Protecting Legacy: Privacy and Estate Planning Tips for Athletes

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Professional athletes face unique challenges when it comes to managing their personal, professional, and financial affairs. With significant public visibility, substantial income, a grueling training schedule, and a fast-paced lifestyle, athletes need to protect both their privacy and their legacy. Whether the athlete is just beginning their professional career or, like many of my clients, has already cemented their place into athletic history, effective estate planning and privacy protection can shield the new or long-established professional athlete from risk and exposure, providing long-term peace of mind.

Why Privacy and Estate Planning Matter for Athletes

There are many reasons why privacy is more of a priority for professional athletes than those in the general public. First and foremost, athletes experience intense media scrutiny. Interviews following each event, reporters covering their personal and family lives, bloggers commenting on their lifestyle, and their family members' every move. This scrutiny often occurs "overnight" without providing the athlete and their family the opportunity to adjust and ease into this new level of inquisition. Added to the sudden celebrity, the athlete's career span is generally shorter than the rest of us, which means that the bulk of their earnings is realized in a very short window of time. The lifestyle change happens swiftly, and the duration is generally limited. Because of this compressed time schedule, the athlete has a short runway to transition into their new life, leaving them particularly vulnerable to lawsuits, predatory actors and financial scams. In addition to the sudden shift in assets and scrutiny, an athlete's family dynamics can also suffer the consequences. Whether it is because the newfound wealth and fame represents a departure from their former life, which they shared with friends and family members, or because those friends and family members feel entitled to share in the of the athlete's earnings, there is immense pressure. Therefore, creating a thoughtful, discreet plan that safeguards the athlete's earnings is essential.

Establish a Comprehensive Estate Plan

As this author has covered in other articles, an estate plan goes beyond a simple Last Will and Testament. It includes a structure that provides the opportunity to manage wealth and guard privacy during the athlete's lifetime, through the end of their career, and thereafter protects their families upon the death of the athlete.

A Last Will and Testament directs how assets will be distributed upon death and names guardians for minor children, but it is not private. Wills are "published" in the court and can be viewed by anyone. A Trust can take the place of a Will because it also directs the distribution of assets upon the athlete's death, but it is not published in court. Instead, it is a private instrument that is managed by the athlete's designated trustee upon their death. During the athlete's life, the trust can also manage the athlete's assets. Trusts can hold real estate, stocks, bonds, and even NIL rights, which hold value long after an athlete's career is over. For many athletes, we take it a step further and establish certain trusts in states that provide an extra layer of privacy and creditor protection.

Proactive Privacy Protection

Privacy for athletes is not just about dodging the paparazzi; it is about controlling the narrative surrounding their professional and personal reputation, in addition to safeguarding their financial information.

- **Establishing Corporate Structures**. The use of Limited Liability Companies and other corporate structures can hold real estate interests, vehicles, and investments instead of holding those assets in the athlete's personal name. Those corporate interests can then be "funded" into a trust instrument, as explained above.
- **Securing their Digital Footprint**. The digital footprint is a new facet of an athlete's legacy and must be considered. There are cyber companies (www.360privacy.io) that monitor on-line mentions, prevent hacking, and help remove destructive and false claims to protect the athlete's reputation and legacy. Companies like Regal Credit (www.regalcredit.com) take protective measures to safeguard an athlete's credit and financial assets, as well.
- **Minimize public records** – For real estate purchases, athletes can use tools like trusts and corporate structures to ensure that their names are not disclosed via public records.

Planning for the Unexpected.

The average career of a professional athlete is, by any definition, short: the NFL athlete's career hovers just over three years, and the NBA athlete's career lasts about five years. Athletes have the added risk of an even shorter career in the event of an injury or any number of other unforeseen events. Planning now helps avoid chaos later.

Insurance. Connecting with a reputable insurance advisor can be game-changing to cover injuries and disabilities if the athlete is unable to play, even temporarily. Life insurance not only covers the athlete's family upon death but can also be an opportunity for investment strategy, particularly when income is earned quickly but for a shorter duration. Some athletes even invest in liability insurance to protect themselves from extortion attempts. In fact, Ernst and Young report that professional athletes sustained almost $600 million in fraud and extortion-related losses from 2004 to 2019, a number that has continued to climb.

Pre-nuptial agreements. We all know the statistics: one in two marriages ends in divorce. Athletes are no different, and the added stressors of constant travel, a grueling training schedule, and fame can make marriages particularly vulnerable and challenging to maintain. Prenuptial agreements are a must for athletes to ensure that their hard-earned savings are protected, even in the event of a divorce.

Update Your Plan Regularly

An athlete's life and financial situation will evolve over time; income levels, contracts, relationships, and even states of residence change with great frequency. An athlete should revisit their plan immediately after signing a new contract, upon injury, following a major purchase, upon marriage, the birth of children, upon retirement or when starting a new business venture. A properly created plan should be nimble and easy to update.

Work with a Trusted Team

As with any team sport, you should not go it alone. An athlete's privacy and estate strategy should be guided by an experienced estate planning attorney, a licensed financial professional, a tax advisor, a security and privacy consultant, and an insurance professional.

Athletes work hard to build a legacy on and off the field. By taking a proactive approach to privacy and estate planning, athletes can protect their assets, support their loved ones, and maintain control of their personal legacy.