



# SUDDENLY WEALTHY

AN ATHLETE'S GUIDE TO WINNING  
THE MONEY GAME

# **Suddenly Wealthy**

## ***An Athlete's Guide to Winning the Money Game***

Bonita Bell-Andersen, CLU, ChFC

319 West Hastings Rd, #A101

Spokane, WA 99218

Fax: (509) 241-0341

Office: (509) 993-1816

## Chapter 1: So, You Just Got Rich: The Unique Challenges

Maybe the day you became “wealthy” started out like any other day, and you were caught by surprise when you won the pro-athlete lottery and got the ultimate offer– the multi-7-figure contract,<sup>1</sup> or maybe it’s joining your first pro team and getting paid more than you’ve ever earned before. In that initial moment when you realize you stepped into sudden wealth, perhaps a wave of relief and euphoria washes over you. It might feel, for a moment at least, that all your cares are behind you and you’ll never have to worry about money again.<sup>2</sup>

Watching any athlete play their first pro game, I’m struck by the hours of practice, sacrifice, and devotion it took to get there. All of the blood, sweat, and tears that went in to put *you* among the elite of the elites in your sport shows your capacity to accomplish much in your life.<sup>3</sup> This is considering that only two or three players out of every 10,000 in the major men’s sports in the U.S. (namely football, basketball, baseball, and hockey) will go on from high school, to college, and then to pro sports.<sup>4</sup> The statistics for women athletes are pretty much the same, not many get to experience the pro level.

Maybe it surprised you when that initial shot of euphoria was followed by a nagging anxiety. When you realized that just as fast as you got this money, you could lose it. Your fears likely were confirmed when you noticed how people started to treat you differently, that they came at you with new expectations, and lots of ideas for where you could “invest” your newfound wealth. Discipline in finance means you make rules for yourself and how you handle your money and stick with them. You decide what percent of your income you’re going to save each month, and you decide how much of your

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<sup>1</sup> FantasyPros Staff, “Who had the Most Accurate NFL Mock Draft in 2020?” FantasyPros.com, April 27, 2020, <https://www.fantasypros.com/2020/04/most-accurate-nfl-mock-draft-in-2020/>

<sup>2</sup> John Rampton, “Twenty Signs You’re Destined to be a Millionaire,” Entrepreneur, accessed August 16, 2020, <https://www.entrepreneur.com/slideshow/306791>

<sup>3</sup> “Odds of a High School Athlete Playing Pro Sports,” Scholarshipstats.com, accessed August 16, 2020, <http://www.scholarshipstats.com/odds-of-going-pro.htm>

<sup>4</sup> “Estimated Probability of Competing in Professional Sports,” NCAA.org, April 8, 2020, <http://www.ncaa.org/about/resources/research/estimated-probability-competing-professional-athletics>

fortune you're willing to allocate to help friends and family or to spend on vacations. Even on a relatively small contract, you can still live prudently and comfortably, be wise, and plan for the future, all while having fun now!

Attaining wealth is one thing. The challenge of keeping it is another. Here is how you RUIN this whole thing and quickly get into trouble: Immediately buy all the things you think you want but can easily live without. Get an expensive new home (or two), exotic cars, planes, yachts, luxury goods, jewelry, collectibles and other toys – it adds up quickly! Never mind remembering that many things require ongoing fees, maintenance, taxes, insurance, or even a staff of people to keep them up. Most people don't go belly up for buying one or two things but going nuts with endless buying binges can even break billionaires these days. It is important to avoid the temptation to become an instant high-roller or to live too large. If you are jumping into real estate, think about the maintenance, upkeep, and overall care of any of those properties, including the paying of taxes!

Many suddenly wealthy pro athletes have ended up broke because of external pressures from friends and family who show up at the door with their hands out or looking to the athlete to "invest" in a new business idea. There is no shortage of examples of pro athlete players blowing all their cash almost as soon as they get it and then being left with nothing to show for their careers but a long list of injuries and a mountain of debt. Poor decisions can be tied to a feeling of entitlement, that feeling of, "I've worked really hard, so I deserve to spend as much as I want," or "I have this, so I need that," or the ever-present FOMO (fear of missing out) complex, "Everyone else is doing it, why shouldn't I?" Don't allow yourself to get pulled into rationalizing an expensive lifestyle as being important to "who you are." Decide now that who you are is an athlete in a new kind of sport. The sport of financial freedom. If you dedicate even a fraction of the commitment to financial mastery and long-term wealth that you have into your sport, you should be set for life, and have plenty to hand down to your charities and heirs. The best thing you can do now is to acknowledge that one day your pro career will end, and you will still

have a long life to live. Prepare now for when your run as a pro is over and the paychecks wind down. Take this rare opportunity to do everything you can to make sure you're set for life. It's fine to have fun, but as every champion knows, you've got to keep your head in the game. When you score big during a game, you celebrate, but you don't stop to pop a champagne bottle. You still need to get back to business and play the rest of the game.

Have some fun, celebrate your newfound wealth, but remember that the financial success game is a long one. One big score at the beginning will never guarantee a win. In my research for this book, I saw time and again stories of young, highly-paid athletes who've run up huge debts, and are wondering how this could happen. If you have fallen prey to financial issues, don't beat yourself up because you "let" this happen. Just recognize that it's time to take charge of your finances, and understand that in the game of money, what determines the winners isn't how much you earn, but how much you keep.

Despite the perception that a shortage of money is the root of all problems, when you acquire wealth you will quickly discover that this is simply not true. Becoming wealthy doesn't mean you'll never have to worry about money again. To the contrary, it means you'll need to up-level your sense of personal responsibility. Problems still exist, and money often magnifies them.

