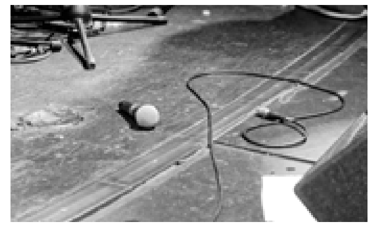
Star power, staying power

How athletes and entertainers turn financial opportunity into long-term wealth

6 Michelle Williams

10 Osi Umenyiora

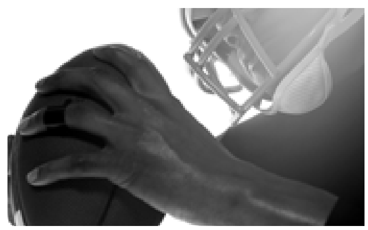
14 Sage Rosenfels



18 Chamillionaire

22 Rico Love

26 Joshua Schwartz



30 Brendon Ayanbadejo

34 Robert Bailey

Contents

A once in a lifetime opportunity

Professional athletes and entertainers have an iron will and drive that are unmatched. The sheer tenacity it takes to reach their echelons of success is daunting. Some are richly rewarded for their efforts, receiving multimillion dollar contracts and deals. While their generous compensation should last a lifetime and beyond, tales of those who have lost their fortunes abound. Why does this happen? Is it hubris? A lack of foresight?

The answers we found are multifold, fascinating and at times heartbreaking. We spoke to athletes and entertainers at length to understand their perspectives on wealth and how their journeys unfolded. Some found that they were ill-prepared to handle the responsibilities that come with considerable wealth. Others developed a steadfast financial plan from the start, growing their wealth to dizzying new heights.

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Can financial success be within reach?

How do athletes and entertainers turn a once in a lifetime opportunity into long-term wealth that benefits their families, friends and communities? One fact remains clear: financial success is within reach for those who take responsibility for their wealth, stay engaged with their finances and partner with advisors who understand their unique considerations, challenges and opportunities.

Athletes and entertainers are driven by a love of their craft and strive to be the best in their field. For most, money is not the primary motivator. As one entertainer noted, there are other more surefire avenues to pursue wealth. Financial figures and returns are not what fuels their passion. Their singular pursuit of excellence can mean there is little time for all else, including managing their wealth. However, freely handing over the reins of their wealth to others can spell financial ruin.

Stories of triumph and resilience

Within these pages, we share the stories of eight athletes and entertainers who came into significant wealth. Some grew up in upper and middle class comfort while others experienced extreme poverty and relied on public assistance. We spoke with those who are in the prime of their careers as well as those who have retired from professional sports and entertainment. A second fulfilling career blossomed for many.

A taboo topic out in the open

Although money is often a taboo topic, we are grateful for their frankness and transparency. Their courage to share both the highs and lows of their journeys speaks volumes.


03
02
01
05
04
03
02
01
06
05
04
03
02

Lives driven by passion and excellence

The athletes and entertainers we interviewed shared their personal stories and perspectives to highlight the need for more financial education in the sports and entertainment world. We thank them for being strong advocates of financial literacy.

Michelle Williams was 21 when she joined Destiny's Child, one of the best-selling female recording groups of all time. She is a chart-topping solo artist, actress and Grammy winner.

Osi Umenyiora is a two-time Super Bowl champion and former defensive end for the New York Giants and Atlanta Falcons. He is enjoying a second career as an NFL commentator for BBC Sports.

Sage Rosenfels spent 12 years in the NFL, playing for the Washington Football Team,* Miami Dolphins, Houston Texans, Minnesota Vikings and New York Giants. Now a football commentator and podcaster, Sage was the backup quarterback for Brett Favre and Eli Manning.

Chamillionaire is a Grammy award-winning rap artist whose song *Ridin'* spent 31 weeks on the Billboard Hot 100. Now a venture capitalist, he was an early investor in Maker Studios, Cruise and Lyft.

Rico Love wrote his first hit song for Usher's iconic *Confessions* album when he was 21. He is a songwriter and producer for artists including Beyoncé, Diddy and Nelly.

Joshua Schwartz created the television series *The O.C.* at age 26, making him one of the youngest people to ever create and run a network television series. He is a showrunner, producer and screenwriter whose hit shows include *Gossip Girl* and *Runaways.*

Brendon Ayanbadejo is a Super Bowl champion and former linebacker for the Miami Dolphins, Chicago Bears and Baltimore Ravens. An early investor in the boutique fitness studio franchise Orangetheory Fitness, he is their Area Developer in California, Ohio and Melbourne, Australia.

Robert Bailey is a two-time Super Bowl champion and former cornerback for the Los Angeles Rams, Dallas Cowboys, Washington Football Team,* Detroit Lions and Baltimore Ravens. He is the President of Rosenhaus Sports Representation, which manages over $1 billion in active NFL contracts.

*Formerly the Washington Redskins

Michelle Williams

Grammy Award winner

Destiny’s Child member

Singer, songwriter and actress

Independent women

Michelle joined Destiny’s Child, one of the best-selling female recording groups of all time, when she was 21 and rocketed to fame with the hit single “Independent Women.” The song was featured on the soundtrack for the movie *Charlie’s Angels* and topped the Billboard Hot 100 chart for 11 weeks. The whirlwind success took her far from her hometown of Rockford, IL, where she grew up with a strong role model for an independent woman, her mom, Anita.

"You look at your record label contract and it's worth literally what most people will make in a lifetime."

An all-star mom

Anita raised four children with her husband, Dennis, while working full-time in the medical field. "My mom invested for her retirement through her job. I would see the envelopes with the account statements all the time. She had a nice nest egg when she retired." Her mom set a good example and taught Michelle the importance of setting financial goals.

Music contracts and royalties

Michelle recalls how she felt when she signed her first contract as a member of Destiny's Child. "You look at your record label contract and it's worth literally what most people will make in a lifetime." Record companies give artists an advance on the contract and recoup that money through music sales, tours and endorsements. Artists don't receive royalties on their music until the full value of the advance has been recovered.

Although Destiny's Child released their last studio album, *Destiny Fulfilled,* in 2005, their music remains popular. Michelle reunited with her bandmates, Beyoncé Knowles and Kelly Rowland, for the 2013 Super Bowl XLVII Halftime Show and the 2018 Coachella music festival, engaging a new base of fans. "I'm blessed. Every time one of our songs is used in a commercial or sung by an *American Idol* contestant, we receive a nice-sized royalty check." Digital downloads of the group's music also add to the royalty stream.

Money mentors

Mentors in the music business like "Big Jim" Wright, a producer who worked with Janet Jackson, Patti LaBelle and other renowned artists, offered Michelle frank advice about money. "Big Jim said, 'Always live below your means. You shouldn't buy a multimillion-dollar house just because you can.'" Keeping this in mind, Michelle purchased real estate in her hometown area, where the cost of living is lower. "I'm a homebody. My home is my retreat. It's just me. Why would I need to live in a 7,000-square-foot house?"

She also learned about finances from her uncle, a successful doctor. "He's not flashy. He can afford a Bentley but drives a modest car. His kids got used cars when they started driving." Instead, her uncle chooses to spend his money on experiences that bring his family together and create lasting memories. He treats his extended family to annual vacations, such as a recent trip to Hawaii.

Hard lessons learned

Michelle's first solo album, *Heart to Yours,* rose to number two on the Billboard Gospel Albums chart. She also starred in Elton John's Broadway musical *Aida* and Oprah Winfrey's stage production of *The Color Purple.* In 2008, she released a new album, *Unexpected,* collaborating with music producer Rico Love on her first foray into contemporary pop music as a solo artist.

Busy with her career, she entrusted her financial advisor to make investments that she didn't fully understand, a mistake that she wants other entertainers to avoid. She assumed her financial advisor would automatically adjust her investment portfolio to protect her from significant losses, especially given the 2008-2009 financial crisis and looming recession. Michelle and her financial advisor should have agreed upon her risk tolerance, time horizon, the types of investments she was comfortable with and the need to diversify her assets. The lack of communication and misunderstanding resulted in a substantial investment loss.

> "You have an opportunity to help your family. I would hate to see someone else have their money mismanaged."

