PROFESSIONAL ATHLETES GOING BROKE: PERSPECTIVES FROM FINANCIAL ADVISORS

By

SIDNEY FERRELL

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To my mother and grandmother
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Professional athletes are going broke at an alarming rate. Careers end and a transition into retirement occurs with constant financial distress. Previous professional athletes are going from a net worth of millions and millions of dollars to financial problems and bankruptcy. This study aimed to look at both reasons for why professional athletes are going broke but also how a financial advisor can impact this problem. This sample included nine financial advisors with at least five years experience working with professional athletes. Results suggest that there are specific themes and sub-themes leading to professional athletes going broke. The twelve questions asked to each financial advisor looked to focus on the perspective of professional athletes going broke from the financial advisors through their experience of working with the athletes. Future research will look to focus on interviewing professional athletes and discovering the psychology behind their financial decisions. The perspectives of professional athletes may yield significant information in the future to discover new themes and sub-themes to why professional athletes are going broke.
CHAPTER 1
INTRODUCTION

Professional athletes around the world are facing a problem that is ruining not only their lives but their futures. The millions of dollars made over their professional careers are disappearing before their eyes, leaving them confused and lost. The money that seems unlimited during the duration of their career is being thrown away in a various number of ways such as through gambling and expensive/unnecessary purchases (Palmer, 2019). When athletes are at the tops of their careers, there seem to be no worries in the world about throwing money around because there is always more where that came from. However, at some point, the large deposits of money do not arrive like they used to. With the average length of a professional athletic career being between three to six years (Sandler, 2012), this leaves some years to experience the lavish lifestyle but also a possibility for many future years of being penurious and in despair.

Many have heard stories about prominent professional athletes going bankrupt but the reasons to how exactly these athletes arrived at bankruptcy are rarely considered. Allen Iverson is a former NBA all-star who made an estimated $150 million total in career earnings during his fourteen years in the league. Iverson was spending over $150,000 per month on things such as clothes, restaurants, groceries, creditors/mortgages, among others (Caricato, 2020). On top of this, Iverson took pride in helping take care of his “crew”, which refers to his friends and family, estimated to be around fifty people. These are some of the reasons why someone who made hundreds of millions of dollars could go from being extremely wealthy to later filing for bankruptcy in 2012. This is just one example of a player who went bankrupt after making multiple millions of dollars. Iverson was a very popular professional athlete but there have been thousands of athletes in history who have made millions and then gone broke or bankrupt over time. Are there common factors that explain why so many professional athletes are going broke
shortly after retirement? CNBC states that nearly 80% of NFL players go bankrupt or are under financial stress within two years of retirement. Additionally, over 60% of NBA players go broke or bankrupt within five years of retirement. (Torre, 2009). These are significant statistics that should be further examined.

Possible ways to prevent going broke after retirement have been devised by various professional athletes and their leagues. An example of someone who has a specific job to prevent bankruptcy and focus on planning a good financial future for professional athletes is a financial advisor. A financial advisor could have a significant impact in relation to these professional athletes and their finances. What can a financial advisor do to ensure that a professional athlete can enter retirement with a guaranteed successful financial future ahead of them? Are there certain financial choices that the advisor could make to best take care of the professional athlete’s money, such as investing, saving, or something else? Finding out what a financial advisor does and what their relationship is like with a professional athlete will demonstrate their potential impact. A financial advisor has the opportunity to help a professional athlete prepare for retirement and their future or, conversely, to lead them into making poor decisions leading to financial stress only a few years after retirement. Hiring a financial advisor costs money but is it worth it? The ongoing problem of bankruptcy and financial distress among professional athletes must be looked at and any common factors in financial decision making must be identified. A financial advisor’s impact on a professional athlete’s finances must also be analyzed.

After identifying the primary research question, it became clear that there are two sides to the question I look to expand upon and find answers for. The first part is determining exactly why professional athletes are going broke within a few years of retirement. This involves determining the common themes in the financial choices made by professional athletes and the
psychology behind them. Although irresponsible spending decisions by an athlete may be costly, not considering and planning for retirement is another way that professional athletes may have a negative financial future. Retirement inevitably occurs and the athletes stop making the same money that they did at the tops of their careers. Are the majority of retired professional athletes spending their money in retirement as they did when they were in contract and being paid generously? If so, this could be why the number of professional athletes going broke after retirement is so high. Are professional athletes taking care of family and friends or being expected to help them out financially after retirement? This could be another way that retired professional athletes lose their career earnings so quickly.

Among this major question of wondering why professional athletes go broke so often, there are other questions like this that need to be asked, researched, and analyzed to draw a conclusion. Figuring out the common factors in the financial choices made by the athletes will help determine why exactly we see so many athletes going broke. Additionally, determining whether purchases are being made because of the athlete or outside influence is very important. Finding out exactly where the money is going would be another major step in identifying a professional athletes’ spending because that would help show how harmful their spending habits are. A short professional career could also result in a reality check for an athlete. They could realize that they spent much of their career earnings right away and have little to no money for retirement. Why is the rate of going broke so high among various athletes? Could it be that professional athletes lack a financial plan for their retirement and what their life will be after ended their sport career? Athletes may be so caught up in the fame and fortune that they are not preparing for what would happen if they suffered a life-ending injury or were released from their team.
The ability of a financial advisor to affect a professional athlete’s financial future is something to think about. It is clear that a financial advisor intends to help a professional athlete make positive financial decisions and ensure a positive financial future but what exactly is involved in this process? What kind of relationship does a financial advisor develop with a professional athlete and what kind of decisions does the advisor make for the athlete? Figuring out what financial choices the advisor makes as well as the possibilities of what could happen to the athlete’s money due to these choices is both interesting and important. Is there a chance that a professional athlete hires a financial advisor and still ends up facing bankruptcy or financial distress? Does hiring a financial advisor lead to a higher chance of financial success and happiness for a professional athlete? The ways in which a financial advisor works for a professional athlete and the overall impact the advisor can have on an athlete’s financial life are worth examining.

Both parts of the research question are significant; identifying current research and uncovering future research are both essential. Recognizing the main factors in why the rate of professional athlete bankruptcy is so high is so important. It is essential to determine the reasons why athletes are not making their career earnings last through retirement.

The Need for Research

With such a consequential problem in the sport industry concerning bankruptcy and financial struggles of professional athletes, the need for research is needed now more than ever. The overwhelming number of athletes transitioning into retirement that face financial stress and the inability to live comfortably is concerning. These professional athletes are the main demographic that would benefit new research being conducted. Learning more about the financial psychology of professional athletes would be of significant help as well as discovering new and more specific research. Research in several different departments would help
professional athletes with this ongoing issue. Looking into the current research regarding the psychology of financial decision making and then expanding upon it would be a great first step. Looking at where a professional athlete’s money is spent, distributed, and/or saved would be a window into their financial decision making tendencies. Additionally, research about their financial choices both during their career and after retirement should be conducted to examine how the athlete is making poor decisions that lead to financial stress and bankruptcy. Determining common themes and factors in the financial lives of professional athletes through research can be crucial in ultimately figuring out what can be done to decrease their chances of bankruptcy and financial stress in the future. Also, another theme important to find through research that should benefit professional athletes is the concept of retirement. Retirement is an extremely important time after an athlete’s career ends and the beginning to the rest of their lives. Being unprepared for retirement can lead an athlete directly to financial stress. Current research that examines professional athletes’ preparedness for retirement and the financial choices they make with their career earnings after retirement should also be significant. Discovering ways to transition smoothly into retirement with a safe financial future could benefit professional athletes.

Young adults could also benefit from this research. Although professional athletes and their financial literacy and decision making will be the primary focus, the financial literacy of young adults will be reviewed and evaluated as well. Nearly every professional athletes’ career begins as a young adult. Relevant research about young adults will be a useful tool to emphasize their lack of financial literacy and financial knowledge. This research focuses on the financial troubles of professional athletes, but it will also examine how young adults throughout the United States are struggling tremendously with general financial literacy and a lack of financial
knowledge. Showing the absence of strong financial literacy in young adults will benefit young adults in getting to know more and learn about general financial terms and reflect upon young professional athlete to show their need to gain financial literacy/knowledge as well.

There is one other major demographic that will benefit from present and further research on this topic. Financial advisors will be able to grow with not only knowledge of this ongoing problem but will grow in their field with the need for their job among professional athletes after research is advanced. The current research shows the growing problem of professional athletes struggling financially (Dorfman, 2017). This on its own could emphasize that athletes should consider investing in a financial advisor. Additionally, with further research conducted to reveal the exact reasons to why so many professional athletes go broke after retirement, financial advisors will be able to pinpoint their financial problems and suggest improvements. This research will show the common areas where athletes struggle financially as well as the most common reasons for a lack of financial stability after retirement.

**List of Definitions**

**Bankruptcy.** An elective legal proceeding wherein a person publicly admits an inability to pay outstanding debts (Torre, 2015).

**Financial Advisor.** Financial advisors are a variety of professionals whose services depend on their area of expertise but can include services such as tax planning, investment advice and services, budgeting, financial planning, insurance, estate planning, and retirement planning (Deubert, Cohen, & Lynch, 2016).

**Financial Literacy.**

1. The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being (JumpStart, 2017),
2. A combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing (OECD, INFE, 2011).

National Football League. A private company comprised of 32 professional football teams

Professional athlete. An athlete who performs services in a professional athletic event for wages or other remuneration

Retirement. The process of disengaging with and ending a professional athletic career.
CHAPTER 2
LITERATURE REVIEW

Reviewing and emphasizing the current literature on this topic is essential for the process of discovering new information and answers to the research question. The overall question “Professional Athletes Going Broke: Perspectives From Financial Advisors” will be separated into two different themes, financial literacy and financial advisors. These two themes will then be broken down further into subtopics and the current literature on each subtopic will be reviewed. The subtopics of financial literacy will include the financial literacy of professional athletes along with the financial literacy of young adults (non-professional athletes). In terms of financial advisors, current and relevant literature will be reviewed to determine what exactly a financial advisor does, their impact on professional athletes, and the two theories used as the framework for the research question.

The first part of the literature and current research that will be examined is about the financial literacy of non-professional athletes; the general financial literacy, intelligence, and decision making abilities of young adults around the world. Discovering the financial choices and knowledge about these young adults will give a general overview to what the thought process is like for someone after reaching adulthood. Most professional athletes start their careers as young adults so being able to compare and contrast research with non-professional athletes as young adults with professional athletes will mark key differences and put an emphasis on the results of professional athletes for the research question.

The next part of the literature review will look directly at professional athletes, their statistics of bankruptcy, their financial literacy, and the psychology behind their financial decisions. Focusing on the statistics and the reasons why different professional athletes file for bankruptcy and go broke is essential for the research. Determining the post-retirement
bankruptcy percentages among different professional sports will emphasize this ongoing issue. Finding studies that provide research on professional athletes over the last few decades up will be useful to take note of and keep in mind as further research is conducted. Looking at the financial literacy of different professional athletes is also important. A lack of financial literacy could be part of the reason that an athlete faces bankruptcy or goes broke. Lack of knowledge on general financial concepts and the best ways to take care of their money may be a leading cause of going broke after retirement. The literature review will also focus on the psychology of the professional athlete when making financial choices. Examining the thought processes behind and reasons for financial decisions will help answer the question of why such a high percentage of these athletes are going bankrupt or broke in recent years.

The other theme of focus in this literature review is financial advisors. The literature review will include information on the role of the financial advisor as it is a huge part of the overall research question. Gathering information on the relationship between the financial advisor and the professional athlete is also essential. Although a major part of the research question examines the specifics of why a professional athlete goes bankrupt or broke, this second theme helps determine if financial advisors becoming involved could help reduce the problem. The literature here will show what a financial advisor does, and examples of these advisors being involved with professional athletes. Studies will be included to show the true impact of a financial advisor on a professional athlete. Further articles will show how to choose the right financial advisor and what kind of relationship the advisor has with the athlete. The articles reviewed here will shape the overall view of a financial advisor to find useful information in finding out the impact the advisors have on professional athletes. In addition, the articles will
also help with future interviews that I will conduct to make sure that I choose reputable financial advisors to talk to.

