

5 money mistakes to avoid as a professional athlete

1. Feeling invincible

Most athletes will have complete confidence in their abilities within their sport.

This has no doubt played a major factor in reaching the absolute pinnacle of success, in what is perhaps the most competitive of industries.

Self-confidence is a major strength but can also be a weakness.

I have heard teammates in the changing room brush off any sort of planning because they believe, and I quote, *“I’ll be alright, it’s all worked out so far...”*

But what if it doesn’t...

Two of the biggest risks for a pro-athlete’s career are:

- Injuries
- Not getting a contract

The right type of insurance can ensure that if your career ends prematurely through injury, you don’t suffer financial challenges.

Positioning yourself well for life after sport is crucial to making that move to the next chapter smooth.

I’ve consistently found that the athletes who took action early in their sports career were the most well-positioned for financial security once the boots were hung up.

2. Spending too much too early

Letting your spending increase as your income increases. We call this “lifestyle creep” and it can happen quickly and easily.

This can look like buying more expensive cars, or upgrading to more expensive homes, but it can also simply be a general increase in your typical monthly spending.

At Biograph Wealth Advisors, we are advocates for clients enjoying their money, but as a pro-sports person you'd probably rather ***"live like a prince forever, than a king for a day"***.

As Morgan Housel wisely said in his book **The Psychology of Money** (which I highly recommend reading), *"One of the most important financial skills is getting the goalpost to stop moving."*

Essentially, when you get your new contract and (hopefully) your income increases, try to spend roughly the same amount as you were before.

Remember, you've worked hard for your money; enjoy it, but don't let today's lifestyle spending dictate your future.

3. Access to your money

Asset rich, but cash poor can be a big problem for professional athletes when they retire.

What does that mean?

On paper, you have a healthy net wealth value, but it's all tied up in assets you can't readily access.

Two common examples are:

- Pensions, because you can't access your money (in most cases) until you're 55.
- Privately-owned, directly held property, because you can't take a few bricks out of the wall to pay for your next holiday.

Before all the property enthusiasts are outraged, I understand that property is a little more complex than my general point above.

However, I have experienced many athletes retiring with a lovely home; with their mortgage paid and no access to cash or an income.

As a professional athlete you retire twice and it's important that you have access to money, or income, at both events so that you can maintain your lifestyle.

4. Gambling on the 'next big thing'...and being set back years

We all know someone who got a bit too confident and fits into this boat.

Whether it's single company stocks, crypto, or my personal favourite of **"great changing room ideas"**, a petrol station.

Don't let this be you.

Be smart with your investments by making informed choices.

Patience, discipline to save consistently, diversification, and letting the market do its work over time are key habits (you can control) to achieve your financial objectives.

5. Lack of planning

As a professional athlete you will be meticulous in every aspect of your performance.

From the training field, video analysis, strategy, S&C, nutrition, sleep and psychology. You will leave no stone unturned.

Why should it be any different for your finances?

One of the most common reasons professional athletes get into trouble is a lack of understanding and planning. You may not:

- have received any education around money
- know how to save, or how much to save
- understand how your spending habits impacts your future
- consider the tax implications of your choices
- know what questions to ask

Unfortunately, these examples have all played a role in pro-athletes getting themselves in trouble financially in the past.

So, what can you do?

You could educate yourselves on financial planning, insurance, markets, tax strategies, and everything in between.

Or you could contact us at Biograph Wealth Advisors. We work with professional athletes to build their financial structure and grow and protect their wealth.

If partnering with us sounds like the right solution for you, then please just drop me a line at DaveLewis@biograph.co.uk. I would be delighted to share my own second-career insights with you.

Risk Warning

*The value of units can fall as well as rise, and you may not get back all of your original investment.
Tax planning is not regulated by the Financial Conduct Authority.*