"Knowledge is powerful. Ask questions. It's your money—you have a right to know what's being done with it." It's important for investors to be able to describe what they're investing in and understand how the investment will generate a return. They should be aware of the associated investment risks and the potential maximum loss. Michelle is financially conservative by nature, so in retrospect, a high-risk investment that could lose all of its value was not well-matched with her risk tolerance. Her investments were also not well-diversified, so it was akin to putting all her eggs in one basket.

Entertainers are especially vulnerable

"A lot of entertainers have grown up in less than desirable situations, sometimes without parents, let alone seeing examples of sound money decisions being made. You get people who prey on you." Michelle feels strongly about helping other entertainers learn from her experiences. She knows firsthand how life-changing

"Knowledge is powerful. Ask questions. It's your money—you have a right to know what's being done with it."

a music contract can be. "You have an opportunity to help your family. I would hate to see someone else have their money mismanaged."

Unlike professionals who earn a steady salary over several decades, entertainers have highly variable incomes. Michelle has a broad library of music that generates royalty streams, but she notes that this isn't always the case for others. "Entertainers don't get a check every two weeks. You may never receive another contract. You've got to stretch your earnings to last a lifetime."

Setting boundaries for providing financial support to family and friends is something Michelle has learned to do. "I bought my mom and dad a house, but they're the only people that I'm financially responsible for." She sympathizes when entertainers feel obligated to take care of everyone given their good fortune, but she advises limits. "Some people might think you're being selfish, but you have to save your nest egg. Someone else's emergency is not your responsibility."

Your name is part of your wealth

For celebrities, reputation is currency. "I was talking to Kelly (Rowland) the other day about being in the business for 20 years. I still get invited to amazing A-list events. If you keep your name clean, you can be depended on. People will call on you." In the past few years, Michelle starred in a television series on the Oprah Winfrey Network and appeared on the hit television show *The Masked Singer.*

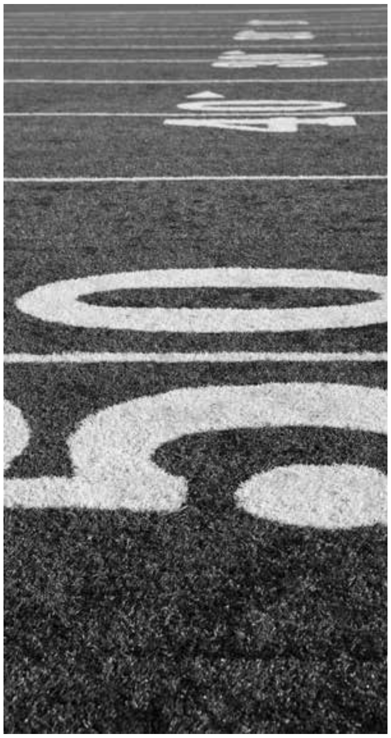
Giving back

"I made an investment in the Chicago Sky, a WNBA team, because I wanted to help my community. I wanted at-risk inner-city youth to have a chance to see women's basketball. I haven't seen a dime from it, but it's one of my best investments." Michelle also supports mental health organizations and has shared her personal experiences with depression. She uses her celebrity to shine a light on the need for more education and awareness of mental health issues. Her hope is that her story encourages others to reach out for help.

Michelle's advice

"You should understand exactly what you're investing in, the risks involved, how much you can lose and how you can access your money.

Don't rely on someone else to make financial decisions for you. You need to stay involved."



Osi Umenyiora

Super Bowl XLII and XLVI Champion

Former defensive end for the New York Giants and Atlanta Falcons

NFL commentator for BBC Sports

A whole new world

When London-born Osi was 14, he moved from Nigeria to live with his sister Nkem in Auburn, Alabama. His father had been a successful business owner in Nigeria, and the family enjoyed a very comfortable lifestyle. Things were different in America. Osi and Nkem had little financial resources after government upheaval in Nigeria caused their father's business to take a downturn. Nkem attended college by day and worked the overnight 11 p.m. to 7 a.m. shift at a local restaurant to help pay rent and school fees. "It was an eye-opening experience. I didn't have money, not even lunch money. It was really strange to be in Africa in a good financial situation and then in America with nothing."

"Once I retired from football, I wanted the option of never having to work again, unless I chose to."

A football star is born

Osi discovered his talent for football at Auburn High School. He won an athletic scholarship from Troy University, where he set several school records for tackles and sacks. In 2003, Osi was drafted by the New York Giants. His first NFL contract was $2 million and he took home around $1 million after taxes and fees over a four-year period. It was the first time Osi had any real money. "When I was drafted by the New York Giants, it was a surreal experience to go from literally having nothing to getting everything I ever wanted. It goes pretty fast. Save every penny of the first contract. Most players won't get a second contract."

Osi's second NFL contract came in late 2005, when the Giants signed him to a six-year extension for $40 million. His contract guarantee was $15 million, with the balance paid over the duration of the contract, contingent upon him playing all six years. Taxes and his agent's fee meant he netted about half of the $40 million. After playing 10 seasons with the Giants, he signed a two-year contract in 2013 with the Atlanta Falcons for $8.5 million. Osi also had endorsement deals with 5-hour ENERGY, Nike, and Verizon Wireless through his marketing team, which took a 15% commission.

Osi's advice

"Football is all we've done. We have to set ourselves up to be free and financially independent the rest of our lives after we finish playing.

As crazy as it sounds, you have to **start planning for life after sports while you're still playing**."

Among teammates, conversations about money and business ventures were stratified by salary ranges, given the pay disparity among players is significant. Approximately 10% of football players make the big "contract money." The rest receive the league minimum of $510,000 per year. Players who made similar amounts would talk about their investments with each other, but money in general wasn't a big talking point in the locker room.

The 10-year goal

"The average NFL career is really short, around three years. I was hoping to play for 10 years because that's the benchmark. I was lucky and played 12 seasons. For most of us, the second contract is your life-changing money. Once I retired from football, I wanted the option of never having to work again, unless I chose to."

Set for life

When Osi signed his second NFL contract, he was keen on preserving his wealth. "I wasn't necessarily trying to gain more in the stock market. I was pretty responsible and didn't plan on spending a lot once I retired from playing." However, he did want to maintain the same lifestyle he enjoyed as a professional athlete. Taking care of his immediate family members was also important. "That's the way I was raised. My father is a very generous man and I learned from him."

Osi defined his expenses and goals to determine how much he would need to retire. He wasn't interested in investing in restaurants or clubs because of the high risks involved. He preferred a conservative portfolio of bonds and stocks that he estimated could generate an annual return that would offset his expenses. His plan was to invest for the long term and live off the investment income from his portfolio.

Although Osi could have played longer, he chose to retire in 2015 because he was financially set for life. "My lifestyle hasn't changed. I can still do what I want."

It will be a challenge to strike a balance between giving his children the privileges that come with wealth while ensuring they have the desire to forge their own path.

The money pit mansion

Osi has learned from his past investment mistakes, most notably purchasing a home that turned into a substantial cash drain. While living in Atlanta, a hot spot for young athletes and entertainers, Osi would visit friends who all seemed to be living in massive mansions. He decided to buy a home, but a "regular house" wouldn't do. He wanted to impress his friends. Osi purchased one of the biggest houses he could find. It was a massive older house that he bought in foreclosure for $2 million.

"It goes pretty fast. Save every penny of the first contract. Most players won't get a second contract."

"Every single month something else would go wrong, and it was such a big house. It was stupid and pointless. There was no need for me to buy such a large home. I put the house up for sale, but no one wanted to buy it. And then the roof collapsed." The fixer-upper cost Osi an additional $1.5 million, so his total investment amounted to $3.5 million. He finally sold the house for $1.1 million, at a loss of $2.4 million.

A second career with the BBC

When Osi retired, he didn't have any specific career plans. "I thought I'd just relax, but after I told my wife my plan of not doing anything, she said it was a no-go and I needed to find something to do." Osi's wife, Leila, a former Miss Universe, is finishing up a degree in political science and hopes to work for the United Nations.

Although Osi could have played longer, he chose to retire in 2015 because he was financially set for life.

Osi and his family relocated to the UK after he stopped playing. During his first week in London, Osi reached out to Mark Waller, an NFL executive he had met almost a decade earlier. The meeting with Mark led Osi to a new career as an NFL pundit for the BBC. "To this day, I still work for the NFL, and being in London has been amazing. It wouldn't have been the same if I hadn't met Mark years before. Mark kept me in mind."

Although he's able to provide for his children financially in a way that his parents couldn't provide for him, he is aware of the potential downside. "I don't want my kids to think anything will be easy. I want them to work hard and make their own way. Talking to my children about wealth is going to be a tough conversation."

