




The accompanying article, *Show Me The Money Men*, has been reprinted with permission from Forbes

When reviewing the accompanying article, please keep in mind:

- It is not known whether the listed clients approve or disapprove of the firms or the financial advisors listed or the investment advisory services provided by those firms or financial advisors.
- ACCESS Wealth Management offers investment products and services through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. ACCESS Wealth Management is a separate entity from WFAFN.

Anthony Christensen
President

ACCESS Wealth Management



**WANT TO INCREASE AMERICA'S
ENERGY SECURITY?**

CLICK TO JOIN THE FIGHT

Adviser Profile

Show Me The Money Men

Joshua Lipton 10.06.08, 6:00 PM ET

Douglas Raetz had a problem. His client was a headline-grabbing basketball prodigy who had successfully jumped straight from high school to the NBA. The teenager had signed a monster \$10 million contract; now he wanted to buy a relatively modest \$500,000 new home for his mom. There was just one problem: His credit was shot.

Raetz is a financial adviser based in San Francisco. His firm, True Capital Management, represents 75 professional athletes, mostly basketball and baseball players. Many of Raetz's clients are young and come from disadvantaged backgrounds. After signing their first contract, they want to start spending. But often times, he says, their credit scores are under 550, if that.

Major banks weren't enthusiastic about working with Raetz's client, so the financial adviser instead tapped a network of private banks he had worked with in the past. He sat down with lending officers, carefully explaining the young athlete's budget, cash flow, personal finances and the guarantees associated with his NBA contract. The result: Raetz took a client with a 410 credit score and locked him in to a rate of 5.5% for the new house.

Financial advisers catering to professional athletes serve a particular niche. The job can be fun and potentially very lucrative, but it also presents a unique set of challenges and hurdles. These superstars, often still very young, make a lot of money but do so in a short period of time, which requires careful budgeting, constant monitoring, and an adviser willing to work around the clock for athletes that have just landed life-changing contracts.

"It's a lot of face-time management," Raetz says. "It is always their money, their empire--and you educate them over the years to become better businessmen. They have to stay involved in their finances."

One of the more obvious differences between professional athletes and more traditional clients is career span. The athlete is going to work for a short amount of time, maybe less than 10 years. True, he may earn quite a bit of money, but that pile of greenbacks has to last him decades.

"You are 21 and someone hands you a big contract," Raetz says. "Then you have this short window to make as much money as you possibly can. The money can be quite substantial, but remember that the average investor works from the day after graduating college until they're 65 years old. We deal with individuals that start making their money at 20 and are done at 28."

Given that brief earning period, it's critical that the athlete finds competent advisers to help manage his finances, says Wilson Hoyle, whose firm, Raleigh, N.C.-based CAPTRUST Financial advisers represents 80 players in the NFL.

"If I make a financial mistake at 30, it's OK, because I have another 30 years of earnings power," Hoyle says. "I can recover. I can make up for it. But with these guys, their years of earnings power are so short, they can't make it up. They can't afford mistakes."

The first step then for the financial adviser is to set up a smart, careful budget for the player. At True Capital, the advisers establish savings and investment accounts as well as a personal allowance account, which is the athlete's spending money for the month. For some clients, the monthly limit is \$5,000. For others, it's \$50,000.

A strict spending allowance places a reasonable constraint on how much the athlete can shell out every month on his cars and clothes. The limit forces him to be financially disciplined.

"The amount that we put in our budget model is what we are comfortable with them spending every month," Raetz says. "Now, if they hit that amount and they need more, they have to have a conversation with one of us. It puts checks and balances in place."

The advisers also break down the personal allowance account into various categories, so the client can see exactly where he's spending all of that cash.

"If its cars that they spend the most money on, we will show them how much they are spending," Raetz says. "They can see that they just spent \$200,000 on cars this year. Maybe they have enough now."