Finally, two theories were chosen to become the framework that will be used to shape the research question. When creating the interview guide, it was essential to make sure that specific questions are generated to help answer the overall research question. Having two theories to build the questions upon is therefore quite useful. The first is the role theory, which is the idea that the professional athlete becomes a role model and feels that they have a certain responsibility once they sign the contract that makes them a millionaire. This theory connects with the research question to determine if current literature and future research will be able to help answer the question and provide new data. Role theory is demonstrated by athletes across the world who make large amounts of money and start buying gifts for their family, friends, and others. Could this theory help explain why so many professional athletes run out of money shortly after retirement?

The second concept that will help frame the research question is the professional role, which will help determine the impact of the financial advisor. This role involves the reasons why someone is considered a professional in their field and what makes them a professional. Current literature and future research on a financial advisors’ role, techniques and decisions, and relationship with professional athletes may indicate their overall impact on these athletes. Could this role identify the successes and failures in financial advisors’ techniques and determine whether they can help manage professional athlete bankruptcy?

Significance of the Literature Review

Reviewing the literature is the first step in answering the research question. Without finding current literature, it will be extremely difficult to produce interviews in the future as I will have nowhere to start. Gathering information on both sides of my question will need to be
executed, with all themes being covered. Having access to and taking note of certain literature will help show gaps that could be address with this research. The large amount of research on professional athletes going bankrupt offers a good starting point, but this research is looking for the “why?” rather than the “what?” Conducting literature will give great information that can be noted and formatted into a question to be asked during the interviews in the future. Without literature and relevant research collected, I will have no starting point when I look to discover answers for my research question. The point of the literature review is to with identify the problem and finding out what is already known. After the literature is found and summarized, I will be able to start in a general direction towards making my interview guide and developing strong questions to ask. The questions being asked in the interviews will provide information that was lacking in the literature. The literature may be used in my interview questions, but I will look to see what is missing throughout the current literature concerning professional athletes and financial advisors. The relationship between financial advisors and professional athletes is in a niche of its own and the literature may be scarce on this topic. Reviewing any current literature on this relationship will help formulate captivating questions that will result in great responses from interview participants. The literature will be strongly noted, summarized, and then used to formulate critical thoughts towards answering my research question. The literature being gathered will incorporate the themes of the research question and help generate new research.

**Financial Literacy**

Financial literacy is defined by PACFL (The President’s Advisory Council on Financial Literacy) as, “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.” Large segments of the US population have low levels of financial literacy. In 2004, only half of adults close to retirement age and older were able to correctly answer two simple questions regarding compound interest and inflation. Among older
adults, those who displayed better financial knowledge were more likely to plan, to succeed in planning, and to invest in complex assets (Lusardi and Mitchell, 2014). Financial literacy was measured in an empirical study by Nunnally and Bernstein, who identified three broad stages of validating a concept and its measurement in a process called construct validation. This article concludes that poor financial decision-making appears to be a widespread phenomenon with consequences that build over time and often go unseen until a point of crisis. (Hung, 2009).

“Increasing consumer financial literacy is a public policy objective to improve welfare through better decision making.” – US House of Representatives, Financial Services Committee 2009. The need for research focused specifically on the measurement of financial literacy was identified by Marcolin and Abraham in their 2006 study. 71 individual studies are drawn from 52 different data sets to for analysis, but trouble occurred when attempting to find an exact measure of financial literacy. (Huston, 2010). In fact, almost nine of every ten studies reviewed did not indicate whether a respondent was financially literate. Three main barriers were discovered when trying to measure financial literacy: the lack of conceptualization and definition of financial literacy, the content of the instrument, and instrument interpretation. Overall, these studies provided a mixed variety of results when trying to measure the levels of financial literacy among different people.

Financial literacy is described as the combination of awareness, knowledge, skill, attitude, and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing (Atkinson and Messy, 2012). A questionnaire was created to focus on the overall concept of financial literacy and has been used in 14 different countries. Throughout the paper there are components of financial literacy such as knowledge, behavior, attitudes, and the relationship between these components. Different questions were used in a
varying questionnaire including open response, multiple choice, and yes/no. Examples of questions used in this study about financial literacy consist of the topic of repaying a loan or calculating a percentage. Financial behavior and attitudes were also studied with a similar questionnaire in various countries. Everyday life and its differences between countries can affect the psychological thought process behind financial literacy and decision making. Germany and Hungary, for example, performed well in terms of basic knowledge of financial literacy, financial behavior, and financial attitudes.

Financial literacy was examined in the United States using the new National Financial Capability Study (Lusardi and Mitchell, 2013). A large majority of Americans do not understand critical financial concepts such as interest compounding, inflation, and risk diversification. Many people do not have a plan for retirement which has been shown to result in low levels of retirement wealth accumulation. To evaluate Americans’ financial knowledge, respondents were asked three questions covering fundamental concepts of economics and finance such as simple calculations about interest rates and inflation. Younger people and women were shown to have less of a concept of financial literacy. The idea of planning for retirement was also examined and only 43% of respondents said they even tried to figure out how much they should save for retirement. The overall findings showed a general lack of financial literacy and failure to a plan for retirement in the respondents from the United States.

79 high school students were used in a study that looked at the impact of financial literacy education on subsequent financial behavior (Mandell and Klein, 2009). The survey was given to some students who had and some who had not taken a class on personal financial management. Mean financial literacy scores were examined as was general financial behavior through questions involving credit card payments and being “thrifty”. The students who had
taken the personal finance management course were not much more financially literate than students who had not taken the class, a surprising result. Students who had not taken the class scored an average of 69.9% financial literacy, while those who had taken it scored an average of 68.7%. This study shows the overall lack of financial literacy among high school students and that even a specific personal financial management course did not help overall financial literacy in the study sample.

The effects of financial literacy and schooling on wealth accumulation were viewed and studied (Behrman, Mitchell, Soo & Bravo, 2012). A new household dataset and instrumental variables (IV) approach were used to obtain results. This study looked at whether people who find it hard to understand their financial environment are less likely to accumulate wealth. Financial literacy was measured using 12 questions. An ordinary least squares was used to examine the relationship between financial literacy and wealth accumulation. The IV estimated that a 0.2 standard deviation increase in the PRIDIT financial literacy score would, on average, raise net wealth by $13,800. In all cases the estimated effects of financial literacy-schooling were shown to be positive and substantial for wealth. Results overall showed that improved financial literacy can have a significantly positive effect on financial behavior.

Financial literacy, financial education, and consumer financial outcomes were the major themes of a 2012 study by Hastings, Madrian, & Skimmyhorn. Considering how financial literacy is measured and viewing existing literature addressing whether financial education improves financial literacy is a major component. The National Financial Capability Study (NCFS) in the U.S. is a large national survey composed of different questions asked to different adults in the U.S. concerning financial capabilities such as mortgage interest and bond prices. According to this 2009 study, 78% answered correctly on interest rates, 65% correctly on
inflation, and 53% correctly on risk diversification. Hung’s article is mentioned throughout this article, mentioning discoveries about self-reported financial literacy where there were different problems such as how individual self-reports and actual financial decisions do not always correlate strongly. With inconclusive evidence on the causal effects of financial education on financial literacy, there is disagreement over whether financial education is the best tool for improving consumer financial outcomes.

In this collection of financial literacy surveys the focus is on the financial literacy of young American adults (Mandell, 2008). Within current literature review concerning people outside of professional athletes, this is a good demographic due to professional athletes starting as mostly young American adults. Surveys were administered every two years from 2000 to 2008. In 2000 the overall test scores from the surveys were 51.9%. In 2002 they decreased to 50.2%. In 2004 the mean percentage rose to 52.3%. In 2006 it stayed nearly the same at 52.4%. Finally, in 2008 the surveys were given to both high school and college students. The high school students decreased the percentage with 48.3% as an average score and the college students’ average score was 62.2%. These surveys demonstrate the lack of financial literacy among young American adults, predicting future financial problems.

Forster sampled 1,108 German young adults aged 17-25 in this study in an attempt to understand their knowledge of personal finance (Forster, 2019). A German adaptation of the US Test of Financial Literacy was used that focused on banking and personal finance matters. The cognitive dimension of financial literacy was studied, and the experience of financial components were focused on banking and credit cards. Interesting statistics were documented in the survey including the fact that only 44.1% of those surveyed owned a credit card. Conversely, 93.5% of the students in the sample had a bank account. Peng et al is referenced in the research,
showing that there is a greater share of variance in financial knowledge with having a bank account than taking a personal finance course. The results in this study showed that experiences with specific financial products show significant correlation to knowledge and understanding of personal finance concerning banking. The study showed that young adults with a bank account engaged more with financial content.

The three dimensions of Peach, ND & Yuan, H’s 2017 study of undergraduates were financial knowledge, behaviors, and attitudes. The survey was conducted at a small private university in the United States and was composed of five questions. 449 surveys were completed with an average of 3.13/5 questions answered correctly, and the results showed that the relationship between financial knowledge, behavior, and attitudes is nuanced. For example, one interesting statistic showed that a non-Caucasian person is 7.5% less likely than a Caucasian person to pay off their credit cards each month. The study also showed that higher levels of general finance knowledge are not connected to serious financial situations such as paying off one’s credit card or following a financial budget. The average 3.13/5 score on the surveys shows that general financial knowledge should be higher in young American adults.

Financial Literacy of Professional Athletes

An NFL career typically lasts between three and six years, leaving a young athlete unprepared for their departure with a long life ahead of them (McGraw, 2020). 25 current and former NFL players were used in semi-structured interviews along with 27 family members of current and former NFL players. Three factors were examined: the nature of NFL employment, the challenges they encountered in preparation for retirement, and the influence of social connections and NFL programs. Career uncertainty inhibits many players ability to prepare for a transition. One player in the study admitted to being the highest paid player in his position but
found that the money he made was not sufficient to get him through the rest of his life after signing his last contract.

Another study focused on identifying any variables that may predict the financial struggles of retired NFL athletes. 78% of former NFL athletes are either bankrupt or financially troubled within two years of leaving the league (Christensen, 2013). Four key factors emerged: ill-advised trust in others, responsibility to support family, newly emerging “friends”, and the appeal of the tangible. The research used a logistical regression analysis and looked at former NFL athletes who identified as either bankrupt or non-bankrupt. 25 athletes were used in the research; the average number of years spent in the NFL was 4.73 and all four factors were significant in the results. The longer the NFL career, the harder the transition.

An NFL career lasting seven years will provide the player with more earnings than the average college graduate will make in an entire lifetime (Carlson, Kim, Lusardi, & Camerer, 2015). However, NFL players may not save sufficiently because of optimism regarding career length, poor financial decisions, or social pressures to spend. The median level of career earnings across a study of 892 NFL players between 2000 and 2013 was $3.2 million. The higher number of years out of retirement shows an increase in the percentage of filing for bankruptcy. Saving for retirement early is significant for these players.

18 retired male cricket players were examined in Filbay’s 2017 study; their psychological attributes were used to study their quality of life. Pain or joint qualities are a common result after retirement and 15/18 retired cricket players reported pain/joint qualities while 17/18 were happy with their quality of life. Audio recorded semi-structured telephone interviews were performed in the study, which proved to show that the psychological thought process of retired professional cricket players can affect their whole post-retirement lives. Although they experienced joint paint
and limited musculoskeletal function, the retired players in the study maintained a positive outlook, being grateful to have played professional cricket.