Obtaining money suddenly can catch you off guard. According to CNBC, lottery winners are more likely to go bankrupt within three to five years than the average American. "Studies found that instead of getting people out of financial trouble, winning the lottery got people into more trouble, since bankruptcy rates soared for lottery winners three to five years after winning."<sup>5</sup> Coming back to sports, according to *Sports Illustrated*, 78% of NFL players file for bankruptcy just two years after retirement. Five years after retirement, 60% of NBA players suffer the same fate. According to a study in

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<sup>5</sup> "Why Do Lottery Winners Go Broke?" Snow Financial Group, accessed August 11, 2020, <https://snowgroupllc.com/blog/why-do-lottery-winners-go-broke>

the National Bureau of Economic Research (NBER), close to 16% of the NFL players in the study who were drafted between 1996 – 2003 filed for bankruptcy within 12 years of retirement.<sup>6</sup>

If you're like a lot of suddenly wealthy folks, all those years you fantasized about having money, you didn't think much beyond paying off all your debts or buying your dream home or car. And now, with loads of cash and no clear plan for what to do with it, you suddenly feel extraordinarily vulnerable and unsure of where to turn or whom you can trust. If that thought makes you anxious, Bingo! You're thinking accurately.

Don't fight it, and don't push it down. Rest assured that your anxiety is real and NOT to be ignored. In fact, it's your friend. It's that part of you that recognizes the need to step up your game and learn to master a new arena (or playing field). Fact is, until you educate yourself and put a plan in place to protect and grow your wealth, you *should* be feeling anxious.<sup>7</sup> As an athlete investor, try as you might, sometimes you might find it difficult to overcome your own human tendencies. If my guess is right, you are probably a pretty intense individual. You may think that you can make investment decisions based on logic, but typically emotions such as trust, loyalty, hope, greed, and fear can get in the way and drive your investing decisions.

Realize that if you allow financial chaos to begin, you are going to get financial chaos in the end. Start disciplining yourself right now about your finances, just like you discipline yourself to go to the gym in the off season. Let's get started on a more positive future.

Here's why, when you're suddenly wealthy, chances are you have one or more of the following circumstances working against you:

### **Less Room for Trial and Error**

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<sup>6</sup> Tim Parker, "Why Athletes Go Broke," Investopedia, last modified May 31, 2020, <https://www.investopedia.com/financial-edge/0312/why-athletes-go-broke.aspx>

<sup>7</sup> Dr. Brad Klontz, "Money Disorder Assessment," <https://www.yourmentalwealth.com/assessment/>

I recently saw a joke that NFL stands for “not for long.”<sup>8</sup> Joking aside, this is a real concern for all pro athletes or anyone who gains great wealth in a short period of time. The slow wealth-builders have had a chance to refine their spending habits and to develop their investing skills using smaller sums (with less at stake) over several years. The suddenly wealthy may not have the same luxury of learning gradually by trial and error, and the impact of one bad decision could cost not just thousands, but millions. It’s not just your imagination that this all might seem overwhelming; there are forces out to get you — or at least your money. Being prepared will help you counter the very real forces out there that want you to spend, spend, spend. What better way to step out into the world after your athletic career is over than with your finances under control? It's easy to think there's plenty of time to worry about money later, once your time is freed up and you are looking forward to getting established with other endeavors. But the truth is, it's never too early for good habits.

### **A Shortage of Role Models**

Families with old money tend to have a solid infrastructure of long-term assets and elders who model behaviors that keep wealth in the family. Many professional athletes grow up in circumstances ranging from extreme poverty to middle-class. Once you begin to earn, your income can shoot up into income numbers that are 1,000 times more than your parents earned in a lifetime. Entering here can be dangerous ground, because most people who grow up in lower-income environments have no role models for generating and growing wealth. This leaves a lot of athletes vulnerable to all kinds of pitfalls that could cause you to lose your wealth, from predatory con-artists, to big dream investment schemes, and even your own generosity.

### **Being Visible and Vulnerable, Especially Around the Entourage**

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<sup>8</sup> Acronyms and Slang, <http://acronymsandslang.com/meaning-of/chat-and-sub-cultures/NFL.html>

Like the old song says, nobody knows you when you're down and out, but once word gets out that you have acquired a pro contract, the entourage manifests around you like a cloud. Suddenly, a lot of so-called friends, as well as your family, are milling around. The parties never seem to stop and you are expected to pick up the tab (without looking at the bill). And your team? It would be natural to be nervous because you are new, and you want to make a good impression on your new teammates. But if you make over-spending a new standard, before you know it there is a big fat hole in your newfound wealth.

If suddenly there is a bunch of people hanging around, then think about why they are there. This matters because if you want to hang on to your wealth, you've got to develop some of the habits that help you keep and grow your wealth. You haven't had time to practice, and you've got to master them quickly.

Don't put this out on Facebook - keep it to yourself! Did anyone tell you to keep it a secret that you just became rich? It's a smart thing to do, you don't want to become a target. You are possibly going to have to think about remaining protected from your friends and family, as old acquaintances may even suddenly be calling you. You can become a great money manager, and a role model for your buddies. If you develop a philosophy of "big pockets and short fingers" (you're not an easy touch who is liberal with your money at the drop of a hat), this can serve you well and be a lesson for countless pro athletes who believe that "spend now and worry about it later" is the right way to live.

Your family and friends may ask you for help or to participate in financial dealings you don't, or shouldn't, be involved with. Other friends or family may become envious or treat you differently. They may come to you and ask for money, and you COULD say no, but at what cost? Don't feel like you have to set up the Bank of Family & Friends, and don't feel like you need to buy everything for everyone. It is important to protect your assets, you haven't even figured out yet how to set up a budget.