Giving back

Osi's focus on financial planning from day one of his football career has given him the opportunity to help future generations. He wants to support more philanthropic causes in Africa, especially in his home country of Nigeria, where there are ongoing socioeconomic issues. He's endowed scholarships for children from his village for a number of years and wants to find more ways to help people lift themselves out of poverty.

"Just because you have money doesn't mean you know a lot about money."

Sage Rosenfels

Former quarterback for the Washington Football Team*, Miami Dolphins, Houston Texans, Minnesota Vikings and New York Giants

Football commentator and podcaster

A childhood with room to roam

Sage grew up on 10 acres in the Iowa countryside with parents who raised chickens and grew their own organic fruits and vegetables. His dad, Robert, sold wood-burning stoves, and his mom, Jamie, was a midwife. They had moved from Chicago to raise their five kids in an idyllic place where they didn't have to lock their doors at night. "I was taught that material things were not the goal. Having things was not the key to happiness." It's a perspective that has kept Sage grounded throughout his NFL career and beyond.

Winning the NFL lottery

A five-sport letterman at Maquoketa High School, Sage won a football scholarship to Iowa State University, where he was a star quarterback. The Washington Football Team (formerly the Washington Redskins*) chose him in the fourth round of the 2001 NFL Draft. From the beginning, Sage was keenly aware that careers in professional football are short-lived. "Every year I made it in the NFL was like winning the lottery, and there was no guarantee I would win again."

Sage got married in college and was thus a young father. He saved as much as possible so he could take care of his family, regardless of what happened with his football career. At the time, he was making around $600,000 per year with salary and bonus playing for the Miami Dolphins. "Every dollar I saved was a dollar I didn't have to earn later."

Given the physical toll of playing, Sage knew that even in the best case scenario he would retire from football in his thirties. Only a small stratosphere of superstar athletes is able to monetize their celebrity status after retirement, so that was not something Sage could count on. He wanted the option of never working again after football. "I didn't want to be the 35-year-old intern in the workforce. My classmates would be a decade ahead of me in their careers. I'd be the rookie at any company."

Retirement-level money

In 2006, the Houston Texans offered Sage a four-year, $6 million contract, $2 million of which came as a signing bonus. He started asking himself how much money he needed to retire after football. "What's my yearly burn? What do I need to be happy? That's the key." The standard advice Sage heard was for players to save 30% of their income. He saved 80% and still enjoyed a nice lifestyle. The values he was raised with helped him avoid the temptations of flashy spending.

Sage cautions that professional athletes come across money at a young age, when they have little experience with finances. "Just because you have money doesn't mean you know a lot about money." Although he was a marketing major who never formally studied finances or accounting, he made it a point to educate himself about investing. "I knew there was an overall number that I needed to reach before I could comfortably retire. I estimated I could earn around a 5% average annual return by investing long term in stocks and bonds. I let my money work for me."

*Sage was in favor of the Washington Redskins changing its name to the Washington Football Team.

"Every year I made it in the NFL was like winning the lottery, and there was no guarantee I would win again."

Adventures in investing

Sage's earnings steadily increased and he continued to learn about investing. The Minnesota Vikings acquired Sage in a two-year, $9 million trade in 2009. He was the backup for Brett Favre before joining the New York Giants in 2010 behind starter Eli Manning.

Sage wanted the option of never working again after football. "I didn't want to be the 35-year-old intern in the workforce. I'd be the rookie at any company."

Being a professional athlete brought Sage in contact with successful investors. He saw this as a great learning opportunity. "I talked to a billionaire who owned a shipping company when we attended the same charity event in Miami. I realized that lots of money is made in businesses that aren't flashy or compelling, from waste management to cemeteries." A friend from the NFL put Sage in touch with a property developer who fostered his interest in real estate investments.

Sage is a firm believer in Warren Buffett's mantra: "Don't invest in something you don't understand." He invested in an Internet business that provided a photo and video uploading service for high school athletes interested in playing college sports. The business sounded promising, but he readily admits that he didn't understand all the intricacies. It was a bust. "I lost some money on that."

Patience and investing with his risk tolerance and time horizon in mind are keys to Sage's financial success. "Get a completion. You don't always need to make a touchdown. A bad quarter in the stock market doesn't concern me. I'm in it for the long run."

It can get lonely

By the end of his career, Sage divorced, with shared custody of his children. "I was raising the kids half the time on my own and looking for a new house to live in. That was the hardest thing of all. It was a huge drop from being a New York Giants quarterback." He officially retired from the NFL in 2013 after his second stint with the Minnesota Vikings.

The freedom from the daily regimen of football caught him off guard. "In football, your entire life is designed for you. It's like the military. Everything is planned down to the second. When you retire, you have zero structure. No one tells you when to wake up or that you have to get into great shape."

An extrovert by nature, Sage missed the energy of being with his teammates. "There are 200 people around you, from other players to coaches, trainers and staff. That all disappears and you're at home with your kids. I'd text my friends and ask what they're doing. They have their own careers and are busy."

Sage is a firm believer in Warren Buffett's mantra:
"Don't invest in something you don't understand."

Ph.D. in football

Throughout his twelve-year NFL career, Sage played for eight head coaches and five teams. He now leverages his football knowledge as a radio commentator and podcaster. "I have a Ph.D. in football. My expertise is in the science of the game. I like the camaraderie of the Combine and Super Bowl. It's my old world." Sage also teaches elite high school and college quarterbacks the intricacies of offense and defense to help them prepare for the NFL.

Giving back

Sage wants other players to know that they can retire financially prepared if they plan ahead. "There are lots of players like me. I didn't make $100 million. I'm not Joe Montana or Peyton Manning, and I can't make money off of my name." Sage made approximately $15 million playing in the NFL. In contrast, Peyton Manning earned close to $250 million and earns over $10 million in annual endorsements.

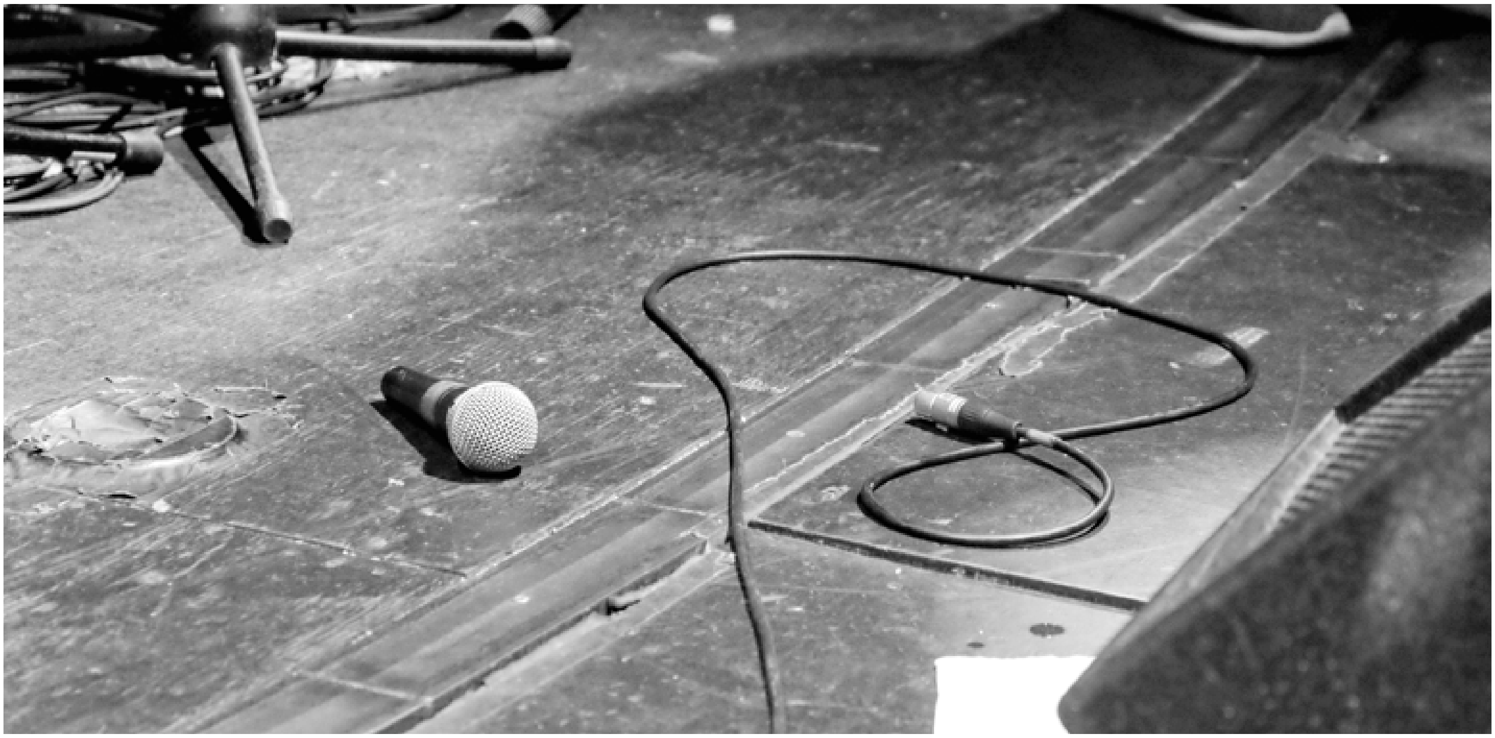
His foresight allows him to give back to causes close to his heart and care for his family. One of Sage's best friends from his hometown has a foundation that supports literacy programs in Haiti. He hosted a fundraiser at his home for the foundation and has traveled to Haiti for his charitable work. Sage's three children will receive set amounts when they hit milestones, such as graduating from college. He's also grateful to be in a position to help his older sister, who was disabled in a car accident when he was in high school.