Poor financial decisions among 16 professional cricket players were analyzed by Natarajan and Pai Vaidya in 2015. Matthew Sinclair is the first retired cricket player mentioned; he was extremely talented but was jobless after retirement until he became a real-estate salesman. His marriage was impacted by financial woes and his poor retirement planning resulted in him struggling after his retirement. Adam Hollioake retired from cricket in 2007 and turned to his family business to survive but the recession in 2008 weakened his company’s financial position. In responses, Hollioake declared bankruptcy in 2011 and took up mixed martial arts to begin making money again. Graeme Pollock was a talented left-hander but had a short career after being diagnosed with colon cancer as well as Parkinson’s disease. After losing upwards of $250,000 when his brokerage business corrupted but Pollock’s agent appealed to the Board of Control for Cricket in India and the Indian Premier League teams for financial help. Finally, Aubrey Faulkner was a great player for South Africa in the early part of the 20th century but could not make enough money to save for retirement after a malaria attack effected his health. Retirement planning is essential among professional athletes.

Pablo’s 2009 study focused on different stories of various professional athletes going broke or bankrupt. Within five years of retirement, 60% of former NBA players are broke (Pablo, 2009). Raghib Ismail is a former Notre Dame football player who signed with the CFL in the early 1990’s for a guaranteed $18.2 million contract. He began to notice his bank account barely surviving 10 years after the signing but made some huge changes with funding a movie as well as the music label COZ Records. Michael Vick filed for bankruptcy because he was unable to pay around $6 million in bank loans put towards a car-rental franchise in Indiana among other
things. Common themes include trusting the wrong people, which can include relatives, making unintelligent financial purchases and investments, and debt. Divorce is another major reason for bankruptcy among professional athletes with the divorce rate ranging from 60% to 80%. Having kids can be another factor causing athletes to go bankrupt. Travis Henry, for example, has nine children by nine different women and was jailed for failure to pay his child-support payments.

Danowski looked at the importance of financial management and fiscal responsibility for professional athletes and found that younger athletes are much less interested in planning for the future as compared to veteran players (Danowski, 2012). An article in this study from the British Medical Journal stated that, “medical bills account for over 40% of bankruptcies.” Five different sports professionals involved in the finances of professional athletes were used in the study. A major part of the interview involved asking them to assign a letter grade to their athletes based on their financial decisions and tendencies. Shawn Briggs gave a B-average, Denzel Jarent gave between a B and an A, and both Brad Kugel and Jason Ruble gave their clients a B. Joel Tomanek declined to assign a letter grade to his clients. A major conclusion was that athletes who partake in their finances from the beginning are less likely experience financial distress compared to those who do not.

The bankruptcy filing rate for prominent professional athletes compared to the general population was assessed by Flynn in his 2014 study. Analyzing the NFL, MLB, and NBA determined that there are about 3,000 active players with a combined payroll of about $8.5 billion, which is around $3 million per player. 34 athletes were analyzed: 20 football players, seven baseball players, and seven basketball players. Five athletes filed for bankruptcy before retirement, 13 filed 10 or more years after retirement, and the other 16 filed in the first nine years after retirement. It is also important to note that Flynn discovered that less than 1 percent of
prominent professional athletes file for bankruptcy, while over 300 million adults in the US have filed for bankruptcy in the past 25 years, with a calculated rate of around 10% in the last 25 years.

Yates’ 2017 article looked to provide financial guidance for student athletes transitioning into professional sports. Creating a budget, saving for emergencies, and off-season and foreign currency issues are all described. Elizabeth Warren and her daughter use a 50/30/20 process for a budget where the 50% is needs, 30% is wants, and 20% is savings. Determining needs can be used properly without overspending such as considering a house not too overpriced where one is able to calculate housing affordability with features such as the house’s mortgage. Wants may consist of things such as clothing, entertainment, and restaurants. 30% is a clear goal but some weeks one may underspend or overspend this designated percentage. Finally, 20% of earnings as a professional athlete going to savings is good in terms of thinking about retirement. A specific emergency fund is also useful and enough money to survive five to six months is recommended. Finally, athletes should begin saving and investing in three areas: retirement, real estate, and personal goals.

Johnston focused on the causes of financial troubles among professional athletes and key things that athletes to consider to avoid an unfortunate outcome (Johnston, 2016). Two major takeaways are that a life plan should be made, and lifetime financial security is more likely when action is taken as early as possible. Common athlete financial failures are poor advisor choices (trusting the wrong family/friends to handle money), risky business ideas (investing in music labels, clubs, etc.), and extravagant spending. Marshawn Lynch is a great example of an athlete who spends less than he makes as he lived his life solely based on his income from endorsements. Another useful option for professional athletes is hiring a certified financial
planner. Rules within a financial plan consists of: Setting explicit financial goals, establishing a budget, checking progress toward goals, and adjusting the plan as needed. The divorce rate of 60-80% among professional athletes and multiple children can cause financial problems as well. “70% of professional athletes are financially challenged or bankrupt within three or four years of retirement”, says Reggie Wilkes, a financial advisor at Merrill Lynch.

Representing professional athletes and entertainers involves different circumstances than working with more traditional clients (Akhavan, Esq., & Shenkman, 2017). “Sudden wealth effect” as well as inconsistent cash flow and limited financial literacy are common themes among professional athletes. (Former NBA star Antoine Walker declared bankruptcy shortly after retirement due to spending over $108 million of his career earnings on gambling. Financial advisors have the tough task of helping retired athletes make their earnings from (on average) 3-6-years last the rest of their lives. Investments are another way to use saved money from a professional athlete’s career, but the player and advisor must be smart about what and who they are investing in. Real estate and other investments are another option for professional athletes as owning rental property could result in extra income.

Hattersley demonstrated how transitioning from a busy career into retirement can result in many challenges for professional athletes (Hattersley, 2019). The short length of the average career as compared to non-athletes leads to many psychological, social, and occupational adjustments for former athletes; they also must be educated on self-managing any medical/physical issues that could affect them in the future. Forced retirement such as a career-ending injury is associated with an increased risk of mental health problems. “Many athletes reported that being excluded from the social practices of their sport as well as the loss of camaraderie with teammates and the joy of competition were key parts of their sporting life
which they struggled to replace after retirement.” (Lally, 2007). Finding a new career post-retirement may also be difficult due to a lack of experience in other fields. It is recommended that retired athletes speak with other athletes that have made the transition and look into sporting governing bodies that offer support and assistance to athletes.

Some athletes may have financial security after retirement but many need to be aware of their financial situation and get involved with a new occupation (Kazakeviciute, 2020). Regardless, both may face retirement struggles as the financially secure athlete will need to figure out what to do with their time and financial decisions while the retired athlete changing their career will need to readjust to a new identity. Michael Jordan is one prominent athlete who chose to represent Nike and found different type of occupation and identity after retirement that way. Shaquille O’Neal pursued a variety of careers after retirement with help from his banker, who helped manage his finances and invested his money into different businesses. Gaining higher education is one unique recommendation also found in a field analysis from Lithuania.

The best way to explore the lives of athletes after retirement is talking to the athletes themselves through interviews (Ruddock-Hudson, 2019). 45 retired athletes from three national football leagues were interviewed and two major factors became relevant throughout: planning for retirement and a supportive environment. There are four main reasons why an athlete transitions away from their sport: injury, aging, deselection, and voluntary retirement. Data from the interviews showed that the transition from sports to retirement was influenced by a few things: the support offered by various sport organizations, the athletes’ planning, preparation for retirement, and positive influences on transition. Retired athletes were placed into the following categories: prepared for life after sports and planned retirement, prepared for life after sports and unplanned retirement, unprepared for life after sports and planned retirement, and unplanned for
life after sports and unplanned retirement. A second domain in the study recognized social and organizational support as relevant themes as well. Having a strong social support network among athletes can help them not only with hardship and struggles during their career but also during retirement as well. Organizational sport is necessary, and nineteen of the forty-five athletes reported a lack of support from their respective leagues, clubs, and player associations.

Many prominent professional athletes are having trouble adapting and finding their post-sport identity (Platt, 2014). Loneliness is often a major problem as well. Athletes must transition from being surrounded by teammates, coaches, and other people in their organization into retirement where there are fewer familiar faces. The psychology and mindset of athletes which was once focused on their sport now turns to wondering what life will consist of during retirement. Preparing for life after retirement is essential for athletes.

Retirement is one thing all athletes will face one day, and this can lead to an acute sense of loss (Maseko, 2011). With heavy competition in the market of professional football (“soccer”) there are different factors that could increase the possibility of retirement including a limited tenure of contracts, the surplus of talented players, and injury and ageing. 12 professional soccer players in the South African Premier Soccer League were interviewed in a study to determine their perceptions and attitudes concerning retirement. The questions concerned topics such as support from the soccer agent/club, career planning after retirement from soccer, managing finances by making individual financial decisions, and more. All the interviewed players had an idea of what they would like to do upon retirement with five players looking to pursue a business venture, three looking to study further (going back to college), three wanting to coach, and one wanting to start a farming venture. The study found that the respondents’ attitudes were not negative towards retirement planning and showed that they did not view it very seriously. Eight
respondents admitted to not having a savings plan and not planning to invest their money. A major takeaway here is that players do not seem to know how to start planning for retirement.

The post-retirement experiences of two Australian swimmers five and seven years into retirement were analyzed. Transition difficulties were looked at closely as were the identities discovered within the athletes since retiring. Ian Thorpe and Grant Hackett were chosen to be studied due to their widely reported difficulties post-retirement. Both swimmers were defined as “champion athletes” but mental health problems such as depression and anxiety overcame their lives after retirement. The transition into retirement for an athlete contains difficulties presented that are described as unusual. “A sense of identity has been shown to mediate ease of adjustment to retirement, with athletes with exclusive or strong athlete identities reported to struggle more into retirement.” (Cosh, Crabb, & Tully, 2015).

The Impact of Financial Advisors

The goal of this study is to examine all the factors that can influence a professional athletes’ financial health, which can contribute to mental and physical health (Deubert, Cohen, and Lynch, 2016). Financial advisors can help to change an athlete’s long-term health. Although NFL players have sizeable contracts, it is critical to realize that not every player has a contract worth millions of dollars. They need to make sure they prepare their money for the rest of their lives. Three financial advisors were interviewed for 30-60 minutes to better understand what their job entails. These advisors had been registered with the NFLPA (NFL Players’ Association) for an average of 15 years and had worked with 34 active or former NFL players. Financial advisors offer services depending on their areas of expertise which can include tax planning, investment advice and services, budgeting, financial planning, retirement planning, and more. Financial advisors may also offer financial incentives for hiring them which can include payments of tens or hundreds of thousands of dollars. Another major responsibility of a financial
advisor is making sure that players are aware of various financial benefits under the CBA (Collective Bargaining Agreement), such as the Retirement Plan, Player Annuity Program, and the Tuition Assistance Plan, among others. In a 2014-2015 survey of 763 former players by Newsday, 34.5% of former players interviewed said they had trouble finding employment after their NFL career ended. Financial advisors help with a players’ retirement by helping players take steps toward potentially finishing their education or beginning another job. Recruiting is the first huge step in finding professional athletes to work for and financial literacy is a major theme stressed during the first meeting with a potential client. Financial advisors will also educate the player regarding obtaining disability or looking into a career ending insurance policy. Overall, a financial advisor is a game-changer for a professional athlete looking to prepare themselves for life after retirement.