Then there is the worst of the lot: scam artists or criminals who go after you. Maybe you've heard of kidnap and ransom insurance before (yes, it's real). Sudden wealth is visible wealth, so it can attract predators. Often, people receiving this good fortune are featured in the news.<sup>9</sup> This can especially happen to pro athletes, whose salaries are broadcast through reporting on the draft, or trades, or the outcome of contract negotiations.

Determine to what degree you will help family and friends, and what your limits are. Set unbreakable rules around this. Be cautious about committing to ongoing financial obligations. Instead of handing out money, think of ways to invest in the person you seek to help, such as funding their college education. It is also important to know that how you give money to people may create tax events for them — or for you. The parents of a newly minted pro athlete might say, "We raised you — we took care of you — you need to take care of us now." Of course, you want to help! The friend might say, "We always looked out for you." This could be traumatizing or cause a guilt trip. OF COURSE, you want to honor your parents, and the first thing many have done is buy their Mama a house. But after a while, when the requests keep coming and never stop, the constant "favors," requests, pleas, and sometimes even demands can be wearing. The question is: "Do you learn from it? Do you have a strategy for dealing with it? Or do you keep giving in to the demands and the requests?"<sup>10</sup>

You've got your family, your friends, your teammates — then you have your really personal relationships, the kind of relationships that make babies. Do they love you, or is it your money they love? This is the big one that shows up almost immediately. Does he/she really find you fascinating, or just your bank balance? Are they really won over by your wit or experience, or does he/she just hope to bleed you dry? The term "gold-digger" comes to mind here — a person who dates others purely to

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<sup>9</sup> "Highest-paid NFL players in 2020, ranked," CBS News, accessed August 12, 2020, <https://www.cbsnews.com/pictures/highest-paid-nfl-players-who-has-the-top-salary-in-2020/>

<sup>10</sup> Noel King, "Young, Famous and Newly Rich: A Family Dilemma for Pro Athletes," Marketplace, May 23, 2013, <https://www.marketplace.org/2013/05/23/young-famous-and-newly-rich-family-dilemma-pro-athletes/>

extract money from them. The stereotype is a woman who strives to marry a wealthy man, but it could totally be the other way around! In speaking about family in particular, either significant others or spouses, a related subject is how you choose to bring children into the world. This can complicate things in a hurry. One thing few young athletes ever anticipate is fathering multiple children and paying child support and alimony to multiple ex-wives. What's even worse is that once they retire, some have put the divorce rate as high as 85% among NFL, NBA, MLB, and even National Hockey League players.<sup>11</sup> One agent even thought that there were more kids conceived out of wedlock than there are players in the NBA. You don't want to be the guy arrested for nonpayment of child support, which carries mandatory jail time. As with your financial matters, be wise in the personal relationships you develop along the way. It can be tricky, but if you really get to know people first, then hopefully some of these personal challenges can be avoided.

### **A Barrage of Business Opportunities**

Predators aren't the only people to watch out for. Visible wealth can also attract con artists, criminals, and long lost "friends" who show up at your door with their hand out. Unfortunately, the most dangerous predators blend in. They're not obviously deranged, and while they're morally deviant, they are skilled at hiding it. These predators have a callous disregard for the rights of others. They charm and manipulate for their own gain, with no sense of guilt or regret. They look for opportunities to get close and will exploit those opportunities when the time is right. These unscrupulous individuals may seek money for fraudulent investments, while others may engage in underhanded business practices. I've even heard many examples of immediate family members taking advantage of a professional

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<sup>11</sup> Alicia Hemingway, "When Athletes Get Divorced: Sports Stars' Splits are Pricey," Divorce Saloon International, June 16, 2017, <http://www.divorcesaloon.com/2017/06/16/when-athletes-gets-divorced/>

athlete's contract to secure loans or make investments on the player's behalf without the player's knowledge.

Let's say that a buddy calls you with a business opportunity – will you tell him that your “advisor” will look at it? NO! Right now, you need to realize that your most important asset is YOU. You need to educate yourself about those business opportunities and what is right for you – and that doesn't happen overnight. So the question will be, “How am I going to get good information if I don't know who to trust?” In the beginning, you will often be guided by your teammates or your agent to check this or that out. Ultimately, though, you will need to determine the areas that are right for you, your long-term goals, and who you feel is trustworthy.<sup>12</sup>

If you are a religious person, then you may be familiar with Matthew 7:16 which says, “Ye shall know them by their fruits.” This is referring to a proper test of someone's character. The analogy here is that people do not judge a tree by its leaves, or bark, or flowers. What is important is the fruit which it bears. The flowers may be beautiful, the foliage thick and green; but it is the “fruit” that we can eat, that can nourish us, and help us grow strong. The person approaching you with a business opportunity may seem fair, but the “conduct” – the fruit – is to determine if there is danger for you. Ask yourself if you know anything about the industry that this opportunity is in. Do they want you to understand what you are getting into, or does it seem like they are rushing you to a decision?

Just because someone is honest doesn't mean that their business idea is a good one (or good for YOU). If you didn't get rich by your own efforts in business (like self-made millionaires), chances are high that you should avoid becoming everyone's business backer. If you knew nothing about venture capital and private equity last week, getting a big check today is not likely at all to change your knowledge any time soon. If anyone, even someone you trust, approaches you with a business opportunity, think twice

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<sup>12</sup> Russ Alan Prince, “How to Avoid Financial Predators,” Forbes, October 30, 2017, <https://www.forbes.com/sites/russalanprince/2017/10/30/how-to-avoid-financial-predators/#231cbd1ee5ef>

about getting involved until you have a thorough understanding of what you are getting into. Vet all opportunities. Carefully screen and investigate before you write any checks or sign any papers. Don't take just any one person's word for it. Get the support you need by finding trusted mentors and gaining new knowledge and skills.