Sage likes to share the advice of his great-grandmother: "Do your giving while you're living so you know where it's going."

Sage's advice

"**You don't need a background in finance or accounting to learn about investing.** I was a marketing major.

I retired at age 35 without worrying about finding another job or how I would take care of my family."



Chamillionaire

Grammy Award winner

Rap artist

Venture capitalist
and entrepreneur

Basketball or rap

Chamillionaire ("Cham"), born Hakeem Seriki, was raised in Houston, shuttling back and forth between his divorced parents. He had little awareness of money, except that his family didn't have a lot of it. Friendships opened his eyes to what life was like for some other children. "I didn't know what an allowance was. That was surprising to me." In Cham's community, the path to success was limited to basketball or rap, "and I wasn't tall enough to play basketball."

"Investing can be intimidating. People say 'save your money' but they're not telling you how to do it. How and where?"

First-time millionaire

Cham always had a way with words. In high school, he started rapping and performing on the Houston hip-hop circuit under the moniker Chamillionaire. The name represents his chameleon-like ability to adjust and prosper in different environments through consuming information and fostering relationships. Two popular independent albums led to a deal with Universal Records in 2005. A generous advance from the music contract made Cham a bona fide multimillionaire.

He bought his mother a home and a new car. At first, he found it difficult to spend money on himself. Then he purchased a car with cash. "It didn't make a dent in my bank account." In the entertainment world, the star is expected to spend. "You're the breadwinner for family and friends and presumed to live a certain lifestyle." He bought more expensive cars and jewelry, material symbols of success to his audience. "I remember buying a $150,000 chain necklace. Everyone was staring at it. In the moment, it felt great, but I had an unrealistic expectation of how money works. Taxes are a reality that I wasn't thinking about. I've wasted a lot of money."

Chamillionaire's advice

"**Understand the power of spending your money the right way.** Cars and jewelry depreciate in value, but you can also spend money on investments that make money.

My wealth allows me to give back and help other people."

A number one hit

Cham's first major solo release, *The Sound of Revenge,* debuted in the Billboard Top Ten. The single *Ridin'* topped the Billboard Hot 100 and won a Grammy in 2007 for Best Rap Performance by a Duo or Group. The song describes his numerous run-ins with the police who pulled him over on suspicion of "ridin' dirty"—driving while in possession of illegal narcotics or firearms. The police never found any contraband. The lyrics, which speak to racial profiling and police brutality, could have been ripped from today's headlines.

Trust issues

On the heels of his success, Cham was approached by financial advisors. "I had trust issues. No one understood my journey. How I got to where I am. They were just selling themselves and looking for a transaction." He believes that any professional advisor, from managers to agents to financial advisors, should be interested in educating their clients. "They need to be teaching you. People who made it into my world gave me information before asking for anything. They built trust."

A lack of financial education

Growing up poor, Cham had little financial education. "I remember my first bank overdraft. No one teaches you about that—my parents were never taught." He learned how to manage his wealth through trial and error. "Investing can be intimidating. People say 'save your money' but they're not telling you how to do it. How and where?"

Entrepreneurial spirit

Cham always had an entrepreneurial knack. A venture capitalist's blog about start-up companies piqued his interest. He began attending technology investment conferences and learned how companies are funded and valued. "I got into investing by learning. The best advice is to surround yourself with people who are curious and intelligent. You can pick up from them along the way."

His music career continued with the release of another album, *Ultimate Victory,* and the *Mixtape Messiah* compilations. An early adopter of using social media to engage with fans, Cham had 200,000 followers on a popular music app. He helped the app company's management

"You've mastered your craft to get to this magical moment. The approach isn't don't spend your money at all, but you should also invest your money."

team bring additional musicians onto their platform. "I was giving them advice and information that was valuable, without asking for anything back." Appreciative of Cham's guidance, the management team gave him advisory shares, which vested when the company was bought by Google.

Venture capital star

He used the proceeds from the advisory shares to invest in technology start-ups. The first company he invested in, Maker Studios, was acquired by Disney in 2014 for nearly $700 million. This was followed by an investment in Cruise, a self-driving car company later purchased by General Motors. His third investment was in the rideshare company Lyft. "The music side of me gives me access to these investment opportunities. It gets me in the room." In 2015, Cham joined the venture capital firm Upfront Ventures as its entrepreneur-in-residence.

There can be a healthy balance between spending and investing. "You need to make sure you have a financial nest egg and are prepared for a rainy day."

A healthy balance

In retrospect, Cham believes there can be a healthy balance between spending and investing. "Understand the power of spending your money the right way. Cars and jewelry depreciate in value, but you can also spend money on investments that make money." He's seen too many entertainers and athletes lose their wealth through poor financial decisions. "I choose to spend less on the nonsense. I don't want to waste my money."

However, he understands the importance of celebrating success, and wanting to take care of family and friends. "You've mastered your craft to get to this magical moment. The approach isn't don't spend your money at all, but you should also invest your money. You need to make sure you have a financial nest egg and are prepared for a rainy day." Having experienced poverty firsthand, Cham is determined to never be poor again.

Cham acknowledges that the emotional appeal of buying a Rolls-Royce is immediate, while investing is a more long-term endeavor. However, growing his wealth frees him from the uncertainty of the music business, where there's no guarantee of another hit. He's also able to pursue meaningful philanthropic endeavors. "Helping people is what drives me. That's what makes me happy."

Giving back

Cham recalls his mom making sacrifices to provide for him and his siblings in their cash-strapped household. "I remember my mom eating cereal for dinner." When Cham was a teenager, he got his first job at a grocery store. He used the pay to help his family make ends meet. These experiences taught him empathy at an early age. "It was about working to help others."

He wants children growing up in lower socioeconomic communities to have more opportunities and role models. Toward that end, Cham is funding campaigns to address the lack of diversity in the technology space. He has created pitch competitions focused on start-ups led by women and people of color. In his view, entrepreneurs from diverse communities offer ideas and insights that aren't represented in the mainstream start-up world and could be highly profitable.

Cham also speaks to high school students about the benefits of investing and entrepreneurship in order to broaden their perspectives on what they might accomplish. "It's about motivation and education." He hopes that many of these talented young people will aspire to be CEOs, as he and his friends once aspired to be basketball stars and rap artists.

Rico Love

Songwriter and producer for artists including Usher, Beyoncé, Diddy and Nelly

Recording artist

Rising out of poverty

The first song Rico co-wrote as a professional songwriter was "Throwback," featured on Usher's 2004 *Confessions* album, which sold over 29 million copies worldwide. It was a heady start for the then 21-year-old, who grew up splitting his time between living with his mother in Milwaukee and his father in Harlem. His parents divorced when he was young and there were some tough times. Money was not discussed openly, but Rico and his sisters would overhear their parents worrying about finances. "All I heard was 'We need money to do this and that' and 'We don't have money.'"