Planning for a professional athlete can be a complicated process but financial advisors are discussed along this topic and how they can market this niche (Reinhold, 2000). The average professional athlete will earn $5-25 million during their career, which will be much shorter than the average person’s career. Eric Reinhold described his experiences of seeing poor financial decisions from professional athletes such as buying a multimillion-dollar house in one city just to be traded to another team, resulting in a huge loss. Financial advisors play a huge role in suggesting/controlling an athlete’s money. Having the athlete create a “rough” monthly budget will help them realize their spending. For example, the athlete could write a check once a month from a money market account to a local checking account and if that money runs out before the end of the month, the athlete will know that they are not sticking to the budget. Financial advisors will also need to advise the athlete regarding taxes and purchasing disability insurance, among other things. There are different options for companies that specialize in disability risk for
athletes as well as personal liability. Life insurance is also important as professional athletes can purchase a good policy to provide a solid foundation for their future. Retirement is the final course of action to look at where the advisor will need to find a plan with the athlete where they can plan to use the career earnings to benefit and help the athlete survive in their future life after retirement. Agents typically charge around three to five percent of the athlete’s income for their services, although smaller companies may charge a lower fee to be more competitive. Building relationships with agents is helpful as trust is needed as well as informing the potential athlete on how they can benefit through the services provided. A financial advisor’s expertise and services can help benefit an athlete’s entire life.

Choosing a financial advisor is a huge decision and it is important to find the right business with trusted advisors that will work in the client’s best interest (Fishman, 2009). There are necessary documents that athletes should ask for such as a copy of the advisor’s Form ADV I, ADV II, and Schedule F. Asking for a company’s references is very important as well because these references can provide information of their experience with the company. Making a list of questions before contacting references is useful when looking for information. Getting to know the firm in general is essential and clients should make an effort to talk to employees in their potential advisor’s office. After this, the client should then begin asking important questions to the financial advisor such as “How often will we talk/meet?” and “Who will be the primary point of contact?”. A good financial advisor will work with other advisors and professionals to provide holistic advisory services.

Over 100 financial planners were surveyed to assess their reasoning, intertemporal choices, risk aversion and preferences, and framing focus (Nofsinger, 2007). A financial planner is one type of financial advisor, which is focused in on in this study to measure the reasoning
mode tendency of the financial planners and classify them as intuitive decision makers or analytical decision makers. It was discovered through a series of questions and tests that financial planners are more analytical than the general population and also that many are classified as intuitive thinkers. Analytical thinkers were found to be more financially patient. Looking at the risk preferences of the planners showed that intuitive thinkers were more risk averse than analytical thinkers. Finally, the role that these psychological profile variables may play in the success of the financial planners was explored. These variables were not seen to be related to obtaining and keeping clients although intuitive planners appeared to have more success in obtaining new clients.

**Theory and Framework**

There are two theories/concepts that are extremely useful and relevant when considering the conceptual framework of this research, the role theory and the professional role. The role theory will be applied to the first part of the research question to learn prevalent information on how a financial advisor can become a role for the professional athlete and how other people in the athlete’s life have expectations and roles. The professional role will help explore the importance of a financial advisor in their industry and how their role is significant and impactful on professional athletes.

“Role theory posits that human behavior is guided by expectations held both by the individual and by other people” (Ozmete & Hira, 2011, p. 393). This theory is quite relevant to professional athletes and their financial decision making. A financial advisor is someone who can become an important person and role model in the professional athlete’s life. Valuable information to discover when looking at this theory is how the professional athlete is shaped by their environment and roles. When a professional athlete signs a million-dollar contract, every person that the athlete knows attempts to contact them, as the professional athlete now has plenty
of money to support himself as well as other people which may lead to a new feeling of responsibility. Role theory will help with finding out what significance the roles of family, friends, and others have upon the financial decision making of the professional athlete may help determine why these athletes are so often going broke. “Roles specify what goals should be pursued, what tasks must be accomplished, and what performances are required in a given scenario or situation.” (Ozmete & Hira, 2011, p. 393). A new professional athlete may feel that they taking on a role that includes providing for various people who have been there along their journey. Professional athletes may be able to afford supporting and spending thousands of dollars on those close family members and friends during their careers but after retirement this continued support will not be as easy as it was when millions of dollars were guaranteed.

Retirement should include a large portion of career earnings to help the athlete stay financially stable for the rest of their life. The financial problems can begin when the retired athlete is still seen under the role theory as someone who must continue to support those family and friends. “Women are far more likely than men to purchase unplanned items, women are far more likely than to buy without need or buy things they don’t need, on the other hand women are more likely than men to be satisfied with their level of savings.” (Hira & Mugenda, 2000, p. 5). Although women may have these tendencies, both genders can be seen in a certain role upon becoming a professional athlete. Making it successfully and then feeling that the athlete owes their money and time to family members, friends, and others is a major factor that can lead to going broke or bankruptcy.

The second concept involved in the research question is the professional role, which will look into impact that a financial advisor has on a professional athlete and the reason for this impact. This role explores the exact reasons for not only what makes someone a professional in
their field but also why being a professional is so significant. Three lenses are involved in this article, with the first lens drawing upon a framework for, “an embodied understanding of professional practice and provides a way to describe how professionals form and organize their knowledge and skills into a particular ‘professional-way-of-being’” (Adams, Daly, Mann, and Dall’Alba, 2011, p. 588). When trying to figure out what impact a financial advisor has on a professional athlete, it is important to know what a financial advisor’s responsibility is, what they do, and what they possess that makes them a professional. Adams et al.’s study involves different engineers and interprets their ways of thinking, acting, and being. Findings and interpretations are separated into various categories such as working together, intentional learning, and strategic leadership. This article demonstrates how these categories are directly related to the idea of being a professional. The impact a financial advisor has on professional athletes will not only be judged by the financial success of the athlete but also on what the financial advisor is specifically doing regarding the athlete’s finances. It is not luck if interviews are conducted among financial advisors and there are common themes between the decisions of the financial advisors who helped ensure success in the professional athletes that they worked with. There is a decision making process that comes with being a certified financial advisor and this professionalism should indicate positivity and success within what the financial advisor is looking to accomplish. For example, Category 2 of this article titled “Intentional Learning” is extremely relevant to the role of a financial advisor. Before becoming a professional, this person had to learn what the job entails and gain knowledge of several different factors regarding their future career. In order to determine a financial advisor’s impact the decisions that they made while working with these athletes, whether they resulted in a good financial life after retirement or a poor one, should be examined. This article shows different factors that make a professional, with which the role of
being a professional will be very useful when studying the impact of a financial advisor on professional athletes.

Summary

To reiterate, the research question is “Professional Athletes Going Broke: Perspectives From Financial Advisors.” The problem of bankruptcy among professional athletes in various sports across the world is getting out of hand. 78% of NFL athletes go bankrupt within three years of retirement (Christensen, 2013). Sports Illustrated states that 60% of NBA athletes go bankrupt within five years of retirement. To begin to examine this issue, financial advisors will be interviewed about their experiences handling professional athletes. The most significant research I look to discover and analyze will relate to both parts of my research question with an additional focus on key concepts and themes directed upon my research question. These interviews look to illuminate the psychology of the professional athletes and more specifically, “What is the psychology/thinking behind the financial decision making of professional athletes?” The experiences of financial advisors who have worked with professional athletes will offer different answers to this question which will analyzed for similarities. Another question that the research and interviews hope to answer is, “Why is the rate of bankruptcy so high among various athletes?” This question may go hand in hand with the previous one, but the financial advisor may find differences and provide additional information that will help answer the overall research question. This study will also examine why professional athletes do not have enough money saved for retirement. Retirement will be an essential theme of the interviews and part of the process to where a professional athlete transitions from their career to retirement and then becoming broke or filing for bankruptcy. Related to this question is a similar question regarding why professional athletes are not making their career earnings last through retirement. The entire reason for bankruptcy lies in running out of money, so hearing from the advisors as to
why the money is not there for the duration of retirement will help answer the main research question. Discovering from the financial advisors what their role was is essential. This will be the beginning to answering part of my research question about the impact a financial advisor can have on the professional athletes. Different examples of specific financial choices that involve a financial advisor will also be sought out and examined. Information will be gathered, and the financial advisors will be asked about decisions they have made that resulted in both the successes and the failures of a professional athletes’ financial life. Recording key decisions and choices as they relate to the relationship between a financial advisor and professional athlete will demonstrate its true impact, whether positive or negative. Finally, the interviews plan to learn from the financial advisors specifically if they believe that a professional athlete should spend their money to hire a financial advisor.

Overall, there is an ongoing problem throughout the world of sports; professional athletes going broke. The statistics are critical, unpleasing, and it is important to learn exactly why professional athletes are filing for bankruptcy after retirement and how a financial advisor will affect this. Current literature and research present some possible explanations for poor financial decision making among athletes and adults throughout the world in general but a focus on professional athletes specifically will illuminate key factors in an attempt to lower the outrageous statistics surrounding bankruptcy. Looking into the role of a financial advisor and their relationship with professional athletes will also be beneficial. Key decisions and themes involved in a financial advisor’s work will provide insight into whether a professional athlete should consider hiring a financial advisor.
CHAPTER 3
METHODS

Description of Participants

Nine financial advisors were selected from several different companies and prestigious firms. All of the potential financial advisors selected have either previously worked alongside professional athletes or currently do so. The purpose in choosing these financial advisors was to interview those individuals who have observed the financial and decision making tendencies among professional athletes during their career and/or after retirement. With their consent provided beforehand, the intention was to acquire further information about professional athletes going broke and to make the relationship between the financial advisor and professional athlete apparent. All of the financial advisors had at least five years’ experience working with current or retired professional athletes. Table 1 displays demographic data on each of the financial advisors interviewed, their years of experience working with professional athletes, and their gender.

Study Area

All the interviews were conducted through Zoom. This interview technique was convenient and useful for me as well as the financial advisors because many of the financial advisors live outside the state of Florida. Each financial advisor participated in the interview from a place of their choice, whether that was their workplace, their home, or another location. I conducted each interview from my own home. A custom link was generated from Zoom and emailed to each financial advisor before the scheduled interview time. The interviews were recorded from start to finish with consent to do so provided by all the participants.

Creating the Interview Guide

Developing questions for the interviews with the financial advisors was a crucial step when seeking to gather as much useful and significant information as possible. With a dream...
since being a child of becoming a professional basketball player, the statistics and stories seen while growing up about professional athletes going broke so frequently motivated me to learn more about why this problem is so common in the world of sport. By the time I was eighteen, my dream changed to a career of becoming a financial advisor for professional athletes. Being able to construct a research question, interview financial advisors, and discover data about professional athletes going broke and the perspectives from financial advisors not only helped add data/information into the sport realm but would also help me towards becoming an expert in the field of financial advising for professional athletes. Creating the interview guide became an essential step and piece of achieving my dream job as well as discovering significant research, so assembling thought-provoking and relevant questions to my topic became a major priority.

Covering the two aspects involved in my research question concerning the financial literacy of professional athletes (why they are going broke) and the role of a financial advisor was essential to adding new and insightful information to my topic. Consequently, the first few questions concerned the relationship between the professional athlete and the financial advisor. These questions were asked first to distinguish my topic as a whole, introducing what financial advisors do in their jobs while working with and for the professional athletes. The questions then developed towards the specific financial tendencies and financial literacy of professional athletes. This topic focused on the first part of my research question to gather information on the different reasons why professional athletes are going broke. With nine financial advisors being asked the same questions to highlight the financial decision making among professional athletes, I looked for commonalities to answer why professional athletes so frequently become insolvent. Towards the end of the interview, I also asked a question referencing role theory, which is a significant part of my framework, and I used the question to ascertain whether the financial
advisors would agree or disagree with its relevance in this case. Introducing role theory provided a current concept that the financial advisors could observe, consider, and give feedback upon as a possibility that pertains to my research question concerning the financial issues of professional athletes. Analyzing the data/information from the interviews made the role theory question helpful in determining whether role theory explains why professional athletes are going broke. The questions within the interview guide were also created to focus on the impact that financial advisors have on professional athletes.