So how in the world do you protect yourself? Be careful of promises, flattery, fast talk, gifts, or anything that might be an attempt to deflect your attention from an intended manipulation. If an investing opportunity seems too good to be true, it probably is, and the person who brings it to you may be at worst, dishonest, at best, naive. Make reasonable inquiries about anyone who wishes to get close to you. Become aware of what you think your weak spots might be, and be aware of what blind spots you may have. Your best defense will be a great offense. Ask yourself what is the worst thing that could happen – could it bankrupt you? Will you be asked to pay the bills if the venture goes under?

There will be those that try to manipulate you to what they want you to do. Be careful of who you trust. Ask lots of questions and understand what you are doing before investing in anything. If you sense that something is not right with a person's behavior, it may save you a lot of grief! Especially listen to yourself if you feel like something is amiss.<sup>13</sup> As Steve Jobs said in his address to graduating students at Stanford University, "Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition."

### **Nervous?**

If thinking about all this has you feeling even more anxious, this is a good thing because now that you are aware of the dangers, you can find some relief by focusing on the principles that will help

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<sup>13</sup> Lynette Gil, "8 of the Worst Financial Blunders by Athletes," Think Advisor, December 18, 2017, <https://www.thinkadvisor.com/2017/12/18/8-of-the-worst-financial-blunders-by-athletes/>

put you on the right track, so you can take care of yourself (and your wealth) now and far into the future. Here are some steps to get you started.

- **Educate Yourself:** Success leaves clues. Study what the long-term wealthy do. To learn which investments are the best fit for you requires some degree of trial and error. By no means will every investment you make pay off. Investing always carries the possibility of losing money, but the lessons don't have to be as severe or painful when you educate yourself first.
- **Create a Structure for Wealth:** You already understand structure and discipline to some extent, or you wouldn't have gotten this far as an athlete. You've already spent hours practicing and training, reviewing film of your own performance to work on your weaknesses, watching your diet, working weekends and holidays, and the like. Know that you can apply that same discipline and put in place a structure for keeping and building your wealth. When it comes right down to it, a successful structure for wealth will always involve saving, smart investing, and being mindful in making financial decisions.
- **Learn How to Be a Successful Investor:** Now that you have this money, you have the opportunity to grow into the type of person who knows what to do with it, how to handle it, and use this windfall to the max. Like anyone else, you will encounter challenges, obstacles and less than perfect conditions. But with every step you take, you will grow stronger, more confident, and more skilled, even if you feel like you could do better in some areas. If you experience a financial setback, then see it as a challenge, learn from it, and move on. But don't give up on your long-term vision. Taking even the most basic steps will get you in the game and in touch with what is most important. Even slow progress is better than none at all, especially now when you're young. Set yourself up and position yourself for lasting financial success without regret.<sup>14</sup>

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<sup>14</sup> Stephanie Loiacono, "Rules That Warren Buffet Lives By," Investopedia, updated Jun 30, 2019, <https://www.investopedia.com/financial-edge/0210/rules-that-warren-buffett-lives-by.aspx>

You should only have to *become* rich once. Your career, or your moment in the limelight, will seem to go by in a flash. After that, you will have the rest of your life to live. The decisions you make today will determine whether you continue to build on the wealth you've acquired or if you'll have to start over.<sup>15</sup> If you are lucky enough to be a rookie that gets picked in the first round draft with a huge contract attached, by all means have some fun, AND save a lot for the future.

### **What You Can Learn from the "Average" Millionaire**

*"Someone is sitting in the shade today because someone planted a tree a long time ago."*

~ Warren Buffett

You might be surprised to know that 88% of millionaires in this country are first-generation affluent.<sup>16</sup> However, the average millionaire is more likely to die rich than the suddenly wealthy. This is not new information, as according to the traits of millionaires described in *The Millionaire Next Door*, by Thomas J. Stanley and William D. Danko,<sup>17</sup> 70% of the suddenly wealthy lose it all within a year and the biggest reason is that they had no idea what to do with their newfound wealth.<sup>18</sup> Good news is you can learn some great strategies from the slow wealth builders and adapt them to your situation. One strategy you'll find consistently, and as much in millionaires today as ones from the 20<sup>th</sup> century, is that they live not just within their means, they live below it. Way below.

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<sup>15</sup> Kim Kiyosaki, "What is Financial Freedom?" Rich Dad, updated April 4, 2019, <https://www.richdad.com/what-is-financial-freedom>

<sup>16</sup> "How Most Millionaires Got Rich," Business News Daily, <https://www.businessnewsdaily.com/2871-how-most-millionaires-got-rich.html>

<sup>17</sup> Thomas J. Stanley and William D. Danko, *The Millionaire Next Door: The Surprising Secrets of America's Wealthy*, (Longstreet Press: 1996)

<sup>18</sup> Ilana Polyak, "Sudden wealth can leave you broke," CNBC, October 1, 2014, <https://www.cnbc.com/2014/10/01/sudden-wealth-can-leave-you-broke.html>

**Live on a Little, Earn a Lot:** Those that have built a fortune over time live on only a small portion of their wealth. The median millionaire spends \$90,000 a year while earning \$250,000 in annual income pre-tax, an impressive 64% savings rate.<sup>19</sup> They are focused on saving and investing, not spending. The millionaire next door has wealth but doesn't show it. They live well below their means, thus their wealth is less visible to their neighbors. These folks drive a modest, usually older car, and still live in a house they bought years ago. Contrast that with the pressures you may face. You've heard of keeping up with the Joneses? Your problem is that you won't be trying to keep up with the folks from your old neighborhood. You'll be hanging out with the veterans on your team, so for you, keeping up with the "Joneses" will look more like keeping up with the Wilson's<sup>20</sup> or Brady's<sup>21</sup> or Federer's<sup>22</sup> or Ronaldo's.