"A person who grows up in poverty thinks 'You have to work today so you can eat tomorrow.' The idea of saving money is not there. You're just trying to survive."

Growing up impoverished left Rico ill-prepared for the fame and fortune that would rain on him. "A person who grows up in poverty thinks, 'You have to work today so you can eat tomorrow.' The idea of saving money is not there. It's not a necessity to save because you are only thinking of today and tomorrow. You're just trying to survive."

The lifeline of music

Ever since he was a child, Rico knew he wanted to be a musician. As a student at Florida A&M University, he made weekend bus trips to recording studios in Atlanta. Rico's musical talents won the attention of some big names. "Usher heard about me and invited me to meet him. He offered me a record contract."

Rico's publishing deal included an advance and royalties for three song options. Rico is a "topline" songwriter—he writes the lyrics and melody for premade music tracks. Credit for songs is split between the topline songwriter and the track producer, so he needed to topline six songs to meet the three-song option requirement. Additional collaborators and the use of "samples" from other recordings results in further splits. Rico soon learned that there are many hands in the revenue pot.

"The first thing that happened when I came into money was that I bought anything that I ever wanted to get. I never knew what it felt like to have enough."

The huge success of Usher's *Confessions* album thrust Rico into the limelight. "I had something. I was blessed with a gift." Rico opted to take smaller advances because it allowed him to do more work. "Advances are recouped before royalties are paid anyway. Because I kept my rates affordable, the record companies saw that they were making their money back and not taking a big risk with me."

The ten-million-dollar deal

His strategy paid off. Over the next few years, Rico collaborated with Beyoncé, Diddy, Kelly Rowland and Nelly, leading to a $10 million publishing deal. "I really wanted a $10 million deal. I just had to have it." Rico's old and new worlds collided.

"The first thing that happened when I came into money was that I bought anything that I ever wanted to get. I never knew what it felt like to have enough. I didn't know what abundance feels like." Rico received a $3 million advance and spent close to $1 million on a down payment for a new home. He was living a rock star life, trying to make up for the years of living in poverty. "At the time, I thought, 'I have millions of dollars.' I bought a $25,000 Tom Ford coat. I felt like I deserved these things." He was also generous to family and friends, including paying for a friend's rent for an entire year.

"There was never a moment when I stopped working, but there were no hits on the radio."

Music shifts and changes

Rico was confident about meeting the terms of the $10 million publishing deal, but he didn't anticipate a number of developments. "I'm always writing, but music shifts and changes." Compounding the changing music tastes, the management company that placed him at record labels split up. "My manager, Danny Dominguez, disappeared off the grid in 2015. Danny was the peanut butter and I was the jelly. There was never a moment when I stopped working, but there were no hits on the radio." After a half-dozen records on the top 10 between 2008–2014, he didn't have another top hit until 2019, when he worked with the hip-hop duo City Girls.

Trusting the wrong advisors

Loyalty to a family friend led Rico to entrust her with his finances. "I trusted her with every element of my life. I went to the bank and didn't know my own account number. My faith in people wouldn't allow me to believe that things could go wrong moneywise." The family friend who served as his de facto financial advisor didn't have the expertise or experience necessary to manage his wealth. As bills and expenses piled up, she fell for a scam that involved having Rico sign loans for bogus medical equipment. It was the last straw. Rico filed for bankruptcy.

He now talks about his bankruptcy and financial troubles openly so other entertainers can learn from his experience. At the time, however, Rico kept his troubles under tight wraps in order to protect his brand. "In this business, if people get wind that you're not doing well, they'll disregard you. It's like getting the chicken pox. You need to save face."

Rico now talks about his bankruptcy and financial troubles openly so other entertainers can learn from his experience.

What I would tell my younger self

Rico got back on his feet, stronger and wiser. He's now involved in all aspects of managing his wealth. "That's not what I did back then. I didn't even pick up my own dry-cleaning in those days. Now I understand what money is for and how to manage it."

Rico thought his early career extravagant purchases, including two Rolls-Royces, were "the price of admission" to stardom. Now he tells younger artists, "Take away what you bought for $45,000 at Louis Vuitton. Nothing changes if you didn't buy that. Look at what you're spending money on. Cut that spending in half, and then in half again." In retrospect, Rico acknowledges he should have put himself on a budget.

In the past, Rico provided financial help to his friends freely. "I'm a giver. It feels good to share. It hurts my heart when someone I love doesn't have. I just want to relieve them of the burden." When he went through his own financial struggles, he learned to say no." Now I just take care of my immediate family. I can't save everyone." He's also keen on teaching his 10-year-old son and five-year-old daughter how to be responsible with money.

Reflecting upon early decisions

Rico recalls that his long-time lawyer predicted his financial woes. "My lawyer warned me. He told me that I'd lose my money." But his attorney grew up in white upper-class privilege, worlds away from Rico's background. "I came from poverty. The resilience of the Black man where I'm from is off the charts. I looked at him and thought, 'You don't know what it feels like for me.' He'd never understand why I pay for everyone's dinner. I couldn't relate to him, so his advice fell on my deaf ears."

It's a key reason why Rico is speaking up now. "I can say to other entertainers, 'I was you. Let me show you what happened to me. I went broke.'" He believes it's important to work with financial advisors who want to help entertainers grow their wealth and give back to their communities. "We need to find people who genuinely care, who have a heart and don't want to see us lose it all."

Rico's advice

"Nothing changes if you don't buy that expensive car or watch. **You can enjoy your success, but think about your future.**

If this is your only hit record, how are you going to make sure you live well 25 years from now? Stay involved with all aspects of managing your wealth."

Joshua Schwartz

Showrunner, producer and screenwriter

Hit shows include *The O.C., Gossip Girl* and *Runaways*

Down-to-earth Providence

Josh and his siblings enjoyed a comfortable upbringing in Providence, Rhode Island, among friends whose parents were doctors, attorneys and other professionals. His father was the president of Playskool, a division of the toymaker Hasbro. His mother was a realtor who started her own business. “We never wanted for anything, but the environment wasn’t materialistic. Rhode Island is more blue collar and less ostentatious. Affluence wasn’t necessarily prized.” Everyone’s first car was a hand-me-down that had been in the family for years. Josh’s earliest memory of money was when a local newspaper published his father’s salary because Hasbro was a public company, but he “didn’t know what it meant.”

To help manage his finances, Josh has assembled a team of trusted advisors. He has regular check-ins on how his wealth is being managed. "It's about financial health."

Hollywood calling

A movie buff from an early age, Josh had his own subscription to the entertainment trade magazine *Variety* by the time he was 12. In high school, he wrote scripts and acted in plays. Already he felt the allure of Hollywood. He enrolled at the University of Southern California (USC) School of Cinematic Arts to study film. Los Angeles, a mecca for the entertainment industry, was a stark contrast to his hometown. "When I got to USC, I saw a whole new level of materialism."

For a homework assignment, Josh wrote a screenplay, Providence, based on his high school experiences. His work was awarded the school's Jack Nicholson Scholarship for writing, but the prize was rescinded as only juniors and seniors were eligible to compete. Josh was a sophomore. The next year, Sony Pictures bought the screenplay for six figures. "It was pretty wild. The total payout would have been $1 million if a film was made." For Josh, "getting launched as a working writer was a much bigger deal."

Josh received a six-figure deal from Sony Pictures for his screenplay when he was a junior at USC. "It was pretty wild. The total payout would have been $1 million if a film was made."

An outsider in *The O.C.*

At 26, he became the youngest person at the time to create and run a series on network television with *The O.C.,* a teen drama set in the wealthy enclaves of Orange County, California. The show's protagonist, Ryan, is a juvenile delinquent from working class Chino who is taken in by an affluent Newport Beach family. In crafting the story, Josh drew inspiration from his time at USC. Like Ryan, he was an outsider to the world of Southern California's wealthy gated communities. He found the lives of his classmates from Newport Beach to be interesting because drama and conflict brewed beneath the surface of their ostensibly perfect lives. *The O.C.* premiered on Fox to top ratings in the summer of 2003 and ran for four seasons.

Money and creative freedom

Like many creatives and entertainers, Josh isn't particularly financially minded. "I never took a business class in college and I wish I had. It's like a foreign language. I don't watch the market every day." However, early in his career he realized that managing his wealth responsibly would preserve his creative freedom. "If money is invested in a smart way, it takes the pressure off of taking the next job. It's scary to have to take a job purely for the money. It could compromise you creatively. Trying to be creative out of fear is not good."