**Interview Guide**

1. What is the relationship like between a financial advisor and a professional athlete?
2. What are some tactics or strategies you use as a financial advisor when advising professional athletes?
3. Could you give an example of a time you worked with a professional athlete and something good occurred financially?
4. Could you give an example of a time you worked with a professional athlete and something bad occurred financially?
5. What financial advice would you give to a professional athlete just beginning their career?
6. How is advising a professional athlete different than advising an average person?
7. What are some common themes or financial choices that you have noticed in professional athletes during their careers?
8. What do you think athletes could do better financially?
9. Why do you think so many professional athletes go bankrupt, broke, or suffer financial stress shortly after retirement?
10. Role Theory states that human behavior is guided by expectations held both by the individual and by other people. Do you believe that the role of family members and friends in a professional athlete’s life could be a factor leading them to financial stress?
11. If you were a professional athlete, would you spend the money to hire a financial advisor?
12. What is your experience with retirement planning among professional athletes? How do you prepare them into this life before and after retirement?

**Procedures**

The participants consisted of several financial advisors already known to me who agreed to be interviewed as well as newly found interviewees from several different companies. To discover different companies and financial advisors that could be selected for interviews, I made a Google search to locate different financial advisor companies and their contact information, which was added to a Microsoft Word document. Hours were spent calling these companies with a goal to speak with an employee in charge where I then described to them my goal of interviewing financial advisors to discover research about professional athletes going broke that could be added into the world of sport. Before making a single call, a list of forty-five companies specializing in financial advising for professional athletes was constructed. Calls were made to every single company, where I was able to talk to someone at nearly every business. Although not every company could help me, I was provided an email and/or contact information to someone in the company. Emails were sent to approximately forty-five financial advisors with a focus on securing at least seven to ten interviews. By the end, I had secured the participants for the interviews that I needed to begin. These new participants were sent an email explaining the research question as well as the impact that their interview would have upon current research for both the sports industry and the field of financial advising. A letter of consent was sent to each of the confirmed interviewees by email, which was returned before the interviews began. Each interviewee is a certified financial advisor. All nine financial advisors signed the informed consent form and granted permission for the interviews to be recorded. All nine financial advisors also agreed to their responses being included in this study. The scheduling of the interviews was during December 2020 and January 2021. Interview dates and times were flexible
to accommodate the participants. The nine interviews ranged from the shortest at 47 minutes and the longest at 82 minutes. The average length of the interviews was approximately 61 minutes.

**Research Design**

The research study consisted of nine semi-structured interviews to support a qualitative study.

**Analysis**

The data for this qualitative study were derived directly from the interviews with the financial advisors. Audio-recorded interviews were conducted through Zoom with nine financial advisors across the country.

After researching and testing different programs for the most suitable thematical analysis coding software, Dedoose was chosen as the most accurate and helpful program to process the data from the nine interviews. The data from the interviews was first entered into the Dedoose software. The Dedoose program was used to develop themes and commonalities, as there was an abundance of data collected from the financial advisors through the 12 questions in which information was provided about not only their experiences working with professional athletes but also information determining the true impact that the financial advisors have on professional athletes. Quotes from the data were used to group the data into similar categories across the different interviews. Codes are “a means of access to evidence; [coding] is a tool for querying data, for testing assumptions and conclusions” (Bazeley, 2013, p. 125).

Within the analysis, creating the major themes and sub-themes was a lengthy but significant process. After conducting the interviews and translating the audio into text, a thematic coding process was used in Dedoose. Advanced thematical coding was determined as the most suitable type of coding process used for the analysis (Braun & Clarke, 2006). To begin this thematical coding process, I extracted and transcribed the interview texts from Zoom and
inputted them into Dedoose. From here, the first step in Dedoose was to organize all nine interviews and begin highlighting data through the interview text to organize themes and sub-themes. The first four interview texts involved using a second coder to accurately identify initial themes and sub-themes. Transcripts were checked for accuracy and to familiarize myself with the data. The first four interviews were read alongside the second coder for high level meaning and all the data were given equal attention in this coding process. A meeting with the second coder followed the coding of the first four interviews to discuss the generated themes, sub-themes, and codes. Agreements and disagreements concerning the themes, sub-themes, and codes were discussed to establish and narrow down which of them were the most relevant in identifying new data. After this meeting and pinpointing new themes and sub-themes, I focused on coding the final five interviews. Following this, I again met with the second coder to inspect each coded interview. A remarkable 53 sub-themes were identified after analyzing all nine interviews, which was clearly an overwhelming number of sub-themes. The next step in the coding process was to narrow down and eliminate and/or combine the sub-themes that were insignificant in the coding process. In this way, the initial 53 sub-themes were reduced to 24. In order to proceed, a constant comparative analysis process was utilized. Each sub-theme was discussed thoroughly for significance and checked for how often the sub-theme was referenced and highlighted in the interview text. Those sub-themes not seen as extremely significant or did not appear mentioned as much as other sub-themes were combined to a similar sub-theme or deleted entirely.

**Peer Debrief**

Before submission, I reached out to an expert in the field of sport to review the themes and sub-themes and they were eager to read through and provide feedback. PD1 (Peer Debriefee 1) is the person that was able to read this paper from beginning to end and send their feedback as
well as strengths and weaknesses seen throughout the paper. Peer debriefing is a technique that I decided to be relevant and helpful alongside my study. “Peer debriefing allows a qualified peer researcher to review and assess transcripts, emerging and final categories from those transcripts, and the final themes or findings of a given study.” (Janesick, 2015, p.3). The help of someone knowledgeable in the field to conduct a peer debrief allows for the peer to act as a detective in the paper, identifying any missed points or suggesting to overall improve the study as a whole.

The first thing made clear within the feedback was positive concerning the organization and structure of the paper. PD1 showed appreciation to the organization of the chapters and how the sections were structured. Focusing on the paper, PD1 showed appreciation for how many different perspectives were used from the financial advisors as well as the data collected concerning experiences working with athletes, their primary struggles working with athletes, and the best solutions to these issues. PD1 also made a positive note when identifying and narrowing down the key reasons to why professional athletes go broke as well as the impact that financial advisors have. PD1 gave positive feedback to my data demonstrating the benefits to why professionally athletes should hire a financial advisor and help manage their assets/financial decisions.

On the other hand, weaknesses in the paper were identified, which may not only help my focus moving forward but also be added to the future direction section later in this study. PD1 found the first weakness in the lack of gaining insight from athletes about their experiences and outcomes of decisions that they made in their career. Secondly, the need for more statistical analysis in research on each subtheme affecting athletes’ finances was a key factor that was seen as a weakness in the paper. Finally, PD1 suggested going deeper to gain a better understanding
of why each subtheme is so important and more examples of how they can lead an athlete to a poor financial life during and after their careers.
CHAPTER 4
RESULTS

After conducting the interviews, it was clear that the data were plentiful and needed to be transcribed and coded so they could be separated into specific themes. A total of 12 research questions were asked to nine financial advisors for professional athletes from which the coded data were subsequently narrowed down from a total of 53 sub-codes to an overall 24. Each interview attempted to gather relevant information that pertained to both parts of my research question. One part of the interview guide focused on the first part of the research question which was “Professional athletes going broke: Why is this problem so common?” The rest of the interview guide was directed towards the second part of the research question, which was “How can a financial advisor impact this issue?”

With each question contributing to both parts of the research question, the data were separated into one of the two main codes with 24 sub-codes to generate a total of 26 codes by the end of the coding process through Dedoose. A total of 13 codes were identified pertaining to “Professional athletes going broke: Why is this problem so common?” and 11 codes were identified pertaining to “How can financial advisors impact upon this issue?” Although there was one main theme identified for each part of the research question, it was clear that within each main theme, enormous amounts of data contributed to providing various sub-themes that proved to be very helpful for answering both parts of the research question. Within the results, identifying each theme and defining its significance is important as is referencing the questions used from the interview guide and how the themes first originated.

After nearly 10 hours of interviews were recorded, transcribed and coded, two main themes emerged followed by 24 sub-themes. Both parts of the research question were assessed while explaining the significance of each theme and sub-theme. Table 2 identifies the two main
themes discovered after analyzing the interview results along with the various sub-themes related to each of the two main themes.

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Causes/Challenges of Professional Athletes Going Broke

Upon analyzing the research from the interviews, it became clear that there were two overlying themes that would be used to answer my research question. The first theme that targeted the part of the research question concerning why professional athletes go broke was so common, it was identified as “Causes/Challenges of Professional Athletes Going Broke.” Under this theme, there are 13 sub-themes that contribute to answering why professional athletes are
not only going broke but also experiencing financial distress. Several questions in the interview guide asked the financial advisors directly about their experiences and knowledge of the professional athletes they have worked with and how the athletes move from contracts worth hundreds of thousands of dollars and sometimes millions per year to going broke soon after. The financial advisors know very well that professional athletes going broke is a major problem and were able to advance data that created several sub-themes for the first major theme. These are presented in the following paragraphs.

**Failure to Budget/Save During Their Career**

Within the first major theme, a very common sub-theme I discovered within the interviews is the athlete’s failure to budget/save during their career. The financial advisors made it clear that the athletes overspend during their career with a lack of saving towards their future and/or retirement. For example, FA2 references an experience with an athlete with the athlete’s mindset being “When next contract comes, I’ll be able to pay this and that off” and describes this as “the athlete living in the now instead of in the future.” An athlete’s failed preparation to save their contract money early will leave them struggling financially when their career is over. FA6 had another impactful experience as they suggested, “the athlete has to look at their present self and future self and make tough decisions such as saving and investing their money so that my future self does not get screwed.” These two advisors help outline the importance of an athlete budgeting/saving during their career and how not doing so can have major consequences in their future.

**Lack of Financial Education and Literacy**

Another sub-theme that correlates with professional athletes going broke is a lack of financial education and literacy. Rookies and new players are entering the leagues at an extremely young age; some are below the age of 21 so they are not even able to legally drink
alcohol. The majority of high schools and colleges these players attended did not financially prepare them to handle millions of dollars at such a young age. For example, FA3 described this situation by saying, “It's because people don't know how to manage money, they don't know how to understand the time value of money. They don't understand when somebody says here's a few million bucks, there are steps you have to take to be permanently set up.” With a lack of experience in handling money and yet receiving such large amounts as a result of their contracts, it is no surprise that these athletes’ financial decisions are not particularly wise. FA3 also stated, “They understand nothing about money or taxes and nothing about cash flow, and nobody is showing it to them. And so that's why those ones are going bankrupt.” A lack of financial literacy among these athletes is a major factor that many financial advisors identified as a reason why athletes going broke is so common.

Lack of Financial Awareness/Involvement

A lack of financial awareness/involvement also emerged as a sub-theme for professional athletes going broke. FA5 stated the following:

Awareness… I think that would be the word to use. From what they're spending to what are my investments doing, and my sales too. I mean, just being aware, some guys still have no idea. You know they don't know how much money is coming in or going out.

FA5’s point here highlights how these athletes need to pay more attention to their finances. FA2 also stated “When advisors know that you're not involved, they can just talk you down. Looking at statements and finances could help eliminate this issue.” Athletes need to ensure they pay close attention to their spending/saving to not only ensure they are not taken advantage of but also to help prepare themselves for the future.
Sudden Money Phenomenon

One interesting sub-theme that caught my attention is what is labeled as the sudden money phenomenon. FA9 stated,

The problem is it's not just sudden millionaires within sport. The reason why so many people that win the lotto are dead broke within 5 to 6 years after winning the lotto is because they don't know how to manage money. It's not that it's an athlete problem; it's an American problem so I made sure I explained that to them that it's a misconception of money.

FA9 highlighted how encountering sudden wealth is likely to be a problem for anyone, and the fact that this happens to professional athletes so often is dangerous. FA3 made another excellent point that was coded under this sub-theme:

It's definitely the sudden money problem. You know it's even people like Michael Jackson who were going broke. I mean, he had a lot of things they didn't have like cash flow anymore. And so, if you don't know how to manage your money or if you live beyond your lifestyle, that's a common thing that they, they misunderstand.

