FIBA

We Are Basketball

ATHLETES FINANCIAL HANDBOOK

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BEFORE YOU STEP ON THE COURT

Financial planning is important for any professional athlete – whether you are a rookie or veteran, having the knowledge to secure your financial future can make the difference between a great career or a bad one. This guide has been created to provide FIBA athletes with the needed resources and knowledge that will allow them to succeed financially.

WHY A FINANCIAL GUIDE FOR ATHLETES?

Dear Athletes,

We know that most of our top players make a living from playing basketball, but we also know that when they put on their national team shirts, or take that first shot as a professional basketball player, they probably aren't thinking about being paid or their financial future. Unfortunately we often see that the commitment and dedication that athletes give to the game is not the same that is given to personal finances.

This is why FIBA wanted to provide a guide to help you, our athletes, through the financial challenges of being a professional basketball player. We want you to be as comfortable and successful off the court as you are on it!

Financial education is important for everyone and not specific to professional athletes, but there are certain specificities of a professional sports career that do make having the proper knowledge important.

This guide provides helpful advice and tips that will allow you to understand your financial options as you step onto the court as a professional athlete. Financial planning covers a wide variety of topics including goal setting, budgeting, saving, insurance, and many more.
Understanding how each of these areas work together and affect each other is important for laying the groundwork for a solid financial foundation. We hope it helps you to move forward with financial stability and success.

Bob Elphinston, FIBA President
Patrick Baumann, FIBA Secretary General

WHEN IT COMES TO FINANCIAL PLANNING HOW ARE ATHLETES DIFFERENT?

Financial planning is important to everyone, but take a look at a few interesting points about an athlete's career that make it even more important for you to understand the fundamentals of proper financial management.

The average individual…	The average professional athlete…
Will work 35 to 45 years.	Will work for 35 to 45 years; however, his or her career in professional sports will only last 7 to 12 years and will be over before reaching age 40.
Will enjoy peak earnings during the five years just prior to retirement.	Will enjoy peak earnings before age 35. In fact, they will likely earn 70% to 90% of their lifetime earnings before age 35.

Professional athletes…

- Have short career spans and so cash flow needs to last longer
- Have early peak earnings
- Have a lot of people that surround them, all of which are not necessarily qualified to deal with finances.
- Have a public image and can fall prey to targeted scams
- Have unpredictable careers and often a lack of education qualifications
- Have little experience or background in money management
- Have careers that will often involve playing in different countries which creates financial issues such as moving large sums of money across borders, living and working in different countries adhering to different tax regulations, etc., all of which if not handled properly can results severe financial loss.

So, getting to know the basics of financial planning as an athlete is important to make sure that your money lasts and continues to grow. In this guide we have tried to answer any questions you may have on how to get started on the right route to financial success.

CHOOSING THE RIGHT TEAM

As a professional athlete, you may have a lot of people looking after different aspects of your life: your coach, your parents, your teammates, your agent, etc. Turning to the right person for financial advice is important.

WHO SHOULD I TURN TO FOR FINANCIAL GUIDANCE?

Two of the biggest mistakes made by professional athletes are that they hire the wrong people as advisers and they trust them far too much. To ensure that you aren't taking advice from the wrong people here are some things to think about when it comes to who you turn to for financial advice.

Your family and friends

Your family and friends may have been by your side supporting your career as it developed. They may have your best interest at heart but unfortunately they may not be qualified to deal with financial issues.

Trusting 'a friend of a friend whose cousin is an accountant' can lead to unnecessary conflicts. As soon as an athlete goes pro, people in search of handouts tend to stretch the definition of family and friends.

Your coach and teammates

To be a successful athlete you need to trust your coach and your teammates, but trusting them on the court does not mean you have to trust them when making important financial decisions.

The pressure to go along with a new plan that will guarantee to 'make you lots of money', or trusting the advice of a veteran player may be strong, but the desire to protect your own finances and make educated decisions should be stronger.