Allow yourself to indulge, but maybe take the hint about not being too visible and avoid over-the-top spending that extends you far beyond your means. Avoid oversharing. Be private with what is going on in your financial world. Most players come into professional sports unequipped to handle the temptations brought on by the sudden windfall that a big contract brings. Many give in to enticements like cars, houses, fancy clothes, jewelry, gambling, and "exciting" business opportunities.

The other side of the coin is the pressures – the pressure to fit in at your new club, the pressure to look like you know what you are doing, the pressure to just follow what the other members of your team are saying you need to do, and just do it! This can be heady stuff, and my problem is I can't MAKE you want to get educated about your finances. While you may have the urge to spend like the gravy

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<sup>19</sup> John, ESI Money, "I asked 100 millionaires how they spend, save, and invest, and they told me exactly what I expected to hear," Business Insider, December 5, 2018, <https://www.businessinsider.com/how-millionaires-manage-money-interviews-2018-12>

<sup>20</sup> Vincent Frank, "Russell Wilson Contract: Seahawks QB Becomes NFL's Highest-Paid Player," Forbes, April 16, 2019, <https://www.forbes.com/sites/vincentfrank/2019/04/16/russell-wilson-contract-seahawks-qb-becomes-nfls-highest-paid-player/#701636e34873>

<sup>21</sup> SI Wire, "What is Tom Brady's Net Worth?" SI NFL, February 5, 2017, <https://www.si.com/nfl/2017/02/05/tom-brady-net-worth>

<sup>22</sup> Caitlyn Holroyd, "Federer Tops Forbes' 2020 List of Highest-paid Athletes," The Score, accessed August 13, 2020, <https://www.thescore.com/atp/news/1975738>

train is never going to end, the best thing you can do is prepare now for when your run as a pro is over, and the paychecks wind down. As Olympian Gold Medalist Lauryn Williams told me when we met in Scottsdale, AZ in 2017, “My advice to athletes: make a plan. Don’t spend a dollar until you know where it’s going. Every dollar has a job.”<sup>23</sup>

As the following story illustrates, sometimes you as a young athlete may not take advice well. You would hope that most agents, and especially your teammates, would give you good advice. Sometimes, however, when things go wrong, the guy you blame the most could be you. You definitely have come into this with your own ideas and your own mind, and you’d probably say that you’ve always been that way. When you first walk into that pro athlete locker room, you want to fit in, you want to be like your teammates. For the most part, this desire to fit in could be what gets you into trouble. Quietly moving into this new reality may be difficult. For example, if you’ve been driving a perfectly good older Honda one day, and then you get drafted, the following might happen.

In 2017, retired MLB athlete Brian Barton<sup>24</sup> and I were attending a sports financial advisor conference. Brian is a great guy, very down to earth and easy going, yet tells it like it is. He experienced a lot of pressure from teammates to get rid of his current car and buy a very expensive “upgrade,” just because “he could.” As Brian says, “It’s hard to prepare. You don’t know what’s being thrown at you. Your strongest gift could be growing up broke. Don’t change your lifestyle right away. Get comfortable with saying NO.”

**Think of Wealth as a Tool:** Millionaires do not consider wealth as cash on hand to spend freely. They think of it as a tool, a resource, to get what they want in life. Amassing money isn't the goal. Happiness is the goal. Doing the things that make life meaningful—maybe travel, reading, writing, spending time with friends, it could be a thousand things — is the goal. Money is useful because it can

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<sup>23</sup> From November 2017 interview with Olympian Lauryn Williams

<sup>24</sup> 2017 Interview at the Sports Financial Advisor Conference, Scottsdale, AZ

help you do these things.<sup>25</sup> It buys time, it helps you meet your goals, it makes life easier. Whatever the size or shape of the ball is in your sport, remember that it is just a tool to help you play the game.

Money is no different!

**Set Aside Money for Taxes:** Millionaires take into account that higher income means higher taxes and make sure to set aside enough to cover the tax bill when Uncle Sam comes knocking every year. Be wise, avoid debt, optimize the automatic tax withholding from your contract, set up a budget for yourself, and really think about what you need to set aside, beginning with taxes, before you spend anything.

**Save 20 percent of Net Income or More:** Even after taxes, most millionaires sock away a significant portion of their net income. Many who take this path accumulate wealth over time by investing nearly 20 percent of their take-home income each year.<sup>26</sup> For most millionaires, this requires enormous financial discipline and long-term commitment. An athlete's situation can vary from a minimal salary that's not much different than entry level in any professional career to massive wealth in the tens of millions.

### **Pandemics and Other Unforeseen Problems**

With the advent of the COVID-19 pandemic in 2020, there are several situations developing with players taking pay cuts as well as coaches.<sup>27</sup> The bottom line right now is that many leagues are trying to hold the line as there are so many dynamics playing out. With all the challenges for vendors that take care of games played in large stadiums with thousands of fans in attendance, no one is quite sure how

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<sup>25</sup> J.D. Roth, "Learning to Use Money as a Tool," Get Rich Slowly, January 22, 2010, <https://www.getrichslowly.org/learning-to-use-money-as-a-tool/>

<sup>26</sup> Tom Corley, "There are 4 Main Paths to Becoming a Millionaire—And This is the Easiest One, says Money Expert," CNBC, September 27, 2019, <https://www.cnbc.com/2019/09/27/4-main-paths-to-becoming-millionaire-here-is-the-easiest-way-says-money-expert.html>

<sup>27</sup> Mark Stock, "Pro Athletes, Pay Cuts, and the COVID-19 Pandemic," The Manual, May 4, 2020, <https://www.themanual.com/culture/pay-cuts-for-athletes-covid-19-pandemic/>

the future is going to look. Time will tell how this all settles out. In the meantime, the following are the statistics on how much players, both male and female, have made up to this point.