To help manage his finances, Josh has assembled a team of trusted advisors, including his father, who acts as his business manager. While he isn't interested in following specific stocks or tracking daily market fluctuations, he has regular check-ins on how his wealth is being managed. "It's about financial health. How did we do? Do I need to change my lifestyle?" He appreciates advisors who can take complex information and make it digestible for non-financial experts. "Make it as simple as possible. Don't get lost in the weeds."

A *Gossip Girl* world

Exercising what *The Wall Street Journal* calls his ability to "speak fluent teenager," Josh and his business and creative partner Stephanie Savage created the television series *Gossip Girl* for The CW in 2007. An adaptation of Cecily von Ziegesar's young adult novel series of the same name, the show chronicles the lives of students at an exclusive New York City private school. Hyper-focused on status and wealth, the characters give viewers a portal into Upper East Side privilege, where teenagers wear Cartier jewelry and carry Chanel handbags. On its 100th episode, Mayor Mike Bloomberg visited the set and proclaimed it "*Gossip Girl Day,*" praising the show as "an ambassador for New York City." Eight years after it went off the air, HBO Max ordered a reboot of the series, scheduled to debut in 2021.

Too much of a good thing

Buoyed by the success of *Gossip Girl,* Josh and Stephanie started their own production company, Fake Empire, in 2010. Deals with Warner Bros. TV and ABC Studios soon followed. In hindsight, the company expanded too quickly. For three years, Josh's management responsibilities took him away from writing. "Stephanie and I got too focused on the business side, which is not our passion. People pay us to write. One year we had 10 pieces in development. Now we only pick one or two projects that we are writing or co-writing ourselves."

The Netflix deal

Netflix's distribution deal in 2011 with The CW proved to be fruitful for *Gossip Girl.* With 121 episodes, *Gossip Girl* was one of the longest running shows that hadn't been syndicated. "For the first couple of years we didn't know if Netflix would stay in business, but *Gossip Girl* ended up doing really well." The passive income from Netflix has afforded Josh the security and confidence to bet on himself and take more creative risks.

Netflix's distribution deal with The CW proved to be fruitful. "*Gossip Girl* ended up doing really well." It afforded Josh the security and confidence to bet on himself and take more creative risks.

Financial security

Josh appreciates his good fortune. He notes that for most creatives and entertainers, artistic success is the primary goal. "You could make more in other fields like technology. The entertainment business doesn't draw people who are fueled solely by money. There are more lucrative ways to get rich." Indifference to money can lead artists to neglect their financial lives, but the unpredictable nature of the industry calls for more vigilance. "There is a lot of economic uncertainty and disruption due to the coronavirus pandemic. People should have more financial security outside of the business."

Giving back

Josh and his wife, Jill, are raising their two daughters in Los Angeles. Once a teenage reader of Variety in Providence, he is now a subject of the publication. Hard work and prudent wealth management have provided him with the opportunity to give back to his two alma maters. He endowed USC's first television writing scholarship, awarded to students who submit outstanding television pilot scripts. Josh also sponsors scholarships at the Wheeler School, the prep school inspiration for the screenplay that launched his career.

Joshua's advice

"Managing your wealth responsibly preserves creative freedom.
"If money is invested in a smart way, it takes the pressure off of taking the next job.

It's scary to have to take a job purely for the money. It could compromise you creatively. Trying to be creative out of fear is not good."

Brendon Ayanbadejo

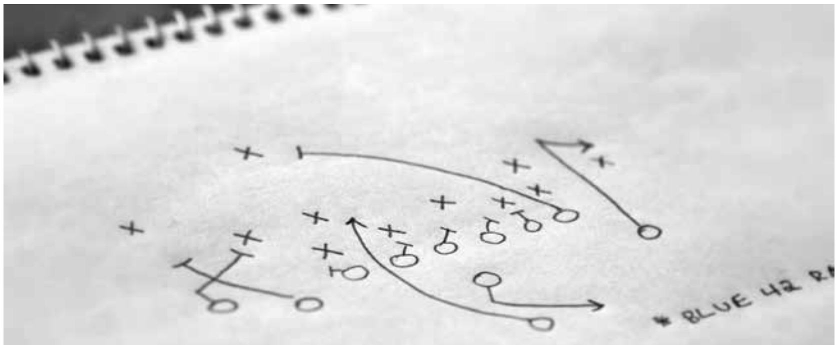
Super Bowl XLVII Champion

Former linebacker for the Miami Dolphins, Chicago Bears and Baltimore Ravens

Orangetheory Fitness Area Developer in California, Ohio and Melbourne, Australia

The value of money

Money was always a concern in Brendon's childhood home. His parents separated when he was young. Brendon and his older brother Femi and younger sister Rose lived with their mom in Chicago. The family relied on welfare and Section 8 government housing. "For our allowance, my mom would give us food stamps. I learned about the value of money and what it's like to not have any." One of his earliest memories is going to the corner bodega to buy treats with the food stamps he earned for doing chores. He was eight years old.



"I made approximately $10 million in the NFL. To put it in perspective, some players make that in the off-season. I was a hard-working guy who averaged close to $1 million per year."

Battling for success

The family relocated to California when Brendon was 10. He played football at Santa Cruz High School but didn't receive any athletic scholarship offers. Brendon attended community college at Cabrillo College where he was later recruited by UCLA. He won two PAC-10 Championships with the Bruins. Despite his success, Brendon wasn't drafted out of college. And like many students, he had also racked up quite a bit of debt during school.

Brendon signed a short-lived contract with the Atlanta Falcons in 1999 as a free agent, receiving a minor signing bonus. His brother Femi was more firmly established in the NFL, playing for the Baltimore Ravens, who won the Super Bowl in 2000. "My brother was supporting me financially for a few years." In coming seasons, Brendon was a journeyman both within the NFL and with teams in Canada and in Europe. "I was cut three times from the NFL during 1999 to 2002." In 2003, he joined the Miami Dolphins where he played alongside Femi. "It was a huge relief to finally make my first NFL roster."

Brendon's NFL income rose when he was traded to the Chicago Bears, but between taxes and repaying debts, there wasn't much left over. He had few assets beyond his NFL pension and 401(k) plan. "It was a grind. I didn't have the luxury to sit back and rest."

He became friends with the Bears starting linebacker Hunter Hillenmeyer. While still playing for the Bears, Hunter was enrolled at the Kellogg School of Management at Northwestern University. "Hunter played in the Super Bowl and had three years left on his contract, but he was already working on what's next after football." His perseverance made an indelible impression on Brendon.

The silver lining to an injury

Brendon's most lucrative offer, a $4.9 million four-year contract with the Baltimore Ravens, came in 2008. Then the Pro Bowler blew out his knee part of the way into the 2009 season. When Brendon was sidelined with his injury, he remembered Hunter's example. "I took the entrance exam for business school and started classes while I was rehabbing. I graduated with my MBA from George Washington University in 2013, the same year we won the Super Bowl."

A sensible exit strategy

Brendon believes players need to be financially engaged from the start. "We have to change the mentality of young athletes. Your career might be three years or 10 years. Either way, you need to have a plan to get you through your transition to life after football." He knows that making the transition to life after professional sports comfortably is possible even for players who aren't in the highest-paid echelons. "I made approximately $10 million in the NFL. To put it in perspective, some players make that in the off-season. I was a hard-working guy who averaged close to $1 million per year. It's not a lot of money, relatively speaking."

He understands why some athletes aren't focused on managing their wealth. "When you're living your passion and dream, money isn't as interesting. But how will you make money when your physical talent is gone? Get fascinated with the process of making your money work for you." Toward that end, Brendon made it a point to learn how to manage his wealth, and he wants other athletes to do the same.

A Bugatti blunder

Brendon is confident and happy with most of his financial decisions, but it hasn't always been a straight path. "There were some bends and curves. Even when I made investment mistakes, I saw them as learning opportunities." He cites buying a Bugatti sports car with four teammates as "the dumbest deal I ever did." Brendon and his teammates purchased a $1 million Bugatti with the hope that they would resell it at a markup the next week, with each investor pocketing a quick return. They eventually sold the Bugatti, but it took longer than expected. The teammates assumed substantial risk given the very limited pool of qualified buyers.