FA3 demonstrates how the sudden money phenomenon can be so threatening to a professional advisor’s financial life. If this large sum of money within a contract is not budgeted and saved, the athlete can lose it very easily. Finally, FA3 continued with her perspective on the sudden money phenomenon by advancing,

Instead of somehow this 10 million a year isn't really 10 million a year because they only get it for like 5 years. And then they have to spread that out over a lifetime, and so it really puts them at a huge disadvantage because, like I say, you go from having nothing to having everything, and no way of figuring out how to parse that out to yourself over time.

The sudden money that is experienced by these athletes is a problem that can result in financial distress or going broke because the athletes are completely unprepared for it. Receiving millions of dollars without possessing basic financial literacy is a major problem that is occurring throughout the world of professional sport. With a lack of experience and sense of how to
manage this sudden money, the probabilities of going broke or becoming bankrupt only become more likely.

**Invincible Behavior Towards Spending/Expensive Purchases**

The most popular sub-theme expressed by the financial advisors in the nine interviews was invincible behavior and attitudes towards spending/expensive purchases.

That doesn't start when you get to the pros and doesn't stop when you get to the pros. So when you get there you got to think I'm better than all of these players and I'm going to play for 10 years. That's the mentality, you have to have. So these players start spending money as if they will play forever and thinking that they won't be injured. They think they are Superman.

FA9 describes the mentality of these pro athletes in the above quote and how they spend money as if it will last forever. FA9 also discussed “helmet syndrome,” in which NFL players will buy expensive items, cars, and clothes because although the public may not know who they are with a helmet on, they will attempt to make who they are known through these extremely costly purchases. These purchases are unnecessary and can be a key reason why so many professional athletes who received millions of dollars go broke and are barely able to fund their lives after retirement. FA5 was able to share his experience of seeing the invincible behaviors and attitudes towards spending/expenses firsthand.

I did a very intimate and up-close look at what's really going on behind the scenes. And some of these guys on, you know, on social media, they're painting a different picture so that people fall victim to that because they think this is what I need to do. You know, this is what's expected of me when I'm in my hometown. It's gold. I just use the example of how the athletes think it's cool to be 21 and have an Audi and own a house and all this stuff and I’m like, I can just tell you that it's way cooler for you to be 30 and have like $3 million in your account.

This reflection is an excellent example of how these expensive purchases and showboating contribute to the sub-theme of invincible attitudes/behavior in spending. All of these purchases and expenses can add up and prepare the player for a negative financial future.
Trusting the Wrong People

An additional popular sub-theme that emerged from the data concerning professional athletes going broke was trusting the wrong people. For example, FA7 stated,

I've had other clients where the hardest thing is watching. I don't, I had a kid that I spoke to whose mom took his entire signing bonus from underneath his nose, he was, he just trusted her, and they spent it. So, you know, you know the advice is learn, watch, know. Pay attention, ask questions, and don't assume.

It is astonishing that professional athletes can sign a contract and then, even their own family members become untrustworthy and try to steal from them. These athletes have to first make decisions for themselves before placing their trust in family members, friends, or strangers to manage their money. FA1 also stated,

These athletes have their high school buddies, they have their family, they have their friends. There's just a lot of people talking, and they'll very easily get walked down a bad path because they trusted their high school friend growing up.

These new athletes must realize that even people who were previously close to them cannot be trusted once they receive their new contracts. Placing their financial trust in anyone may result in a damaging situation, therefore, athletes need to begin trusting themselves first.

Peer Pressure and Addiction

Peer pressure and addiction was another significant sub-theme related to the main theme of the causes and challenges of professional athletes going broke.

That's the problem with most players… people that are broke and have no cash, telling you what you should do when you have money. Yeah, I feel like there is a lot of asserted peer pressure there for anyone who makes it really and then it can be literally any situation. I see that a lot.

FA9 demonstrated how anyone pressuring the athlete in terms of how to manage/spend their money can be a problem. FA3 also stated, “Another problem is the alcohol, the drugs, and the gambling.” These peer pressures can turn into addictions and become another reason why professional athletes go broke so often.
Role Theory

My theoretical framework is constructed using the concept of role theory. Accordingly, I asked each advisor the following question: “Role theory suggests that human behavior is guided by expectations held both by the individual and by other people. Can you reflect on the role of family members and friends in a professional athlete’s life and if they may be a factor leading the athlete to good or bad financial decision making?” FA9 responded by stating,

They made a promise to his mother that he was gonna kick in money on a monthly basis. Well, he didn't get it, but mom still expects it right and that's an issue. Especially if you're coming from a situation where parents need help. Some parents actually see their meal ticket as their child. I have been in scenarios before where if you make it, we make it, and I gotta buy mama a house. So if you're obligated to do that, that's definitely something on the bad side, taking care of people as opposed to helping them grow themselves.

This is a clear example of how family can play a significant role in an athlete’s life and how their contract money can be diminished in order to support different family members.

Friends can also play a role in the athlete’s life as FA8 demonstrated:

Don't forget their friends may have protected them from getting in fights, getting suspended, and getting in trouble. And there's some of these kids that kind of had almost like a bodyguard to make sure that they did nothing wrong, so that they could make it in professional sports. So, there is always some guilt about helping their friends.

Another role model in an athlete’s life can be their friends to whom they feel obligated to give money and/or support. Finally, FA4 stated,

I would say that not only is that a financial impact that can be a performance and emotional impact so if you're getting pulled by your family like you know you just played a game on a Sunday and then your off days Tuesday and you've got people asking for money which can affect you on the field too.

The role theory explanations clearly showed both negative emotional and financial effects on the athletes.
Family Challenges

On a similar note, another sub-theme that emerged and contributed to the theme of professional athletes going broke was family challenges, and, more specifically, divorce and children. FA8 provided insight into this sub-theme by stating,

They had a great career, but they lived a great career too. They bought multiple cars, multiple houses, have multiple wives, multiple children, and divorces too. All that stuff costs you money. Making sure that you maintain control of your assets and understand how they work can be expensive too.

This statement shows that it can be extremely costly to an athlete if they have gone through marriage and divorce and have children as well. FA1 focused directly on children and child support:

Childcare and paying for an ex-wife or family that needs financial help can be costly. That's the second reason that a lot of these players go bankrupt. Child support is a nasty thing. I've had a couple of players that have had children outside of wedlock when they're playing in the league. They're going to be paying a certain percentage of their salary to child support – 20%. If it's 25%, it’s an awful lot. So if you're making, let's say, a million dollars, you're paying $10,000 or more per month in child support.

It was surprising to hear how expensive child support can be and expecting a retired professional athlete to continue to pay such costs when the money stops coming in may be a significant factor contributing to going broke or bankrupt. Finally, FA3 reflected on divorce among the athletes:

And then there's divorce. These careers often keep them away from the families quite a bit. And if they're not any good at handling that or if their spouse isn't any good at handling that, then they will have all kinds of emotional issues as well around cheating themselves and their spouses and the fact that they're away from their kids a lot. So those are all the emotional stressors that I think you have to address.

Not only is divorce an overwhelming cost that can hurt professional athletes, but the emotional problems caused by divorce can also be a factor that contributes to negative financial decision making.
Failure to Adhere to Plans and Professional Advice

The next sub-theme related to professional athletes going broke is the failure to adhere to professional advice/plans.

There's the ones that think they're smarter than you and they're gonna have this deal that they can work, and they have these ideas that they want to do and even though they don't understand how to get there they're still going to try and execute and end up blowing themselves up because it costs more money to execute than they realize, even though you tell them, but they still want to move forward with it.

FA8 showed how it is no surprise that with inflated egos, athletes may become overly confident financially and choose not to listen to their financial advisors, which may result in negative financial decisions. FA4 also suggested,

So we had a player who we told if you keep on the path you're on, you're gonna run out of money in five years and here are the changes you need to make in order to keep that from happening. But some choose not to listen.

These athletes who do not adapt and change their financial processes and decision making because they ignore their advisors’ advice are likely to experience a poor financial future.

Poor Investments in Business Ventures

Poor investments in business ventures were another common sub-theme that emerged within the parent theme of professional athletes going broke. FA8 stated,

Athletes think ‘I'm gonna start and run this business.’ How are you going to run that when you're on the court? But if you lack knowledge of how that business operates, you have limited funds and you have no ability to be on site in person for at least 50% of the time to run that business, how do you expect that business that you started to ever succeed?

FA6 concurred with this assessment, stating, “And lastly, they put money into ventures that have a high rate of failure, restaurants, bars, clubs, etc. Those are not wise investments.”

Both of these examples show that a lack of experience in business can lead to an athlete going
broke. Overconfidence and a lack of involvement in the business can result in serious consequences.

**Poor Retirement Planning**

One of the final sub-themes within the main theme was poor retirement planning, as noted by FA8.

Most pro athletes in their mind, they'll never retire, they're never going to stop playing. It's a very strange situation to be in when you're continually communicating that with an athlete, a professional athlete that's reached the highest level it's like, no, I can always keep playing. I'm not gonna, I'm not gonna stop.

FA8 demonstrates the attitude of many professional athletes who are so overly confident regarding the length of their professional careers that they disregard planning for retirement. FA2 mentioned football in particular when stating,

> I use football in a lot of situations because we're talking about going bankrupt and obviously football players are bankrupt sooner and have a shorter career shelf life. So then they're always, you know, they're told what to do. But after that all ends, they're kind of like out in the cold because no one's telling them what to do next following their career.

With advice only being given concerning their current careers, football players and other professional athletes need to focus on their futures and how they are going to be financially stable following retirement.

**Continued Expensive Lifestyle After Retirement**

The final theme observed throughout the interviews with the financial advisors for professional athletes was continuing to engage in an expensive lifestyle after retirement. FA7 published a book on this subject and described the transition from athletes spending heavily during their careers to spending after retirement: “It’s the equivalent of driving down the freeway at 70 miles an hour and not being ready for your off-ramp. Now you must slam on your brakes as your car skids past the off-ramp.” This analogy demonstrates how intense the transition is from
spending a large amount during the athlete’s career to reducing this spending following retirement. FA3 added, “People don't go from spending $250,000 a month to $10,000 a month overnight. They don’t adjust quickly and spend it all.” The advisors indicated how athletes continuing to spend heavily after retirement is a significant problem, which can result in bankruptcy.

**The Impact of Financial Advisors**

The second major theme that emerged from the data was the impact that financial advisors have on professional athletes’ finances. The first part of the research question and of the interview guide focused on professional athletes going broke, while the second theme directly examined how a financial advisor impacts the recurring problem of professional athletes going broke. Many of the questions in the interview guide focused on ascertaining what financial advisors do in their jobs, the relationships they have with the athletes, and the strategies and programs they use to ensure financial success for the athletes(s) with whom they work. For example, one question asked, “What are some tactics or strategies you use as a financial advisor when advising professional athletes?” This question was included to specifically learn how the advisors promote financial success for the athletes with whom they work. Another question was “What are some common themes or financial choices that you have noticed in professional athletes during their careers?” These kinds of questions sought to gather useful information not only on what the financial advisors actually do to help the athletes but also to assess the impact that they have on the athletes. As previously stated, a total of 11 sub-themes were identified from the coding process within the larger theme.

**Micromanaging Decisions and Behavior**

The first sub-theme within the impact financial advisors have on professional athletes is micromanaging decisions and behavior. FA9 made the following valid point regarding
attempting to micromanage and give advice to his athletes: “Everybody comes after athletes because they have so much money. So in the first year, just say no, you have to be conservative in the first year, you don't know what's gonna happen or how you’re gonna play.” FA5 contributed another excellent example, “As an extension of our job, I make sure these guys are logging into their accounts to check their spending and purchases.” These two advisors demonstrate how implementing their advice and being strict in their strategies will promote positive financial performances by the athletes and allow them to obtain financial goals.

