

DAVIES WEALTH MANAGEMENT

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# The Professional Athlete Financial Playbook

How to protect your wealth when 80% of your lifetime income arrives before age 30 — and build a financial foundation that outlasts your career.

**Davies Wealth Management**

Fee-Only Fiduciary | Stuart, Florida

[tdwealth.net](https://tdwealth.net)

## What's Inside This Playbook

Built specifically for the compressed earning window of professional athletics — not the 40-year career path most financial advice assumes.

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#### WHO THIS PLAYBOOK IS FOR

Active and recently retired professional athletes (NFL, NBA, MLB, NHL, MLS), college athletes with NIL income, coaches with performance-based compensation, and anyone whose career earns the majority of their lifetime income in a compressed window.

# The Numbers That Matter

Professional athletics creates a financial profile unlike any other career. Understanding these numbers is the first step toward building a plan that works for your reality — not someone else's.

**3.3**

AVERAGE NFL  
CAREER (YEARS)

**78%**

OF NFL PLAYERS IN  
FINANCIAL STRESS WITHIN  
2 YEARS OF RETIREMENT

**60%**

OF NBA PLAYERS  
GO BROKE WITHIN  
5 YEARS OF RETIRING

These statistics exist not because athletes are careless — but because the financial advice industry is built for 40-year careers with steady paychecks, employer benefits, and gradual wealth accumulation. That model doesn't work when you earn 80% of your lifetime income before age 30.

## THE CORE CHALLENGE

You need to build a 50-year financial foundation during a 5-15 year earning window. Every financial decision carries outsized weight — a bad year of spending or a wrong investment can't be recovered over decades of future earnings the way it can in a traditional career.

## Play 1: The 50/30/20 Rule for Compressed Careers

Traditional budgeting advice says save 15-20% of your income for retirement. That math assumes 40 years of compounding. With a compressed career, the math changes dramatically.

### The Athlete Allocation Framework

CATEGORY	TRADITIONAL CAREER	ATHLETE CAREER	WHY IT'S DIFFERENT
Taxes & Obligations	25-30%	35-45%	Higher brackets + multi-state + agent fees + union dues
Living Expenses	50-60%	20-30%	Lifestyle must be built on post-career income, not peak income
Savings & Investments	15-20%	30-40%	Must fund 50+ years of living in 5-15 years of earning

### THE LIFESTYLE TRAP

**A \$5M/year contract feels enormous.** After taxes (~40%), agent fees (3-5%), and union dues, you take home roughly \$2.5M-\$2.8M. If your lifestyle costs \$2M/year, you're only saving \$500K-\$800K annually.

That \$500K/year over a 6-year career = \$3M saved. Sounds like a lot — until you realize it needs to fund the next 50 years. That's \$60,000/year before investment growth. Not exactly the lifestyle most people imagine.

**Illustrative example only. Actual figures depend on contract structure, state taxes, and individual spending. This is not investment advice.**

### THE RULE OF THUMB

Live on no more than 30% of your gross income during your playing years. Build your lifestyle around what your investments will generate after your career — not what your contract pays today.

## Play 2: Multi-State Tax Strategy

Most professionals file taxes in one state. Athletes may file in 10-15 states per year — every away game in a state with income tax creates a filing obligation. This is called the "jock tax" and it's one of the biggest financial blind spots in professional sports.

### How the Jock Tax Works

States with income taxes can require athletes to pay taxes on the portion of their income earned while playing in that state. The calculation is typically:

$$(\text{Days worked in state} / \text{Total duty days}) \times \text{Total compensation} = \text{Taxable income in that state}$$

### States That Matter Most

#### No Income Tax States

- **Florida** — Popular domicile for athletes
- **Texas** — Major sports market, no state tax
- **Tennessee** — No earned income tax
- **Washington** — No income tax
- **Nevada** — No income tax

#### Highest Tax States

- **California** — Up to 13.3% state rate
- **New York** — Up to 10.9% + NYC 3.876%
- **New Jersey** — Up to 10.75%
- **Oregon** — Up to 9.9%
- **Minnesota** — Up to 9.85%

#### EXAMPLE: THE FLORIDA DOMICILE ADVANTAGE

**Marcus, NFL defensive end** earns \$8M/year. He plays 8 road games in states with income tax and 8 home games in Florida (no state income tax).