In fact, part of the job of these financial advisers is to explain to young athletes why they can't spend as extravagantly as they might want to. Raetz recently flew from San Francisco to Southern California just to sit down with a client and explain to him, in person, why he couldn't buy the house he wanted. It would have been a purchase that put him beyond the responsible limits of his budget.

Of course, financial advisers say they have to accommodate the lifestyles of their clients. These are very successful, well-paid young men and women that want the mansions, designer clothes and head-turning rides. Also, they have less fortunate family members that they want to help out, even if its means being financially stretched themselves.

Raetz has an NBA client whose mom and sisters lived in a community that was not safe. After this player was first drafted, he had some money to spend and he wanted to move his family out of that community.

"He wasn't financially steady," Raetz says. "But he wanted to take his family to a better place, where they were comfortable walking outside. So we understood that he should take that first \$100,000 and move his family. We understood that he may struggle financially at first, but to be able to do that for his family was rewarding."

Of course, dealing with family issues isn't always so easy, advisers say. Another challenge of catering to this clientele is having to meet the needs of all the brothers, sisters, uncles and friends now looking to cash in.

"I do think most people in the entourage are well-intentioned," Hoyle says. "People don't think about how much they can milk their brother for. But they believe that he has so much money, well, it doesn't matter. Can they buy me a car? Pay off my credit card bill? It adds up."

For financial advisers, says Hoyle, the role to play with family members is "Doctor No." Clients often tell him to act as the bad guy when family and friends come calling for favors.

"The athlete blames us to the family," Hoyle says.

It's those alleged good friends, though, that advisers say they have to constantly watch out for. Their clients are fresh out of school and not well-educated in financial matters--that makes them prime targets for scam artists. At least 78 players in the NFL were defrauded out of more than \$42 million from 1999 to 2002, according to the NFL Players' Association.

Advisers say that a big part of their jobs is guarding their clients against the steady wave of hucksters looking to start that new restaurant, bar or real estate venture with a player's hard-earned paycheck.

"If you look at the history of mistakes that athletes can't overcome, it's where they invest in some business," says Hoyle. "They want something waiting for them at the end of their careers. And they get taken advantage of. It's not some bad guy coming at them in the dark suit. It's a friend, an uncle, the guy they grew up with, who comes to them now as their new best friend. And they give them a real estate deal to invest in."

Tony Christensen of Louisville, Ky.-based ACCESS Wealth Management represents players from the NBA and NFL as well as NASCAR drivers. He says it's become easier to steer his clients clear of scam artists because the leagues are doing a much better job of educating their players about financial matters. "It is easier now than it was 10 years ago," Christensen says. "The leagues have done a really good job educating these kids. They put on rookie camps. They have started to teach them about the pitfalls out there."

So, given all the challenges and headaches, why cater to this crowd of athletes? Two reasons immediately come to mind:

It's lucrative and it's fun.

Advisers with a roster of sought-after pros can earn a lot of cash themselves. The industry standard of 1% of invested assets is what Hoyle charges. He says the work can indeed be very financially rewarding. After all, the salaries these athletes command keeps right on climbing. In 1990, the average NFL player earned \$354,000. In 2004, he was raking in \$1.3 million, according to the NFL Players' Association.

But beyond the money, there is also the added thrill of working closely with a superstar. Advisers say that, unlike their traditional corporate clients, they're in contact with the athletes weekly, if not daily. These men and women are young and require that much more "babysitting," which can be a burden in terms of time commitment.

Christensen received a midnight phone call from an NBA client asking him to search online for a tow truck. Why? One of his family members was stranded. "My wife asked me what in the world I was doing," says Christensen.

But all those personal meetings and late-night phone calls also seals the friendship between advisers and their clients. It means the adviser is integrated that much more intimately into the lives of these players.

One client of Hoyle's is Rod Brind'Amour of the Carolina Hurricanes. Two years ago, when the Hurricanes won the Stanley Cup, Brind'Amour invited Hoyle back into the locker room to take part in the celebration.

"With an athlete, you become part of their life," Hoyle says. "You share in their successes. It does make it more gratifying than the traditional financial adviser-client relationship."