Here's some interesting statistics on average player salaries for male-dominated sports:

**Major League Soccer:** The average MLS player earned \$411,926 in guaranteed compensation in 2018, according to the MLS players' union, but the median (a specific point in the full spectrum of salaries both high and low)<sup>28</sup> was \$179,000, indicating that outsized compensation for a few players pulled that average up.<sup>29</sup> A full third of the league, 238 players, earned less than \$100,000.

**National Football League:** The median salary (that point right in the middle) for all NFL players is \$860,000.<sup>30</sup> For perspective, a starting one-year contracted rookie in the NFL has a minimum income of \$435,000. Most of the attention from the press is on the stunningly high incomes of top quarterbacks, sometimes receiving upward of \$25 to \$30 million or more per year. The average salary for all quarterbacks is \$5,766,000, but the median income is \$1,100,000.

**Major League Baseball:** As one of the biggest sports leagues in America with TV viewers reaching into the millions, Major League Baseball can afford to pay its players handsomely. The *average* salary for a player in the MLB stood at \$4.36 million in 2019.<sup>31</sup> However, MLB's median salary, the level an equal number earn above and below, dropped from \$1.65 million to \$1.5 million, still a pretty good paycheck!

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<sup>28</sup> Brett Rudy, "Defining the Difference Between Average and Median Salary," Salary.com, June 5, 2019, <https://www.salary.com/blog/defining-the-difference-between-average-and-median-salary/>

<sup>29</sup> Kevin Draper, "Major League Soccer Reaches a Deal with Its Players," New York Times, February 6, 2020, <https://www.nytimes.com/2020/02/06/sports/soccer/major-league-soccer-reaches-a-deal-with-its-players.html>

<sup>30</sup> Jim Woodruff, "How Much Money Does an NFL Player Make a Year?" Chron, Updated July 1, 2018, <https://work.chron.com/much-money-nfl-player-make-year-2377.html>

<sup>31</sup> Average player salary in Major League Baseball from 2003 to 2020, Statista.com, Accessed August 14, 2020, <https://www.statista.com/statistics/236213/mean-salaray-of-players-in-majpr-league-baseball/>

**National Basketball Association:** The *average* NBA player salary is \$7.7 million for the season.<sup>32</sup>

That number is up from an average salary of almost \$6.4 million for the previous season, according to Basketball Reference.

The range of what your income could be varies wildly – no telling what the cards may hold for you.

### **Female Athletes' Earnings**

The gender pay gap crosses industries, so it is not a surprise that women in sports also get short-changed. Female athletes have publicized and protested the issue of pay disparities for decades. Women behind the scenes also earn less (meaning those in the marketing department, as well as a myriad of other support activities). The battle for equal pay in sports started with the Women's Tennis Association in the 1970s when a group of female athletes started their own women-only tennis circuit to protest male tournament winners getting higher pay.<sup>33</sup>

One of the most successful efforts toward female athletes receiving equitable pay discrepancy is being led by an organization called the SheIS Collective. It launched to the public in May 2018 and made history by becoming the first organization to bring together leagues, organizations, athletes, and business leaders from across the men's and women's sports world in support of one mission - to connect with and mobilize fans to grow women's sports. It is working to ensure that women can pursue careers as athletes without going broke by creating a network of fans who pledge to attend women's sporting events.<sup>34</sup> SheIS is the first organization to mobilize fans to grow women's sports. I am a member of the LPGA (Ladies Professional Golf Association-Amateur Association), and that organization joined

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<sup>32</sup> Tom Huddleston Jr., "These are the highest paid players in the NBA right now," CNBC Make It, updated October 22, 2019, <https://www.cnbc.com/2019/10/22/highest-paid-players-in-the-nba-right-now.html>

<sup>33</sup> Chris Martin, "Is There a Gender Pay Gap in Sports?" Payscale.com, May 21, 2018, <https://www.payscale.com/data/gender-pay-gap-sports>

<sup>34</sup> SheIS Collective, <https://www.sheissport.com/>

SheIS in 2019. Along with the USGA (United States Golf Association), this marked the first formal addition of major golf organizations to the SheIS Collective.

Ever since the USGA joined the SheIS Collective, it has been focused on increasing attention around women's championships, specifically the U.S. Women's Open (founded in 1946), as well as the earlier U.S. Women's Amateur (which in 1895 marked the beginning of competitive female golf in the United States).

In joining the SheIS Collective, USGA executives and the SheIS Collective leaders are creating new opportunities to engage golf fans around tentpole events throughout the year.

The SheIS Collective also includes organizations such as the Women's National Basketball Association, WWE (World Wrestling Entertainment), US Tennis Association, Canadian Football League, and National Women's Soccer League, as well as hundreds of individual athletes and business leaders.

Following is an alphabetical list of the top women sports, and potential for earnings as of this writing.

### **Basketball (WNBA)**

Overall, WNBA women basketball athletes average around \$79,000 while the maximum salary caps at \$117,500. The minimum player salary for players with three or more years of service is \$56,375. Some of the more prominent female players are triggering a firestorm of debate as they are addressing the huge pay gap between professional women and men basketball players.<sup>35</sup>

The women seem to be justified in complaining about the pay discrepancy between male and female players. In 2018, NBA star LeBron James signed a four-year contract with the Los Angeles Lakers worth \$154 million. The most skilled WNBA players make just a fraction of what a frequently benched player in the NBA can earn. Women also are calling attention to the pay model in which WNBA players

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<sup>35</sup> Selena Hill, "Top WNBA Salaries Vs. NBA Salaries," Black Enterprise.com, April 12, 2019, <https://www.blackenterprise.com/top-wnba-nba-salaries-2019/>

receive about 25% of the league's revenue compared to the NBA, which pays players about 50% of revenue.