When preparation meets opportunity

Brendon's lifelong love of sports, and his business school education, prepared him well for an opportunity to invest in Orangetheory Fitness, a workout studio franchise. "I played five sports in high school. I'm passionate about being physically fit and helping people get healthy." He invested in the business in 2013 when the franchise only had 30 studios open. There are now over 1,400 studios globally. Brendon sold a majority of his stake to a private equity firm for a hefty profit and remains involved as a board member and co-owner of franchises throughout California, Ohio and Melbourne, Australia.

The significant proceeds from the sale raised the need for wealth protection strategies. "I learned how wealthy people stay wealthy. It was eye-opening. It's not just about the money you're trying to make, but the money that you're trying to keep. Well in advance of the sale of the business, we set up different trust accounts to protect our assets. I know that my money is secure. There's really nothing that keeps me up at night."

"When you're living your passion and dream, money isn't as interesting. But how will you make money when your physical talent is gone?"

The best gift in the world

Brendon and his wife are raising their son and two daughters in a home environment that differs markedly from the one he experienced. "For my children, the toys just show up." While his children will receive an inheritance, he wants them to have a strong work ethic. "Nothing would make me prouder than to have successful and productive children who impact society in a positive way."

"My brother was supporting me financially for a few years. I was cut three times from the NFL. It was a huge relief to finally make my first NFL roster."

Giving back

Brendon has always bet on himself, from chasing his dreams to playing in the NFL to becoming an entrepreneur. He feels fortunate and wants to focus on giving back.

Growing up biracial (Brendon's father is Nigerian and his mother is Irish-American) shaped his views on the importance of equal rights for all. He is a long-time champion of the LGBTQ+ community, and one of the first professional athletes from a major sports team to publicly advocate for same-sex marriage. He continues to support charitable organizations that work to advance LGBTQ+ civil rights.

Brendon also wants to improve the health of children from lower socioeconomic backgrounds. "I want to help kids get healthier and give them access to fitness. There's more work to be done." Much in the same way he set out to succeed in football and the business world, he is determined to use his wealth to improve the lives of others. He's exploring starting a foundation centered on health and fitness, given the country's high rates of diabetes and hypertension. "I want to leave something behind."

Brendon's advice

"You don't know how long your physical talent will last. Your career might last three years or 10 years.

You need a plan that gets you to retirement. Learn how to manage your wealth. Make your money work for you."

Robert Bailey

Super Bowl XXX and XXXV Champion

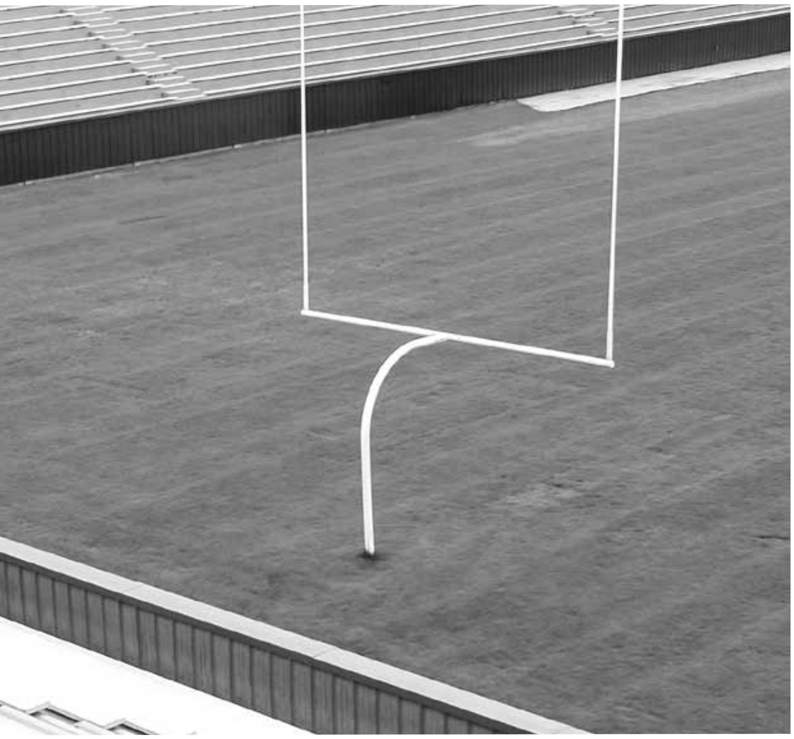
Former cornerback for the Los Angeles Rams, Dallas Cowboys, Washington Football Team,* Detroit Lions and Baltimore Ravens

President of Rosenhaus Sports Representation

Family values

Robert was nine years old when his family moved from Barbados to Miami in search of a better life. Although his mother and father worked long hours, they made time for talks around the family dinner table. “My parents stressed the principles of hard work and accomplishment. We were chasing success.” For Robert, the importance of academics was so firmly established that the eventual two-time Super Bowl champion never even considered the NFL until his final year with the University of Miami Hurricanes. “I only thought about going to medical school.”

*Formerly the Washington Redskins



"By the end of my first year, I had to borrow $10,000 against my second year. I needed the money to make it through the months before training camp."

A wake-up call

With the Hurricanes, Robert earned two national championship rings. The Los Angeles Rams selected him in the 1991 NFL Draft. He soon discovered that managing his NFL earnings was a challenge. "I had no budget in place. By the end of my first year, I had to borrow $10,000 against my second year. I needed the money to make it through the months before training camp." It was a wake-up call. "I started saving every penny."

In the history books

In 1994, in a game between the Rams and the New Orleans Saints, Robert made history. He scored a touchdown by returning a punt for 103 yards, the longest punt return in NFL history. He was signed by the Dallas Cowboys in 1995. The team won Super Bowl XXX the following year. While enjoying a higher income and more success on the field, Robert also became more interested in investing. "I started asking, 'Who is making money in this country?' I learned about stocks and bonds and how to evaluate companies."

He vowed never to repeat the financial mistakes he made in his first year with the NFL. "I refused to buy jewelry, expensive cars, or anything that doesn't bring value. I look at everything as an investment. If I spend $5,000 on going out each month, that's $60,000 in a year. I could invest that money instead and receive a healthy return. I started seeing everything in a different perspective."

> "While I was playing football, I was always looking for what was next. Nothing lasts forever."

A new calling

Stints with the Miami Dolphins and the Detroit Lions followed. In 2000, Robert was signed by the Baltimore Ravens, leading to his second Super Bowl ring. He rejoined the Lions in 2001. A broken neck suffered in a game against the Green Bay Packers ended his football career.

Robert was mentally prepared for this inevitability. "While I was playing football, I was always looking for what was next. I didn't put all my eggs in one basket. Nothing lasts forever."

Super agent

Robert's understanding of player relationships and interest in people made him a natural fit to be a sports agent. "I was friends with everyone on the team. It didn't matter to me if you're offense or defense, big or tall, or Black or white. I really enjoyed talking to my teammates and getting to know them." He was interested in everything from their upbringing and early football experiences to their current off-season hobbies. "Being an agent is about the ability to communicate well with complete strangers. You're trying to get them to take a meeting. I realized I had that skill set."

Less than a week after retiring from professional football, Robert joined his agent Drew Rosenhaus's firm, Rosenhaus Sports Representation. He rose to become president of the firm, which now manages over $1 billion in active NFL contracts. Robert's personal interactions with top professional athletes shape his views on why he believes financial education for players is needed early on.

21-year-old mindsets

Like their contemporaries, young professional athletes tend to be inexperienced with money—but their generous starting salaries give them a lot more to lose. "When you get your first NFL contract, you're 21 years old. You have no idea what to do with the money, other than what comes naturally to a 21-year-old. You don't think about investing it. You think about spending it on something fun, like clothes or cars. Whether the amount is $1,000 or $1 million, the mindset doesn't change."

Robert speaks from his own personal experience. Although he was able to course-correct quickly, he's concerned for athletes who might not be as nimble. NFL players have a small window of earning opportunity. A second or third contract cannot be taken for granted, and even the brightest of careers can be ended suddenly by injury.

"A football player's journey is school and then professional football. It's not like a corporation where you start out in the mail room. Players enter the NFL at the top. There's no opportunity to learn as you make your way up from the bottom." The combination of youthful exuberance and millions of dollars doesn't always end well.

The right financial advisors

Filled with industry jargon and unfamiliar concepts, the investment world can be confusing to the uninitiated. "It's like speaking French to the players." Lacking the financial knowledge necessary to make informed decisions, athletes may select financial advisors based on personality and may be enticed into investments that they don't fully understand.