Trust, Relationship, and Patience

One major sub-theme within the impact of financial advisors was the trust, relationship, and patience required between the financial advisor and the professional athlete. FA3 indicated how the relationship should be appropriate and comfortable when an advisor is working with an athlete.

Our ability to talk to and communicate with each other is very different. You almost kind of have to get them hooked up with somebody who speaks their language. Maybe I am the right person but in some cases they're very close with their mothers, so they like the idea of taking their mother's advice, right, and working with a central mother figure.

Similarly, FA7 added,

You have to have a personality type that has the ability to deal with young kids. You have to have the personality type to know that they don't follow the norms, and that you’re on call. You have to have the personality type to be able to have somebody who does not necessarily follow everything you say in your advice.

FA7 demonstrates what it can be like working with the athlete and how patience plays a major role when working with young athletes.
Frequent Communication

An additional sub-theme related to the impact of financial advisors was frequent communication. For example, FA7 suggested, “I tell my clients ‘ask me any question you want and if you don’t understand then ask me again until you do.’” FA3 added the following:

Even though I'm not going to do the refinancing of their house, I want them to call and say, ‘should I refinance?’, and then I can tell them if it makes sense or not, right. It's the kind of things like in a sense we act a little bit as a gatekeeper.

These two pieces of information provided by two different financial advisors show how they attempt to support and communicate with the athletes with whom they work to help them better understand anything of which they are uncertain. The constant communication and availability of the financial advisor help to foster a positive financial influence on the athlete’s life.

Teaching Basic Financial Literacy Education

Teaching basic financial literacy is another sub-theme that emerged under the impact of financial advisors. The lack of financial knowledge among not only young athletes but young people in general is a prevailing factor that was observed throughout Chapter 2. FA8 noted,

We all fall in that trap of really liking that bright shiny thing but not realizing what that price is going to cost me, not just the value of it but time too. And so, providing that education and insight allows them to see the whole picture. Then they can make an educated decision if they think it's worth it or not, and that's what I think our job is as advisors, providing that advice and guidance.

This advisor captures the essence of how providing the athlete with basic financial education is very important in the relationship between the advisor and athlete. FA1 also added,

The key to having a relationship with an athlete is just education in the very beginning. You must be patient enough to continue to build their knowledge level because they're really starting with a limited experience to investments in it and it takes time to build.
The ability to educate an athlete and teach them real world factors is an extremely positive skill.

**Budgeting**

Within all of the sub-themes involving the impact that financial advisors have on professional athletes, budgeting was the most commonly observed. FA1 provided an interesting statement stating,

Well they definitely have to set up a budget. There were instances where I would set a budget and guys would just blow through it. So they said number one is before you ever get to managing money, you really have to set a budget and stick with the budget. Because if you don't, you won't have any money.

FA5 also added, “So we have a $500 monthly budget, and they hit it, we make sure they understand how proud we are that they're on track. You know, it's something that needs to be communicated on both sides.”

The concept of expressing pride in and gratitude to the athlete for remaining within budget is a constructive way to encourage positive financial behavior. Another advisor told me that he rewards those adhering to the budget with small purchases.

**Planning/Helping Towards Major Purchases**

Another significant sub-theme within the second theme was the advisors planning/helping towards major purchases, as noted by FA3:

Always be involved with it, make sure that you have regularly scheduled meetings. And that you don't invest in a product until you have a clear understanding of how that product works and how it's going to help you reach your goals.

FA3 provides insight into how the advisor will be there to recommend advice on major purchases and how the athlete should be educated on what they are potentially buying. FA5 added,
We try to not let them buy a house or anything right away. We don't know your future yet. You might not make it to the big leagues. Guys just don't understand all the costs that go into owning a place.

With large purchases such as a house, there must be consideration given to current finances and the athlete’s future career to evaluate whether they can afford the investment and are prepared for the future costs.

**Programs/Strategies**

One interesting sub-theme involving the impact of financial advisors was the programs and strategies used by financial advisors. One audacious strategy I heard from FA8 concerned being strict with the athletes he works with:

The first thing is I'm a no-nonsense type of guy. When it comes to the realities of actually executing, I tell them ‘look this is why we're doing it.’ My expectations are to follow my lead and trust my guidance because you hired and trust me.

FA1 described an emergency funds strategy:

The most important piece is building up emergency funds in my NFL players. First and foremost should be building out emergency funds to figure life out in 2 years. So if their bills and expenses are $50,000, we're going to want to have at least $100,000 in a fund somewhere that's safe.

This is another effective strategy used by financial advisors to ensure financial support for the athlete’s future. Without knowing what an athlete’s future holds, having emergency funds is a useful way to plan for the worst-case scenario.

**Risk Tolerance Management and Education**

Risk tolerance management was another important sub-theme related to the impact of financial advisors on professional athletes. FA9 described how he frames this for the athletes:

‘Here's what your income is, here's what it could look like.’ And really have them get a good understanding of how things could go wrong. You may be the first draft out there and have less issues going on as far as guaranteed dollars but if you're predicted to go later in the draft, don't bet on making the rookie.
FA9 demonstrates how important it is to plan for the worst and recognize that events can go wrong. FA7 added to the theme but from a more financial perspective stating,

It's just taking the calculated risk and the question becomes ‘What is your risk tolerance?’ In other words, can you afford to lose this money? Can you afford for that stock to go down in value and not from a standpoint of it's a bad investment, but can you afford the time it takes to earn that money back?

Ensuring that an athlete is able to recover from a bad investment is crucial because making poor business investments and not preparing for the worst-case scenario can result in extreme financial stress for a professional athlete.

Tax Planning

Another important sub-theme that emerged was tax planning. This is a crucial role played by financial advisors that can have a tremendous impact upon professional athletes. FA2 indicated how tax planning can be a major financial criterion when advising professional athletes. “I would say that out of everything that I can think of, I stress the importance of tax planning, the tax plan is where we've been able to immediately save people money.” FA3 added, “Working on their budget is for really working on their budget and a cash flow, you know the financial plan and their budget, working on their taxes.” Taxes play a significant financial role along with a budget and financial plan in the work of the financial advisors. Several financial advisors also mentioned how state taxes differ so athletes being traded or playing for different teams will be taxed according to the state, which must be identified.

Retirement Planning

Retirement was another sub-theme that was coded following the interviews and seen as being very important and impactful among financial advisors. FA4 provided insight into the process:

We've been planning for their retirement, we build out the scenarios based on if you retire here, this is what it looks like. We have clients across the spectrum, and we have clients who can retire and don't actually have to work anymore. They're financially independent.
Being able to help an athlete plan their non-stressful financial retirement is an important tool that increases the positive impact a financial advisor can have on a professional athlete. FA6 added,

So rather than save 10%, you know, save 20%, save 25%, save 30%, save more for your retirement because of the power of compounding. So if you can save more upfront now the compounding of that money will make you far wealthier later.

Finally, FA9 cited a program introduced for NFL players following retirement: “Right now, the NFLPA has a program called externships. After the season is over, you have the ability to sit down and work at a corporation that you have some interest in that is completely paid for.”

Positive/Negative Experiences

The final sub-theme I included concerning the impact of financial advisors is positive/negative experiences from the standpoint of a financial advisor. FA8 says:

One of the biggest things I started doing when working with athletes was using the word no. It's a very powerful word. It let me put my foot down and say No, I will not be investing in this, no I will not be giving you any more money No I will not be paying for this house payment, etc.

This tactic and experience indicate to the athlete who is in charge, thus, the advisor is able to better perform their job. FA6 shared the following analogy:

I tell athletes that handling your finances is like being on a plane that may go down. They tell the parent to put on the oxygen mask first, then their child’s because they are a more capable person to take responsibility. You must treat your finances like this and help yourself first before others.

Summary

As has been shown, 12 questions within the research guide were presented to a total of nine financial advisors who work or have worked with professional athletes. After nearly ten hours of interview time with these advisors, the audio from each interview was converted to text and coded to create two overlying themes followed by 24 sub-themes. The first major theme referencing why the problem of professional athletes going broke is so common was identified as
the “causes/challenges of professional athletes going broke.” This main theme consisted of 13 sub-themes that helped to answer the first part of the research question. The second major theme referencing how financial advisors can impact this issue was identified as “the impact of financial advisors” and consisted of 11 sub-themes to help answer the second part of the research question.

Hearing similar answers to the questions within the interview guide began to occur after only the first few interviews. The results did include many creative answers, stories, and experiences depending on the interviewee but many commonalities and themes within each question were clearly evident. For example, invincible behaviors towards spending/expensive purchases were one of the most frequently discussed sub-themes among the interviewees and was documented as having 38 coded excerpts in Dedoose, which was an extremely large amount. Conversely, budgeting was the most popular sub-theme identified when examining the impact of financial advisors on professional athletes, with 38 excerpts in Dedoose.

The results contained more data than expected due to 12 specific questions that addressed both aspects of the research question. With an initial 53 sub-themes, which were reduced to 24, it is clear that the financial advisors were able to provide unique experiences and answers during the interviews.
CHAPTER 5
DISCUSSION

The purpose of this qualitative research study was to discover why professional athletes are so frequently going broke and to identify how a financial advisor can impact upon this issue. This chapter includes a discussion concerning the outlying themes that address both parts of my research question stated above. As seen in the results, there were two main themes located after collecting, analyzing, and coding the data. These two themes were then divided into 24 sub-themes, which were each named and described in Chapter 4. Many of these sub-themes were first located in the literature review from Chapter 2 but were expanded upon through the information provided by the financial advisors in the interviews. Not only did similar themes from the literature review appear in the results, but additional themes also emerged. Accordingly, only those that frequently appeared throughout the interviews were included as sub-themes in the results.

This chapter discusses the following two parts to the research question and the limitations to my study as well as future research possibilities:

Why do professional athletes go broke so often?

How can a financial advisor impact the issue of professional athletes going broke?

The theory providing the framework of my qualitative research was the role theory, which will also be discussed in this chapter. Role theory suggests that the professional athlete plays a role in the lives of their family and friends but that the family and friends are role models for the professional athlete. The current research concerning role theory was explained to the financial advisors to obtain their insights into role theory as a possible answer to why professional athletes are going broke. Several factors, themes, limitations, and more will be included in this chapter for discussion.
Interpretations of the Findings

When addressing both parts of my research question, it is important to emphasize how each question is equally important and how the knowledge, experience, and insight obtained from the financial advisors will not only help answer the questions I explored but also contribute to current and future research. After subsequently analyzing my literature review, I was able to identify four major sub-themes that frequently appeared in the review but more importantly were expanded upon through my research within the interviews with the financial advisors.