Your teammates, especially if they have been playing for longer, may have great advice and you should talk to them about their experiences, but an external point of view can also be very valuable.

Your agent

Your agent is entrusted with your business and acts on your behalf in negotiating your contacts with professional teams or organisations. Agents can also perform additional services, ranging from helping you supplement your income with speaking engagements or endorsements, to counselling you about preparing for a career after your playing days, etc.

It may seem like a logical fit to leave your finances in the hands of your agent, but independent financial advice can be the key to a stable future.

If your agent is offering to take care of your finances it is important to check that he/she has the necessary knowledge and qualifications to do so and is capable of being entrusted with your financial planning.

It is strong recommended, however, to have an independent financial adviser.

Seeking independent advice can be the key to a stable financial future.

Choosing the right people to take financial advice from could be the difference between growing wealth and losing everything. Think hard about it and seek external expertise when needed – professional financial planners can really help.

HOW TO CHOOSE A FINANCIAL PLANNER?

If you don't have the knowledge or time to do your own financial planning there are professionals that can help you. Finding the right financial help isn't always easy as professional athletes can become financial prey as disreputable people can see athletes' money as very easy to get to. According to the NFL Players Association, between 1999 and 2000 at least 78 players lost a total of more than $42 million because they trusted money to financial advisers with questionable backgrounds. To get you started on the right foot, here are some hints on how to choose the right financial planner.

Hint no1: Educate yourself

Different planners have different areas of expertise, so it is very important that you find someone who can address your specific situation as a professional athlete. The more educated you are about your financial needs and the areas where you want guidance, the easier it is to narrow down the search for a planner that has experience and knowledge in these areas. Take the time to educate yourself on basic technical financial language as there is no shortage of certifications, designations, and acronyms in the financial world. Understanding what these terms mean will allow you to be more comfortable when meeting with a prospective planner.

Hint no2: Talk to others

Seek advice from those around you. Even though you may not want your family, friends, teammates, or agent to handle your finances directly, you can still ask them for recommendations.
If there is a good financial planner in your area that works with athletes their name should come up when you ask around.

Hint no3: Interview the candidate

Any reputable financial planner will hold an introductory meeting at no cost. This first meeting is beneficial to both you and the planner. It provides an opportunity for you to explain what you're looking for and ask questions, while the planner can determine if they are suitable for the job. The professional you choose will need to know a lot about you and your finances. You have to be comfortable enough to share this information and be as truthful as possible.
If not, you may be putting your finances in jeopardy.

WHAT QUESTIONS SHOULD I ASK MY FINANCIAL PLANNER?

1. What do you charge and what method do you use to get paid?

Planners use different methods to bill clients. You should know exactly what you're getting yourself into and if there fee structure works for you. Commission, flat fee or fee based on assets are the most common fee structure, but it is up to you to understand how they are compensated and to determine if that fits what you are trying to accomplish.

2. What are your credentials?

A planner can point to a college or grad-school diploma - but does he or she really know about retirement and tax planning? Can he or she help you determine how much insurance you need while suggesting the best way to save money for after your sports career comes to an end? Find out what a planner had to do to earn his or her credentials and who awarded them.

3. What kind of experience do you have?

A planner may have decades worth of experience catering to the rich, or offering services to the poor, but you need to find a planner that has experience working with athletes. A good way to find out if someone has relevant experience is by asking a planner to describe his or her typical client and asking for references so that you can speak to other clients.

4. What planning services do you provide and how often do you see your clients?

You should know what services you'll get from your planner – and make sure they mesh with the kind of help you want. Depending on how self-directed you are, you may want someone who's going to tell you exactly what kind of insurance to get, how much to purchase, and where to buy it. On the other hand, you may feel more confident with say, your ability to pick mutual funds, and not want any input in that department. Knowing how much contact you will be able to have with your planner will also help in deciding if he or she fits into your lifestyle.

