

Will the Future of Many Professional Athletes be in Poverty?

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ABSTRACT

Professional athletes and the teams that employ them have been plagued with a problem that has largely escaped academic examination. Most athletes, despite very large salaries, leave their respective playing careers penniless. The personal disciplines of saving, investing and general financial planning for the future appear to escape the attention of many athletes, even though team management and the various professional players' unions have shown some interest with this problem. Collective Bargaining Agreements of the various professional sports normally contain provisions for retirement plans that can provide tax deferred retirement benefits to be paid when the athlete achieves normal retirement age. But none of these entities provides effective guidance for the young athlete so that he has appropriate income when his playing career ends. This paper will examine financial planning and taxation strategies and recommend legal and taxation devices that could contribute to solving this problem.