A reoccurring sub-theme that is prevalent in the current research and appeared quite often in my results was “trusting the wrong people.” When focusing on the first part of the research question concerning why professional athletes go broke so frequently, this appears to be a major reason observed in the literature review and then, subsequently highlighted after coding the data from the interviews. When reflecting upon my literature review, the quote “Four key factors emerged: ill-advised trust in others, responsibility to support family, newly emerging “friends,” and the appeal of the tangible” (Christensen, 2013, p.3) came to mind, and this aspect of trusting the wrong people was clarified as a problem seen firsthand by the financial advisors when working with the athletes. These advisors were able to expand upon my literature review and the existing research with relevant examples and experiences in which they witnessed the athletes with whom they were working make the mistake of trusting a family member or friend with their finances and suffering the consequences. One passage I included in my results showed how a professional athlete’s mother took her son’s entire signing bonus without permission. Another experience from a financial advisor was that athletes will trust friends they grew up with just because they were previously close. Stories such as these place a major emphasis on this theme of professional athletes trusting the wrong people. These examples helped consolidate the research and answer the question of why the athletes are so frequently going broke.
An additional sub-theme that was extremely significant in the existing literature and which was expanded upon through my findings was “poor retirement planning.” The initial discovery of this possible reason was introduced in the literature review and then confirmed through the words and experiences of the financial advisors during the interviews. The study also demonstrates that there is a correlation between this introduced sub-theme of failure to prepare for retirement and overestimating career length. For example, “NFL players may not save sufficiently because of optimism regarding career length, poor financial decisions, or social pressures to spend” (Carlson, 2015, p.1). Although a large ego is regarded as a characteristic of many athletes in professional sports, the literature immediately demonstrated how short most professional careers actually are. Nonetheless, these athletes think they will play for much longer than they actually will. This false assumption of a long career supports this sub-theme of poor retirement planning. For example, as advanced in literature review,

Career uncertainty inhibits many players’ ability to prepare for a transition. One player in the study admitted to being the highest paid player in his position but found that the money he made was not sufficient to get him through the rest of his life after signing his last contract. (McGraw, 2020, p. 478)

This statement in the research was disclosed to the financial advisors, who were not surprised and provided further experiences of players who spend money rather than save it when they should be putting money away for retirement. Within the interview results, one financial advisor stated, “Most pro athletes, in their minds, they'll never retire, they're never going to stop playing.” The adjunct of overestimating their career length also falls into this category and may add to the idea of poor retirement planning. Professional athletes run out of money shortly after retirement so outlining the problem of poor retirement planning is something that needs to be addressed in the future. Planning for retirement and saving early are shown to be necessary for professional athletes from the results of this study.
The results also identified yet another sub-theme that was present in existing literature, which is known as “family challenges.” This theme contains different factors such as marriage, divorce, and children. The current research contains intriguing statistics that illustrate how the expenses related to divorce and children really are conspicuous as aspects that can lead to professional athletes going broke or suffering from financial stress after retirement and even during their careers. In support of this sub-theme of family challenges, the current literature also provides a support used earlier: “Having kids can be another factor causing athletes to go bankrupt. Travis Henry, for example, has nine children by nine different women and was jailed for failure to pay his child-support payments” (Pablo, 2009, p.8). Presenting this example to the financial advisors elicited no surprise as they not only shared their own experiences with professional athletes having children with different women but explained how costly this can be and how expensive it is to raise children when an athlete is no longer under contract.

This sub-theme which originated in the literature review demonstrates a negative correlation between the number of children a professional athlete has and their financial life. Not only are children expensive to raise and take care of, but there is an 18-year commitment and responsibility for each child. The “family challenges” codes in my findings demonstrates how child support can be extremely costly and have a large financial impact on a professional athlete. The data also suggested that divorce is a major cost that can lead to diminishing finances for a professional athlete before and after retirement. With divorce appearing so commonly in the interviews and in the coding, it is clear that professional athletes should be more careful when entering serious relationships and consider signing a prenuptial agreement. The addition of the data from the financial advisors pertaining to family challenges helps strengthen this argument as one of the factors leading to professional athletes going broke.
Another sub-theme that emerged through the results that adds to the existing literature is the theme of budgeting. It was no surprise that budgeting is emphasized and made apparent as a key strategy that should be utilized among professional athletes. Nonetheless, the results showed that the athletes commonly lack the knowledge to create budgets. Not only do they lack the ability to create an initial budget to take care of their finances, but they are also often unable to adhere to a budget. Experiences and stories from the financial advisors indicated that one of the impacts they can have upon professional athletes is creating a budget specifically for each professional athlete with whom they work. Yates (2017) advises how to create a budget and presents a useful percentage system when focusing on spending/saving. After presenting this to the financial advisors in the interviews, they provided various examples of the various types of budgets they used. I made sure to include how FA5 shows how proud he is when the athletes adhere to their budgets and even rewards them for doing so. These data show a positive correlation between the use of budgeting among financial advisors and the finances of professional athletes. Obtaining this research from the experiences and examples of financial advisors supports the findings of the existing literature that creating a budget as a professional athlete is a helpful tool that financial advisors use and that professional athletes should use in an attempt to maintain financial responsibility. There are consequences when an athlete does not adhere to their budget, and it is clear that the budget is only useful if the athlete follows it. Failure to adhere to a budget or the lack of a budget is a significant reason that professional athletes go broke.

In addition, role theory underpinned the theoretical framework of this qualitative research and I made sure to thoroughly explain to the advisors exactly what role theory is and gather their thoughts about the theory. Within my interview guide, I asked each of the nine advisors to reflect
on the role of family members and friends in a professional athlete’s life and whether they could be a factor leading the athlete to good or bad financial decision making. I was pleased to observe a high level of agreement among the advisors regarding how role theory can explain why professional athletes go broke. The results provided a clear indication that the roles of family members and friends play a significant part when discussing their impact on a professional athlete’s financial life.

Examples were provided in the results to show some of the ways that the athletes financially support their loved ones throughout their careers and even after retirement, which can negatively impact upon their finances and ultimately result in going broke. Although there is little previous research on role theory and professional athletes, it felt important to address this theory with financial advisors to hear about their experiences with role theory among their athlete clients. The data provided by each of the advisors contribute a variety of experiences that all seem to point to how significant others are for why professional athletes go broke. One major aspect of role theory that the interview results add to the current literature is how dependent these family members and friends are upon the athletes and how the athletes support them financially even after retirement.

**Contributions to Research**

After examining the existing research and literature, I was able to ascertain a general direction for further research. The two main themes became apparent after creating the research question, but I knew that the interview guide needed to possess specific and relevant questions to contribute to what is already known. After collecting all of the data from the interviews and coding through Dedoose, I was pleased to find over 50 sub-themes, which I narrowed down to 24 total sub-themes. Many of the sub-themes created were indeed supported by previous research, but I was able to expand on these sub-themes and collect different experiences, stories, and
insights from the financial advisors. With the major challenge of creating new sub-themes to explain why professional athletes are frequently going broke and assessing the impact of a financial advisor, my first goal was to identify the most common sub-themes and expand on the research that already exists.

It is important to note that though I previously focused on developing the similar themes found in the literature and the ways in which the data I collected added to the existing literature, various sub-themes emerged that were not emphasized in the existing research concerning both of my questions. For example, a lack of financial awareness/involvement and a continued expensive lifestyle after retirement are two sub-themes that are not discussed much in the current research on why professional athletes go broke. For this reason, I believe that presenting these findings could motivate athletes and financial advisors to address these financial problems. In addition, minimal research has been conducted on financial advisors for professional athletes and adding new explanations to the research revealed the importance of their impact on athletes.

**Implications**

When discussing the implications of my qualitative research study, it is important to acknowledge those whom my research will impact the most significantly. Although the professional athletes are the subject of my research and the focus of the problem, financial advisors also play a critical role in my research. While the research is significant for athletes as they may be able to use it to prevent themselves from going broke, my research is also significant for financial advisors in that they will be able to evaluate the insight gleaned by the financial advisors in my study, which may help them improve.

Nonetheless, the implications of my research are important when focusing on professional athletes. The outlined problem in my research question was why professional athletes go broke and why the problem is so common. The research I conducted identified the
first major theme as the “causes/challenges of professional athletes going broke,” which contained 13 sub-themes. These sub-themes are the key reasons that explain why professional athletes are going broke. From a professional athlete’s perspective, reading this research could help the athlete to recognize the mistakes that other athletes are making. Changes can then be made to place the athlete on a path to being financially successful as opposed to going broke. The athlete can use new information and strategies to better themselves in the future with regard to their finances.

The research can also educate the financial advisors who work with professional athletes. With the 11 sub-themes, the impact a financial advisor can have is made clear and the tools and strategies can be used by any financial advisors that work with athletes. The results concerning how the advisors positively impact upon athletes could also be implemented.

Future Research

After gathering the results and coding the data, I was extremely pleased to have a substantial amount of data that could be organized and added to the current body of knowledge. I was able to focus on both parts of my research question, create two main themes and generate 24 specific sub-themes. Even though I was able to answer my research question, there are still aspects that I would change or focus on more specifically in the future.

First, I was able to answer the question of why professional athletes go broke and why the problem is so common through transcribing, coding, and analyzing the data into different themes. But to continue on this path for future research, I would focus on the theme of budgeting for professional athletes. Not only was “failure to budget” one of the major sub-themes within the causes/challenges of professional athletes going broke but budgeting was the most popular sub-theme concerning the impact of financial advisors. The research and data contained useful experiences of the financial advisors related to budgeting and how most professional athletes
begin by spending all of their money with little or no budgeting taking place. In the future, I would like to talk to current and former professional athletes on whether or not they do have a budget. If they do have a budget, I would ask questions about the process of budgeting and goal setting. Analyzing budgeting in professional athletes would be an excellent future line of inquiry to study because it was so frequently mentioned in my research.

Alternatively, I would also consider conducting research concerning the goals of financial advisors. It is clear through my research that financial advisors use strategies and programs when working with professional athletes but ascertaining what the advisor seeks to gain from the relationship is extremely important. Discovering what goes through the advisor’s mind psychologically and what goals they wish to obtain while working with the professional athlete is also a plausible line of future inquiry.

Another direction for future research could focus on the psychology of the athletes and their decision making. The general lack of financial literacy and planning for the future was evident in my study and emerged as a sub-theme. Previous research has suggested that younger professional athletes are less likely to be thinking about saving money for retirement (Danowski, 2012). This research could be expanded on in the future and examining the psychology of why younger athletes are not thinking about saving their money for retirement could be ascertained through interviews with various athletes.

Finally, one future direction for study could be interviewing retired professional athletes and creating questions to collect data addressing their experiences throughout their careers and after retirement. Learning about the professional athletes’ struggles and positive and negative experiences concerning their financial lives would be a useful way to discover further insights to expand on my findings. For example, the previous literature highlights different reasons for
professional athletes going broke such as injury, aging, deselection, and voluntary retirement (Ruddock-Hudson, 2019). Ruddock-Hudson’s interviews with 45 different retired professional athletes helped contribute these reasons for why professional athletes go broke, and this line of inquiry could be expanded. Addressing many of the themes and sub-themes I discovered with retired professional athletes in the future would take the research in the field to a new level and establish new models of best practices.

**Limitations of the Study**

Another important component after conducting research is acknowledging its limitations. The first factor in this study that limited the data/research was contacting several professional athletes to interview. These athletes are extremely busy people and hard to reach but would have been able to provide personal experiences and stories concerning their financial lives during and after their careers. The information provided by the financial advisors is what they witnessed, but the data may lack reliability without speaking to the professional athletes who they handled to also hear their experiences. Thus the collected data were of high quality, I was limited to speaking only to financial advisors rather than professional athletes. Due to the qualitative design and sample size, the study also lacks research that focuses on a larger population due to only nine financial advisors being interviewed. A larger number of interviews conducted in the future would be preferable by appealing to a larger population of financial advisors and even professional athletes to study.

A further limitation identified was the lack of gender diversity. Of the nine financial advisors in the interviews, eight were male and only one was female. In addition, the longest interview was conducted with the female advisor, who was able to provide a compelling perspective on her experience working with professional athletes. Her answers generated several of the sub-themes used to help answer my research question and produced significant data that
were included in the paper. Obtaining only one perspective from a female financial advisor may have limited the depth and breadth of insights learned from the participants.

Finally, an impactful limitation was that every interview was conducted through Zoom. Not conducting face-to-face interviews excluded observing body language, which could have been factored into the data. In addition, I believe that face-to-face interviews with the participants would have made them feel more comfortable when providing answers in the interviews.

Table 5-1. Financial Advisors in the Study

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<th>Name of Financial Advisor</th>
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LIST OF REFERENCES


BIOGRAPHICAL SKETCH

Sidney Ferrell was born in Rockledge, Florida. After completing high school at Rockledge High School in 2015, Sidney enrolled into the University of Central Florida in Orlando, Florida. Sidney graduated with his Bachelor of Science in sport and exercise science in Summer 2019 from the University of Central Florida. Sidney then began his Master of Science at the University of Florida in 2019. Sidney graduated with his Master of Science in sport management from the University of Florida in 2021.