"Smart players will hear the alarm bells go off in their heads. They'll understand why it's important to learn about managing their wealth."

"The role of the financial advisor should be more focused on education and helping players and their families gain insights on how to plan for their long-term goals. It should be more than simply telling players what they're going to do with the money and saying, 'It will be great.'" Advisors should encourage questions and outline the risks and rewards of investment recommendations. Athletes should be able to explain how an investment builds or preserves wealth—before they invest their money.

Robert acknowledges that making the right financial decisions takes maturity and a willingness to be financially engaged. "Smart players will hear the alarm bells go off in their heads. They'll understand why it's important to learn about managing their wealth."

"When you get your first NFL contract, you're 21 years old. You have no idea what to do with the money, other than what comes naturally to a 21-year-old. You don't think about investing it."

Giving back

Becoming financially savvy at the start of his career has afforded Robert the financial freedom to be a devoted father and give time and resources to important causes. He has volunteered as an inner-city youth basketball coach with the Stay in School program and served as a celebrity spokesman for the You Can Achieve Your Dreams if You Work Hard Enough campaign. He also hosted the annual Robert Bailey Celebrity Golf Tournament, which supported Community Health Clinics of South Florida for families with insufficient insurance coverage.

He wants other athletes to have the same freedom to contribute to their families and communities long after their playing days are over.

Robert's advice

"Work with financial advisors who are focused on financial education and **helping you and your family gain insights on how to plan for your long-term goals**.

You should be able to explain how an investment builds or preserves wealth—before you invest your money."

What we learned

Whether you’re a young athlete or entertainer first starting out, or a seasoned professional at the height of your career, how you decide to manage your wealth has far-reaching effects. The adage “with great wealth comes great responsibility” is especially true because so many look up to you as a role model. Your ability to do good and wield influence is profound.

Through the stories of these eight athletes and entertainers, we see a pattern of key themes and lessons learned that could be helpful as you navigate your own wealth journeys. We hope that their generosity and willingness to share their stories inspire you to take charge of your wealth.

Childhood experiences cast a long shadow

The athletes and entertainers we spoke to stressed that early interactions with money exerted strong influence over how they've approached financial matters as adults. Those blessed with parents who set good examples of financial responsibility understand that sensible saving and spending habits are necessary for financial security. Not surprisingly, however, growing up in poor socioeconomic environments, or without strong role models, can hinder their ability to develop positive financial behaviors. The stress caused by the lack of money, food insecurity and parental arguments about money, was traumatic. Yet some of the most financially successful athletes and entertainers we spoke with came from impoverished backgrounds. An understanding of how their past affects current financial decisions has helped them manage their wealth more effectively.

Sudden wealth is overwhelming

Many athletes and entertainers come into large amounts of wealth at a young age, with little or no financial literacy. Unlike other wealthy investors who earn their wealth over many years and gradually learn to manage increasing amounts of money, athletes and entertainers don't have the benefit of time and experience. Some of the individuals we spoke with had little experience with basic savings and checking accounts before coming into seven-figure deals. Yet, they are expected to make significant financial decisions that can involve millions of dollars at a tender age, often under public scrutiny. The face amount of sports contracts and entertainment deals is also far from what the talent actually receives, once taxes and expenses are accounted for. The combination of youth and inexperience can unfortunately result in sizable financial mistakes, but as highlighted in several of the stories we share, athletes and entertainers who educate themselves and stay financially engaged can skillfully navigate these challenges.

Unique human capital considerations

While athletes and entertainers may have generous incomes, their careers are typically short-lived. Professional football, basketball and baseball players' careers last an average of five years or less. Sports careers can end abruptly due to injuries, deterioration of physical ability or being traded. Entertainers can never bank on another hit song or movie given the public's fickle tastes. Earnings are also highly unpredictable, subject to music sales, concert tours, royalties and box office returns—and there are no guarantees of second contracts. Unforeseen events can also affect a performer's livelihood. The global shutdown of large in-person gatherings due to COVID-19 has put countless sporting events, concerts and performances on hold.

There is limited earning potential after a career in sports and entertainment, and little chance that the talent will earn the salaries they received at the peak of their careers. Dedication to their craft can leave them ill-prepared for second careers. Maintaining the lifestyles they enjoyed as professional athletes and entertainers is also a challenge. Athletes and entertainers must make their income stretch for a lifetime, putting even greater emphasis on the need for responsible wealth management. However, their ability to amass wealth in a short time period has unique advantages, as they can put substantial amounts of money to work early on. Athletes and entertainers we spoke with cite the importance of working with advisors who understand and account for these factors.

Investing can be intimidating

For the uninitiated, the investment world is full of jargon, with complex terms and concepts. When compared to the excitement of sports and entertainment, budgeting and investing pale in comparison. This understandably leads some athletes and entertainers to delegate all financial matters to their advisors. However, the lack of engagement with their financial lives can have grave consequences. The public nature of their wealth puts athletes and entertainers at greater risk of being targeted for financial scams by unscrupulous advisors. We spoke with several athletes and entertainers who suffered significant losses from exploitative advisors. By sharing their stories, they hope others will avoid putting blind trust into any advisor. Happily, even those who initially had little interest in managing their wealth found that they are able to do so successfully through financial education and collaboration with the right advisors.

Setting boundaries

Overspending and lavish lifestyles are common financial pitfalls for athletes and entertainers. Given their fame and fortune, most face great pressure to perpetuate a certain image. Setting spending limits for homes, automobiles, jewelry and other substantial purchases is essential. As one athlete noted, even if he makes a million dollars, he is still living paycheck to paycheck if he spends the entire million. In hindsight, the individuals we interviewed admitted that maintaining extravagant homes and other expensive possessions often created more stress than happiness.

Another challenge for athletes and entertainers: feeling obligated to help family and friends financially. Limiting financial assistance only to immediate family members and setting clear limits on gifts can help athletes and entertainers manage this issue. Several of the individuals we spoke with explained that the guilt of achieving professional and financial success, and the desire to help loved ones, are hard for others to understand.

Fundamentals of financial success

The financially successful athletes and entertainers we interviewed share several characteristics. First, they began with the end in mind. They were very conscious of the brevity and fragility of their careers, and were careful to save and invest the majority of their earnings. Maintaining a comfortable lifestyle post career and ensuring their legacy were critical. They worked with their advisors to craft financial plans that would help ensure these goals were met. Despite their sometimes astronomical earnings, these individuals are able to separate their needs from wants, and exercise discipline in spending. Several of the them refrain from purchasing high-end automobiles and other luxuries they can well-afford because they prefer to invest in assets that generate a return.

Finding the right mentors and advisors is also important. The financially savvy studied the methods of other financially successful people manage their wealth, and were willing to learn from these financial role models. They are open to asking peers, particularly veteran players and established entertainers, for guidance and counsel. They also firmly believe in educating themselves and taking responsibility for their wealth, and they work with advisors who understand their unique considerations and challenges. Perhaps surprisingly, although they are highly competitive in their professional lives, they don’t view investing as a competition. Most are comfortable giving up potential investment returns if they don’t understand the opportunity, or if the associated risks are too high. They also learn from past financial mistakes and course correct when needed.

Giving back

Altruism and a desire to give back to their families, friends and communities is a primary motivator for most athletes and entertainers. For athletes and entertainers who grew up in adverse environments themselves, the ability to help young people in similar circumstances is invaluable. They are well aware that the prospect of becoming a professional athlete or entertainer is out of reach for most and should not be the only path to success. The ability to create opportunities for others, whether through their own private foundations or supporting charitable causes, allows them to continue their influence off the playing field and stage. By managing their wealth wisely, athletes and entertainers are able to provide greater good for their family, friends and communities over the long term.

Acknowledgments

We are honored and excited to share these stories and bring deeper understanding to wealth management for athletes and entertainers. As a former athlete who played in the NFL for a decade, I know firsthand the blood, sweat and tears that it takes to succeed in sports and entertainment.

Athletes and entertainers should enjoy the fruits of their labor, well beyond the end of their professional careers. But all too often we see some of our greatest talent succumb to financial scams and mismanagement of their wealth. With careful stewardship, athletes and entertainers can protect and grow their wealth for the long term and give back to their families, friends and communities. We hope that by shedding light on this important issue, we do our small part in encouraging athletes and entertainers to take ownership of their wealth.

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