When it gets right down to it, no matter the sport, the amount of money available to pay players is all about ticket sales, broadcast rights, and how much money the sport can bring in from the fans. It's clear that some of the wage disparities can be attributed to the difference in how much the leagues bring in. For example, the WNBA only grosses \$25 million in annual revenue. Contrast that to the NBA which, in 2019, raked in a whopping \$7.4 billion.

The WNBA receives less money in broadcast rights than the NBA. Its teams play only 34 games in a four-and-a-half month season, which is extended slightly if they make the playoffs. By comparison, NBA teams play 82 games in the regular season for six months, while the finals can stretch the season another two months.

The most recent figures for the WNBA is between 4,500 to 6,000 fans attending per game, with an average ticket price of \$17.42.<sup>36</sup> An additional problem is that several WNBA teams have had to move to different arenas, which can disrupt attendance patterns.<sup>37</sup> What this means is that there has been a move over the past few years to downsize venues that will save franchises money and provide a more intimate experience for the fans.<sup>38</sup>

According to ESPN, for the 2018-2019 season, NBA teams saw an average of anywhere from just under 15,000 to just over 20,000 fans attend per home game. With tickets costing anywhere from \$89

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<sup>36</sup> David Berri, "Why Is the Michael Jordan of the WNBA Paid Less Than Adonis Jordan In 1999?" Forbes, July 9, 2018, <https://www.forbes.com/sites/davidberri/2018/07/09/why-isnt-the-michael-jordan-of-the-wnba-paid-at-least-as-well-as-adonis-jordan-was/#15d18576dce5>

<sup>37</sup> Jenn Hatfield, "WNBA attendance declines in 2018: What does that mean for the league?" Medium, August 29, 2018, <https://medium.com/her-hoop-stats/wnba-attendance-declines-in-2018-what-does-that-mean-for-the-league-4b88e59583f1>

<sup>38</sup> Associated Press, "Some WNBA teams downsizing arenas to help bottom line," USA Today, July 9, 2018, <https://www.usatoday.com/story/sports/wnba/2018/07/09/some-wnba-teams-downsizing-arenas-to-help-bottom-line/36737011/>

to \$100 on up, on average in the NBA, the money earned from ticket sales adds up quickly.<sup>39</sup> NBA players benefit from a league that has been around since 1946, while the WNBA was more recently created in 1996.

### **Golf (LPGA)**

The median income for all golf pros is \$141,428. The top 10 percent of players earned a median of \$1,320,900 and played in at least 20 tournaments. Median means that half of the players earned more than this amount and half earned less. Regardless, there is a huge gender gap in golfers' earnings. The top 20 female golfers earn \$1 million or more. Further, top-earning and well-known players receive lucrative merchandising and sponsorship contracts. These contracts often equal or exceed a player's tour earnings and are usually limited to the top 20 to 30 players. Players also make money from speaking engagements, corporate events, appearances, instructional videos, books and licensing fees. But the LPGA take home drops drastically after that, as the lowest 10 percent only brought in \$5,924 and played in about 10 to 15 tournaments.<sup>40</sup>

### **Gymnastics**

When most of us think of gymnastics, we picture young women competing in amateur events. But gymnasts do compete for winnings, and some particularly famous ones (such as Gabby Douglas) have earned impressive sums through endorsements. Gabby Douglas was a 16-year-old gymnast who, at the 2012 Olympics, became the first African American to win the all-around competition and Olympic gold, taking home a cash prize of \$25,000. According to CNN Money, she stands to make between \$1 and \$3 million a year in high-profile corporate sponsorships and endorsements from such companies as

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<sup>39</sup> <https://blog.barrystickets.com/nba-ticket-prices/#:~:text=The%20average%20NBA%20ticket%20price,prices%20on%20the%20secondary%20market>

<sup>40</sup> Jim Woodruff, "Salary Range for Women Pro Golfers," Chron.com, August 27, 2018, <https://work.chron.com/salary-range-women-pro-golfers-2627.html>

Kellogg's cereal. Typically, gymnasts will not make it to this level, but there are still opportunities on the international and national stage to compete for brand sponsorships, cash prizes, and awards.<sup>41</sup>

### **Hockey (NHL)**

The NHL was established in 1917 with four teams. The league's inaugural season ran on a salary cap of \$270,000 maximum per team and a \$10,000 minimum per player. The players also earn 15% of profits from any NHL jersey sold with their name on it. The league has since grown, and as of 2020 includes six teams: the Boston Bruins, Buffalo Sabres, Connecticut Whale, Metropolitan Riveters, Minnesota Wild, and the Toronto Maple Leafs. Interestingly, the league is the first women's professional hockey league to pay its players, period!<sup>42</sup>

Another interesting development happened on October 7, 2016, with the announcement that Buffalo Sabres player Harrison Browne was transgender (the first openly transgender athlete in professional American team sports). There has also been movement of NHL teams supporting NHL teams, sharing facilities, and assisting with sponsorships, marketing, and ticket sales.

