

# The Financial Line-up

Financial Planning, News, and Tax Tips for Professional Athletes

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Editor: Allen W. Tharp, CPA

## “NFL Lockout in 2011?” Every Player Urged to Save 25% of Income

*By DeMaurice Smith, NFL Players Association*

In May 2008 the NFL walked away from the six-year Collective Bargaining Agreement they signed with the NFL Players in 2006. Since that time, the NFL has taken steps to prepare for a lockout of the Players in 2011. We have discussed the implications of a lockout on salary, health care coverage and insurance coverage. Accordingly the Players voted to authorize the NFL Players Association to hold their dues and royalty checks for a period of two years. This will provide every playing in the NFL with at least \$50,000 of an emergency fund in 2011 in the event of a lockout. If the lockout does not occur, the money will be refunded to them.

This emergency fund however is not the only steps to protect the families of our players. We have urged every player to save 25% of their salaries for the next two years.

As we continue to negotiate a new CBA, I want to assure all of you that the well-being of our players and their families are our first priority. It was with this singular focus that we presented this plan to our players and why they voted to endorse it. We are continuing to look for ways to further protect the players in the event that they are unable to go to work. In the meantime, if you have any questions or comments please contact the Financial Programs department at 900.372.2000.

## Union Plus On Your Side if You're Locked Out!

Benefits of Being a Member

**Health Savings Program**—You can get a free membership in the Vision Discounts program, which normally costs \$14.95. The program includes discounts on retail and mail order prescriptions, vision care, hearing care and foot care -Call 877.570.4845 and say you want to get a free membership as part of the Union Plus lockout benefit program

**Defer Auto Insurance Payments**— If you are locked out for 90 days or longer, you can defer your Union Plus Auto Insurance premium payments for two months. You can skip payments for a total of four times during lockouts. Interest still accrues, but there are no penalties. To get the program started —Call 800.343.7097

**Accident Insurance Premiums Waved**—With Union Plus Insurance, you don't have to pay your premiums for up to one full year beginning the first quarterly premium due date following the start of the lockout. —Call 800.393.0864

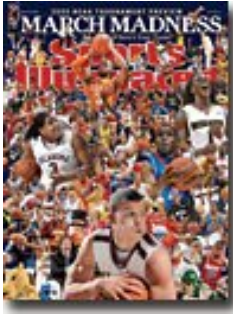
**Help with Mortgage Payments**—If you have a Union Plus Mortgage for at least 1-year, you're eligible for Mortgage Assistance. —Call 800.848.6466

- During the first 30 days of a lockout, you can apply for an interest-free payment assistance loan to cover one mortgage payment
- After the 30th day of the lockout, Mortgage Assistance will provide you with a grant to cover up to 5 payments.
- If the lockout lasts longer than 7 months, the interest-free payment assistance loan can be extended to cover up to 5 additional mortgage payments.

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## How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar –Pablo S. Torre-Sports Illustrated

Hamilton Accountancy Corporation is printing segments of this article as it is very appropriate in today's economic climate.

### Part 2 "The Lure (and Thrill) of the Tangible"

Rocket Ismail's portfolio has contained inventions and risky investments. After mentioning that he once poured money into a religious movie, the gregarious father of four goes uncharacteristically mum about the details. "I don't really want to go over that agony."

Ismail played two years in Canada and 10 in the NFL, estimating that he earned \$18 million to \$20 million in salary alone. Today he does a Cowboys postgame show on Fox Sports Net. He has his Notre Dame degree, and he never filed for bankruptcy, had legal trouble or got divorced. Yet he lost several million dollars, he admits, through "total ignorance."

It began in the winter of 1991 when he sank \$300,000 into the Rock N' Roll Café in New England designed to ride the wave of the Hard Rock Cafe and Planet Hollywood franchises. One of his advisers pitched the idea as "fail-proof, with no downsides," He never recouped his money and has no idea what became of the restaurant.

Lesson learned? If only... After that Ismail squandered a fortune funding not only that inspirational movie but also the music label COZ Records ("The guy was a real good talker," says Rocket); a cosmetics procedure whereby oxygen was absorbed into the skin ("We were not prepared for the sharks in the beauty industry"); a plan to create nationwide phone-card dispensers ("When I was in college, phone cards were a big deal").

You might say Ismail had a run of terrible luck, but the odds were never close to being in his favor. Industry experts estimate that only one in 30 of the highest-caliber private investment deals work out as advertised. "Chronic over allocation into real estate and bad private equity is the Number 1 problem [for athletes] in terms of a financial meltdown."

Many players, consequently, are financial prey. "Disreputable people see athletes' money as very easy to get to," says Steven Baker, an agent who represents 20 NFL players. Then there are the unnamed athletes who pawned 400 title rings to the online reseller championship-rings.net over the past three months, a spike of about 33% from the same period last year. (A 2008 Giants Super Bowl ring was among them.) "It's the economy. Selling these items is always embarrassing, and a last resort."

### Part 3– Missed Placed Trust

If you want to read the complete article and not have to wait! You can access it at:

<http://sportsillustrated.cnn.com/vault/article/magazine/MAG1153364/index.htm>

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