manager, positioned around the center.

It’s here where you leverage the strength of the advisory team you’ve built. Wealth managers can help oversee a broad range of services from foundational banking needs to investments to trust and estate planning. CPAs can identify both tax liabilities and strategies to minimize tax obligations. With you leading the charge, all team members band together to pursue common financial objectives and goals.

As CEO, it’s your job to select educated personnel and make strategic decisions and changes to the organization as you deem appropriate. It is a mindset, and you have to own it. The transformation from athlete to CEO doesn’t happen overnight. Rather, it’s a continual educational process supported by your trusted team members. And lastly, as the leader and CEO of your wealth, you set the vision.

③ Define your purpose

Each athlete’s financial goals differ. Your teammate may focus on living a life of service and charitable pursuits or have a very specific interest, such as real estate, while you may want to establish or invest in a separate business to grow assets and build your legacy. Or maybe you simply want to create enough wealth to have the flexibility to spend time with family, friends and personal passions.

Whatever your career and life goals may be, the path to achieving them starts with clearly defining your purpose. Articulate your desires and goals for yourself, your family and your wealth. Write it down and let it evolve and expand as your knowledge, life experiences and desires evolve.

The next step is to create a detailed strategy and financial plan and align it with your purpose to ensure your wealth and legacy are protected.





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Be the champion of your future

You can draw parallels between growth as an athlete and the evolution of a solid wealth management plan. Initially, you must establish standing in your respective sport. Similarly, the financial rewards from an initial contract can help you lay foundation of your future wealth.

As career milestones unfold, future contracts and endorsements will allow you to explore expanded business opportunities while enhancing your lifestyle. At this point, tax liabilities must be carefully managed, and proper allocation of your capital and estate planning becomes a central focus.

How will you preserve capital for your new lifestyle and also be in a position to transfer wealth to heirs? When you finally retire from your playing career and memorialize your achievements, how will you spend your time? You may need to find a new career or already have one waiting in the wings. It's also time to enjoy the fruits of your success and spend more leisure time with family and friends. Always remember that, even at this stage of the game, the financial plan forges ahead with the help of your advisors to solve for those questions and needs.

Whether you are just getting drafted, are a few years into your career, or are well established in your playing days, it is always the right time to take the next steps to pursue these principles to set yourself on the path to financial success. Now is the time to pull it all together.

[For more information, speak with your BMO Wealth Management Advisor.](#)



¹ *Forbes*, "The 50 Highest-Paid Athletes Made Nearly \$3 Billion; Here's A Breakdown Of The Numbers," May 18, 2022.

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