### **Soccer (WPSL)**

If you are a female athlete considering which sport to go into, then picking soccer would be a better bet income-wise than hockey. The women's national team players earn a base salary of \$100,000 per year, and an additional \$67,500 to \$72,500 per player as a salary for playing in the National Women's Soccer League. The women also receive health care benefits and a retirement plan.<sup>43</sup>

### **Tennis**

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<sup>41</sup> <https://www.shmoop.com/careers/gymnast/salary.html#:~:text=Expected%20Lifetime%20Earnings%3A%20%241%2C252%2C440,the%20millions%20if%20you%20win>

<sup>42</sup> "National Women's Hockey League," Wikipedia, [https://en.wikipedia.org/wiki/National\\_Women%27s\\_Hockey\\_League](https://en.wikipedia.org/wiki/National_Women%27s_Hockey_League)

<sup>43</sup> Anne M. Peterson and The Associated Press, "USWNT Paid More Than the Men Over Past Eight Years, U.S. Soccer Says," Denver Post, July 29, 2019, <https://www.denverpost.com/2019/07/29/us-women-soccer-paid-more-than-men/>

Since Forbes began tracking women athletes' income in 1990, tennis players have topped the annual list every year, with Steffi Graf and Martina Hingis holding the top earners' spots for most of the 1990s. In the 2000s the top-earning female athletes were sister tennis stars Serena and Venus Williams, and Maria Sharapova. Tennis remains the only route for women to earn near what their male counterparts make. Between 2012 and 2020, Sharapova, Li Na, Serena Williams, and tennis star Japan's Naomi Osaka are the only women to rank among the top 100 earners in all sports.

Recently, tennis star Naomi Osaka surpassed Serena Williams as the world's highest-paid female athlete. In 2019, the 2-time Grand Slam champion earned \$37.4 million in prize money and according to *Forbes*, beat the previous record for 12-month earnings for a female athlete held by tennis star Maria Sharapova, who made \$29.7 million in 2015.<sup>44</sup>

When you start looking at where the money is made, a good part of it turns out to be speaking engagements, endorsements, or YouTube channels focused on such topics as lifestyle.<sup>45</sup> However you cut it, the highest paid female athletes are all tennis stars. Why do tennis players do so well? The bountiful amount of prize money helps. According to Forbes, the total amount of prize money on the WTA Tour was \$179 million in 2019. That trounces any other women's sport. The popularity of women's tennis also drives endorsement totals, which are also high.

### **Wrestling (WWE)**

Don't mess with these gals (they call them divas) – they are tough!<sup>46</sup> WWE is currently the most watched wrestling sport in the world. A report revealed recently that Becky Lynch was at the top of the list with earnings of \$3.1 million. Ronda Rousey came in second with \$2.1 million. Although female wrestlers out-earn most female pro athletes, when we compare WWE diva salaries with male wrestlers,

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<sup>44</sup> <https://www.cbc.ca/sports/tennis/naomi-osaka-worlds-highest-paid-female-athlete-1.5580667>

<sup>45</sup> <https://www.sportscasting.com/the-top-10-highest-paid-female-athletes-are-all-tennis-players/>

<sup>46</sup> "Highest Paid WWE Divas 2020," Sportekz.com, December 10, 2019, <https://www.sportekz.com/list/highest-paid-wwe-divas/>

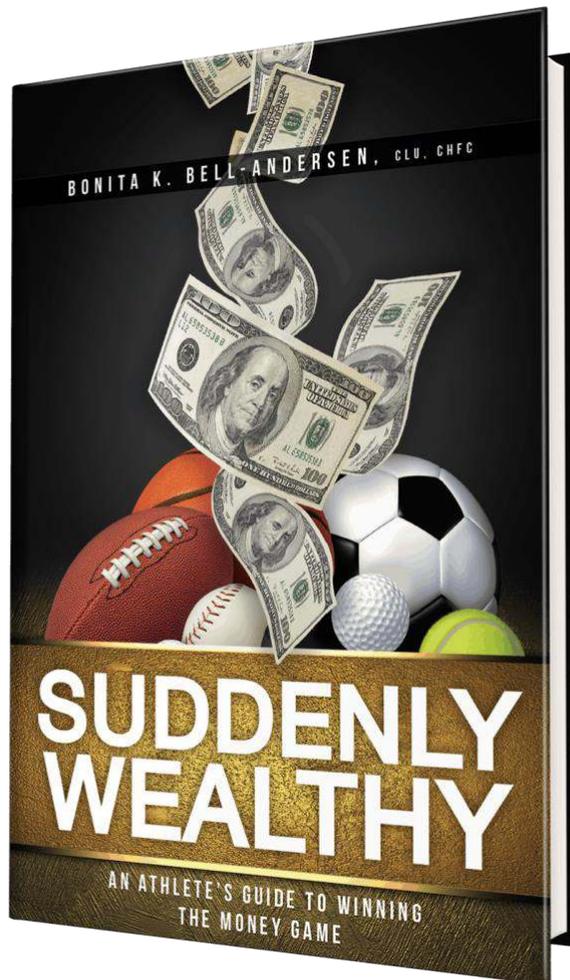
we see a massive pay gap. “Normal” pay for a top WWE diva ranges between \$200,000 - \$350,000.<sup>47</sup> But male wrestler Brock Lesnar’s earnings have been reported as \$12.5 million a year, and several other male wrestlers make more than \$1 million annually.<sup>48</sup>

In the end, men’s professional sports are more widely viewed, and more heavily sponsored and commercialized than women’s professional sports, and this makes it especially imperative for female athletes to be frugal throughout their careers and make the most of the money that they do earn. I am not going to get into the politics of this issue – that is not my intent for this book – but it is clear that whatever the reality is for you as an athlete, male or female, let’s make the most of what you have in your world.

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<sup>47</sup> Garrett Parker, “Here’s The 20 Richest WWE Divas Of All-Time,” Money Inc., accessed August 16, 2020, <https://moneyinc.com/the-20-richest-wwe-divas-of-all-time/>

<sup>48</sup> Oliver Browning, “WWE Salaries for 2019 Show a Massive Pay Gap Between Male and Female Superstars,” GiveMeSport.com, November 01, 2019, <https://www.givemesport.com/1537045-wwe-salaries-for-2019-show-a-massive-pay-gap-between-male-and-female-superstars>



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