If he were domiciled in California instead of Florida, he'd owe an additional ~\$600,000-\$800,000 per year in state taxes on his home-game income alone.

Over a 6-year career, that's \$3.6M-\$4.8M in additional taxes — just from domicile choice.

**Illustrative example. Actual tax savings depend on contract structure, game schedule, and proper domicile establishment. Consult a qualified tax professional.**

## Strategic Moves

### 1 Establish Florida domicile properly

It's not enough to buy a house. You need a Florida driver's license, voter registration, homestead exemption, and documented intent to make Florida your permanent home.

### 2 Track duty days meticulously

Keep a detailed log of where you train, practice, and play. "Duty days" include preseason, regular season, and postseason. This documentation can save hundreds of thousands in audits.

### 3 Coordinate signing bonuses with domicile

Some states tax signing bonuses based on where you were domiciled when you signed. Timing a contract signing with domicile establishment can create significant savings.

## Play 3: Building Post-Career Income Streams

The biggest financial risk for athletes isn't a bad investment — it's having no plan for income after the last paycheck. Your career funds your wealth; your investments fund your life.

# The Three Pillars of Post-Career Income

## Pillar 1: Investment Portfolio

A diversified portfolio generating 3-4% annual withdrawals. A \$10M portfolio can sustainably produce \$300K-\$400K per year, adjusted for inflation, for 50+ years.

**Key:** This must be invested conservatively enough to survive market downturns during the critical early withdrawal years.

## Pillar 2: Real Estate Income

Rental properties or commercial real estate generating passive income. Real estate provides cash flow, tax advantages (depreciation), and inflation protection.

**Key:** Start acquiring properties during your career when your income supports financing. Avoid over-leveraging.

## Pillar 3: Business or Brand Income

Post-career business ventures, broadcasting, coaching, endorsements, or personal brand monetization. This provides purpose, identity, and income — but should supplement your portfolio, not replace it.

**Key:** Start building your post-career identity during your career. The transition is financial and psychological.

## The Withdrawal Rate Math

PORTFOLIO SIZE	3% ANNUAL WITHDRAWAL	4% ANNUAL WITHDRAWAL	ESTIMATED DURATION
\$3,000,000	\$90,000/yr	\$120,000/yr	40-50+ years at 3%
\$5,000,000	\$150,000/yr	\$200,000/yr	40-50+ years at 3%
\$10,000,000	\$300,000/yr	\$400,000/yr	40-50+ years at 3%
\$20,000,000	\$600,000/yr	\$800,000/yr	40-50+ years at 3%

Based on historical market returns with a balanced portfolio. Actual results will vary. Inflation adjustments reduce purchasing power over time. This is not a guarantee of returns.

### THE MINDSET SHIFT

During your career, you're paid for what you do on the field. After your career, you're paid by what your money does for you. The transition from "earning income" to "generating income from assets" is the most important financial shift you'll make.

## Play 4: Protecting What You've Built

Wealth protection is just as important as wealth creation — especially when you're a public figure with a known income.

### The Four Layers of Protection

#### 1 Insurance: The Foundation

Disability insurance (protect your earning power), umbrella liability (\$5M+ given your public profile), and life insurance if you have dependents. Your career IS your asset — insure it like one.

#### 2 Asset Protection Structures

Properly titled assets, trusts, and business entities can protect wealth from lawsuits, creditors, and divorce. Florida's homestead exemption provides unlimited protection for your primary residence — one of the strongest asset protection tools in the country.

#### 3 Estate Planning

A will, revocable trust, power of attorney, and healthcare directive. At minimum. If your net worth exceeds the federal estate tax exemption (\$13.99M in 2025), advanced strategies like irrevocable trusts and family limited partnerships become important.

#### 4 The Inner Circle Audit

The people around you are your biggest financial risk AND your biggest financial asset. Separate emotional relationships from financial ones. Every person who handles your money should be independently vetted, bonded, and operating under a fiduciary standard.

#### THE "FRIENDS AND FAMILY" RULE

Never invest in a business, venture, or opportunity brought to you by someone who wouldn't be in your life if you weren't an athlete. This single rule would have prevented the majority of athlete financial disasters.