5. Do you have any questions for me?

It's fairly obvious that there's a correlation between how well an adviser understands your needs and the quality of the advice you get. That said, it's important that your planner asks the kinds of questions to help you meet your goals, even the ones you haven't thought to identify.

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PLAYING BY THE RULES

Financial planning is a lot like sports – to be successful you need to set goals, make choices, and follow through. To play at the top level you need to know the rules of the game – this section aims at providing the fundamentals of financial planning to help you make the right choices.

HOW DO I SET FINANCIAL GOALS?

Every athlete knows that to reach the top they need a plan for achieving their goals. The same is true for finances – if you want to be successful and make the right decisions with your money then you need to have a clear plan and understand your goals and what to do to reach them. Most people, however, don't know what their goals are and which financial objectives are most important. Here are some hints on how to identify the financial goals that matter most to you.

Hint no1: Make a list

To get started, make a list of all the things that you'd need to feel secure, happy or fulfilled. These can range from the weighty (getting out of debt) to the luxurious (a Lamborghini). Put down all of the money-related things that will really get your motor started.

Hint no2: Make your goals SMART

When making the list, ensure that your objectives are SMART;
Specific – Objectives should specify what they want to achieve. For example financial security is not an objective; you need to specify what financial security really means to you.
Measurable – You should be able to measure whether you are meeting the objectives or not.
Achievable – Are the objectives you set achievable and attainable?
Realistic – Can you realistically achieve the objectives with the resources you have?
Time – When do you want to achieve the set objectives?

Hint no3: Set your priorities

Priorities will differ for everyone, depending on, for example, if you have a family to support or if you have debt to pay off. Your priorities will be personal, but as an athlete one of your priorities might be to ensure financial stability after your career is over. You can't put all your focus on your top priorities, nor should you. Split your goals into long, medium and short term goals.

Hint no4: Record & revise your goals

Write your goals down so that it's easier to see where you are, revise them and move forward. It's a great idea to review your goals every year. As the years go by your priorities will change and you'll need to reexamine your needs regularly in order to use your money most effectively.

HOW CAN I CALCULATE MY NET WORTH?

Your net worth can be a useful tool to measure your financial progress from year to year. Your net worth is essentially a grand total of all your assets minus your liabilities. There is no magic net worth number, but you should use your net worth to track your progress from year to year, and hopefully see it improve. Calculating your net worth can be easy. It only requires some basic financial information regarding the things you own and the debt that you owe.
Here's how it can be done:

Calculate your total assets

Make a list of all of your assets including;
large assets; for most people this includes your home or any other property and your car. Use accurate estimates when determining their value.
Liquid assets you have, which can include cash, checking or saving accounts, or any other investment or retirement accounts.
Personal assets, including for example jewelry, art, etc. You don't need to include everything but list the items that are worth say over $500.
Add all of these assets together.

Calculate your total liabilities

Start by listing any major liabilities, such as your mortgage or car loans.
Then list all of your personal liabilities such as your credit cards, any student loans or any other debt you may owe. Add all of these up.

Subtract liabilities from assets

Finally, subtract the total liabilities from the total assets and you will have your net worth. It doesn't matter how big, how small, or even if it is negative.
This is just a starting point to have something to compare against in the future.
Repeat this process once a year and compare it with the previous year's number. You can then determine if you are making progress or getting further behind.

HOW DO I MAKE A BUDGET?

Creating a budget may not sound like the most exciting thing in the world to do, but it is vital in keeping your financial house in order by understanding where your money is coming from, how much is there and where it is all going. Here are the steps to creating a personal budget:

Gather your financial statements

This includes bank statements, investment accounts, monthly bills and any information regarding a source of income or expense. The key for this process is to create a monthly average so the more information you can dig up the better.

Record all of your sources of income

If your income is in the form of a regular paycheck where taxes are automatically deducted then using the net income is fine. If you have received a lump sum bonus or have occasional endorsement or appearance fees then you should try to come up with an average that you can guarantee to have per month. It is better to underestimate than over estimate when listing sources of income.

Create a list of monthly expenses

Write down a list of all the expected expenses you plan on incurring over the course of a month. This includes a mortgage payment, car payments, auto insurance, groceries, utilities, entertainment, dry cleaning, auto insurance, savings and essentially everything you spend money on. Fixed expenses are those that stay relatively the same each month. Variable expenses are the type that will change from month to month and will be important when making adjustments.

Total your monthly income and monthly expenses

If your end result shows more income than expenses you are off to a good start. This means you can prioritize this excess to areas of your budget such as retirement savings or paying more on credit cards to eliminate that debt faster. If you are showing a higher expense column than income it means some changes will have to be made.

Adjust and review

If your expenses are higher than your income look at your variable expenses to find areas to cut. It is important to review your budget regularly - take a minute to sit down and compare the actual expenses to the budget.
This will show you where you did well and where you may need to improve.

HOW CAN I STOP OVERSPENDING?

To build wealth and reach financial independence, you simply need to spend less than you earn. It is an easy concept to understand, but why is it so difficult? To answer this question, you need to examine the roots of overspending. When you know what factors drive your spending, you can fight back and save money so that you can spend less than you earn. Here are four major causes of overspending

Easy access to credit

For most people, this is the biggest reason for overspending. People are flooded with credit card, mortgage, and refinancing offers on a daily basis. It can almost feel like free money. While you may have access to additional credit, the real problems start when you're charging things that you don't have the cash to pay for. With credit cards, the problems start when you let a balance carry over from month to month. The card company makes the minimum payment due a very small amount, which means that you can afford to make the payment. But if you continue to just pay the minimum, you'll end up spending the next 20 years paying off that original purchase and spend more on interest than the cost of the original item.

Easy access to cash

Most of us have access to our bank account 24 hours a day. This can be dangerous. When you had to rely on keeping enough cash on hand the act of spending money meant you had to do a little planning and some simple math. Now, all you have to do is swipe your debit card. When you aren't physically handing someone money for a purchase, it can almost feel as if you aren't spending money at all.

Giving in to temptation

Everyone loves going out and having a good time, but you have to make sure that it is in your best financial interest. Don't squander your financial future for a few guilty pleasures today if it isn't in your budget. If you know that you can't afford something, don't cave in.

Spending to feel good

Let's face it—buying yourself something feels good. There is absolutely nothing wrong with this, as long as you don't go overboard. This is where it can pay to set aside a little "fun money" in your budget. You'll feel good about your purchase whether you make it with cash or by credit card, but you'll feel even better when you don't have to spend the next two years trying to pay it off with 20% interest.

EXAMPLE WORKSHEET 1: SETTING GOALS

Short Term Goals

Goal	Amount Needed	Monthly Contribution	Deadline

Medium Term Goals

Goal	Amount Needed	Monthly Contribution	Deadline

Long Term Goals

Goal	Amount Needed	Monthly Contribution	Deadline

* Breaking big long term goals into shorter ones will make them seem more attainable. For example, rather than putting down that you will buy a new home, break the goal down into what you would need to make the initial down payment.

EXAMPLE WORKSHEET 2: CALCULATING NET WORTH

Assets	Value (Currency)
Home	
Car	
Checking Account	
Savings Account	
Investment stocks	
Retirement stocks	
Cash Value Insurance	
Electronics	
Jewelry	
Art	
Furniture	
Etc…	
Subtotal	

Liabilities	Value (Currency)
Mortgage balance	
Credit Card balance	
Auto loans	
Student loans	
Other loans	
Etc…	
Subtotal	

Net worth (Assets - Liabilities)

Total Assets	
Total Liabilities	
Total Net Worth	

* If you have a mortgage, count the value of the property if you were to sell it as an asset and the balance you owe as a liability. The same applies for long term car leases or other such situations.