### Contracts and Endorsements: What to Watch

#### Contract Structures

- Guaranteed vs. non-guaranteed money
- Signing bonus allocation and timing
- Deferred compensation options
- Performance incentives and tax implications
- Workout bonuses and roster bonuses

#### Endorsement Planning

- Entity structure for endorsement income (S-corp, LLC)
- Image rights vs. personal services income
- Deductible expenses (travel, training, appearance)
- NIL compliance for college athletes
- Post-career endorsement runway

## Play 5: Choosing the Right Financial Team

The people who manage your money matter more than any single investment decision. Here's how to build a team that protects you — and how to spot the ones that don't.

### The Financial Team You Need

ROLE	WHAT THEY DO	HOW THEY SHOULD BE PAID
<b>Financial Advisor</b>	Comprehensive plan: investments, tax strategy, retirement, estate planning	Fee-only (% of assets or flat fee). No commissions. Fiduciary duty.
<b>CPA / Tax Professional</b>	Multi-state tax filing, estimated payments, audit defense	Flat fee or hourly. Must have experience with athletes.
<b>Estate Attorney</b>	Wills, trusts, asset protection, business entity setup	Flat fee or hourly. Should coordinate with your financial advisor.
<b>Insurance Specialist</b>	Disability, life, umbrella liability, property coverage	Commission-based (industry standard), but shop multiple carriers.

### Red Flags in a Financial Advisor

#### Danger Signs

- They approached YOU (not the other way around)
- They earn commissions on products they recommend
- They can't explain their fees in one sentence
- They promise specific returns
- They want to manage ALL your money immediately
- They don't ask about your post-career plan
- They name-drop other athlete clients
- They pressure you to invest in "exclusive" opportunities

#### Trust Signals

- Registered as a fiduciary (legally bound to your interest)
- Fee-only — no commissions, no conflicts
- Explains everything in plain language
- Focuses on your plan first, products second
- Has experience with compressed-career clients
- Coordinates with your CPA and attorney
- Never promises returns
- Encourages you to get a second opinion

## THE FIDUCIARY DIFFERENCE

A fiduciary advisor is legally required to put your interests first. A non-fiduciary advisor only needs to recommend products that are "suitable" — which means they can recommend something that pays them more as long as it's "good enough" for you. In your world, "good enough" isn't good enough.

## YOUR ACTION PLAN

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# The Athlete Financial Checklist

Print this page. Check each item as you complete it. These are the moves that separate the athletes who build lasting wealth from the ones who don't.

### Foundation (Do First)

- Hire a fee-only fiduciary financial advisor
- Hire a CPA with multi-state athlete experience
- Set spending at 30% or less of gross income
- Build 12-month emergency fund (post-tax income)
- Get disability insurance (protect your earning power)
- Get umbrella liability coverage (\$5M+)
- Establish Florida domicile if applicable

### Growth (During Career)

- Max out all tax-advantaged accounts (401k, IRA, HSA)
- Build diversified investment portfolio
- Start acquiring income-producing real estate
- Set up proper entity for endorsement income
- Track duty days for multi-state tax filings
- Review and update estate plan annually

### Protection (Ongoing)

- Audit your inner circle — who handles your money?
- Never invest in a deal you can't fully explain
- Separate business and personal finances
- Review all contracts with independent counsel
- Maintain proper insurance coverage
- Document all financial transactions

### Transition (Pre-Retirement)

- Calculate post-career income need (3-4% rule)
- Identify post-career income sources
- Reduce lifestyle to sustainable post-career level
- Explore broadcasting, coaching, business ventures
- Transfer insurance from career-based to life-based
- Final estate plan review with advisor and attorney

## THE BOTTOM LINE

Your career is built on preparation, discipline, and surrounding yourself with the right people. Your financial plan should be built the same way. The athletes who thrive after sports aren't the ones who earned the most — they're the ones who planned the best.

# Built Your Career on Preparation. Your Financial Plan Should Be Too.

Schedule a complimentary discovery call. No pitch, no pressure — just a conversation about your specific situation with a fee-only fiduciary who understands compressed careers.

[Schedule Your Free Consultation](#)

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