EXAMPLE WORKSHEET 3: MAKING A BUDGET

Expense	Monthly (Currency)	Yearly (Currency)
Housing		
Rent/Mortgage		
Electric		
Telephone/Internet		
Water		
Heat		
TV (Cable/Satellite)		
Furniture		
Electronics		
Maintenance		
Other...		
Transportation		
Car (Loan/Lease)		
gas		
Repairs/Maintenance		
License/Regestration		
Parking		
Tolls		
Public Transportation		
Other...		
Food		
Groceries		
Dining Out		
Snacks		
Lunch		
Other...		
Healthcare		
Medical		
Dental		
Eye Doctor		
Other...		
Insurance		
Health		
Car		
Home		
Life		
Other...		

Entertainment

Movies/Concerts/Shows		
Books/Magazines/Newspapers		
Nightlife		
After game entertainment		
Pets		
Vacations		
Hobbies		
Other...		

Personal

Clothing		
Sports Equipment		
Laundry		
Dry Cleaning		
Haircut		
Health Club Membership		
Other Memberships		
Gifts for family/friends		
Charity donations		
Childcare		
Other...		

Savings/Debt

Saving deopsit		
Retirement contributions		
Credit Card payments		
Loans (Student Loans)		
Other...		

Taxes

Property		
Auto		
Income		
Other...		

* The more detail you put into your budget the more it will reflect the reality of your spending and help you to have an honest and accurate overview of your finances.

PICKING THE RIGHT PLAY

Once you have your goals set and a clear understanding of how much money you have coming in and out every month, there are different options on how you can optimise your savings and investments – this section gives an overview of the basic financial options you should be aware of as an athlete.

HOW CAN I MAKE MY MONEY GROW?

There are two simple answers to this question – saving and investing.

Hints on how to make the most of your savings

Hint no1: Start early

The earlier you start to save, the more money you will make. This is because of compounding. Compounding means that the money you put aside in savings builds on itself. The interest, or rate of return you earn in a given period of time, is added to the money you've saved, your principal, and the total – principal plus interest – earns more interest. So, the earlier you start saving, the more compound interest you will make.

Hint no2: Beat inflation

Inflation complicates long-term savings because it can mean that while you end up with a larger amount of money than you had when you started out, that number might have less buying power. So, look for saving opportunities where the rate of return is higher than the current rate of inflation. Banks frequently use different methods to calculate interest. To compare how much money you'll earn from various accounts in a year, ask for each account's "annual percentage yield" (APY). Banks typically quote both interest rates and APYs, but only APYs are calculated the same way everywhere.

Hint no3: Make it out of sight out of mind

Decide on a percentage of your gross income to designate as savings. 10% is a good starting point, but if you've developed a budget and have analyzed your spending and you honestly can't find a way to set aside 10% for your future, then start out with 8%, or 5%, or whatever you're able to do with perhaps a little bit of discomfort but without great sacrifice. If possible, have your employer deduct a set amount from your paycheck each pay period and deposit it into your savings account automatically. The old adage "out of sight, out of mind" works well here.

Hint no4: Don't blow unexpected money

Whenever unexpected money comes your way, put all or most of it into your savings account. Bonuses, salary increases, tax refunds, can pump up your savings account nicely without requiring additional cutbacks.
If you're forced to dip into your savings for an emergency, consider it a loan which must be paid back in a reasonable period of time, and set up a repayment schedule.

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Hints on how to make investments

Hint no1: Learn the lingo

The first step to successful investments is to learn the lingo. The difference between a stock and a bond, fixed or variable income, annuities, mutual funds, etc., are all terms that you need to be familiar with before you start making investment decisions. You can refer to the glossary on page 27 of this manual, or go online and find lots of financial dictionaries that will explain what all of these mean, or ask your financial planner or local bank to help you learn.

Hint no2: Determine your level of risk

All investments carry some risk and reward. Usually, the greater the risk the higher the reward. Investors demand a higher rate of return for taking greater risks. Long term investments will usually pay more than short term investments. Determine the level of risk you are comfortable with and the length of time you want to invest.

Hint no3: Diversify

A diversified portfolio is less risky than a portfolio that is concentrated in one or a few investments. Diversifying - that is, spreading your money among a number of different types of investments - lessens your risk because even if some of your holdings go down, others may go up (or at least not go down as much). On the flip side, a diversified portfolio is unlikely to outperform the market by a big margin for exactly the same reason.

Hint no4: Don't be sucked in by tangible investments

Making tangible investments, such as buying property, opening a new restaurant, launching a new company, etc., may seem more exciting than watching your money grow slowly in a bond, but the risk is much higher. Athletes should make sure not to squander all their money away on tangible investment opportunities.

Examples of common types of investments:

- Savings Account: a safe and liquid investment account offered by a bank of savings and loan institution that has a steady, but usually low, rate of return. Low risk option.
- Stock: an ownership share in a corporation. Stockholders bear the burden of the risks in a business enterprise and also receive a significant share of any profit. Depending on the stock it could be low or high risk.
- Bond: a promise to repay your investment (the principal) at a specific maturity date along with periodic payment of interest at stated rates.

HOW CAN I PROTECT MYSELF FROM FINANCIAL PROBLEMS?

The best way to protect yourself from financial problems is to manage your finances properly (set goals, budget and invest wisely) while ensuring that you use credit responsibly and that you are insured for any unexpected misfortunes.

Use credit responsibly!

Credit allows you to purchase goods now and pay for them over time. Receiving credit is in essence allowing you to rent money to make your purchase. In return you will be charged fees (interest) on the borrowed money.
How much interest you will have to pay will depend on the type of credit you are receiving, the length of time it takes you to repay, and your history in repaying credit.

Usually it is only worth making purchases on credit if it is something that will be beneficial for the future (mortgages, education payments, etc). If you misuse credit you may find yourself with monthly bills that you cannot pay. Beware of minimum payments, they often give a false sense of achievement and your money continues to collect interest.

Rule of thumb: in most societies your rent (or mortgage) + car payments + loan repayments + plus credit card payments should not equal more than 33% to 40% of what you earn before taxes!

The important thing to remember about interest is that when you talk about interest rates due to borrowing money through loans or credit cards, a low rate means you pay less for the use of that money.
When you're saving or investing, higher interest rates mean your money is earning more for you.

Debt from the misuse of credit can add up very quickly and can be disastrous to your financial management. When evaluating which debt to pay off first, write them down from highest interest rate to lowest so that you'll know which debt to work on paying off first. Here are some hints on how to tell if your debt has gotten out of hand:

1. You don't have any savings and your bank account is often overdrawn.
2. You can only make minimum payments on your credit cards each month but continue to use them to buy more.
3. You don't know how much total debt you actually have, and lie to your family and friends about it.
4. You are occasionally late in making payments on bills, credit cards, or other expenses because you simply don't have the money available.
5. You use cash advances from credit cards to pay other bills.

Get your debt under control or you risk affecting your entire financial future!

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Insure! Insure! Insure!

In order to protect yourself from unexpected financial problems it is best to insure yourself against the unexpected. All of the financial planning you might do to ensure your financial stability might go out the window if your career unfortunately comes to an end.

As an athlete you should insure yourself, your career and your investments. Imagine yourself in the very worst-case-scenarios – and then insure yourself against any of these scenarios happening.

You need to prepare for unforeseen events like disability, death, and even personal liability, which can protect you from potential lawsuits that all high-profile athletes could face. The better prepared you are for the unexpected, the less likely it will damage your financial stability and future.

When joining a new team be clear on what insurance is covered by your professional contract and then make sure you do what is necessary to cover the rest.

Some common types of insurance:

- Health Insurance: If you become seriously ill or have an accident with no coverage your medical and rehabilitation expenses could put huge financial stress on you, and even limit your medical options. Sometimes this may be paid by your employer, at least a portion of it, so be sure to ask!
- Disability Insurance: If you become disabled and cannot earn a living this insurance will pay you benefits. This is important for an athlete, because your physical well being will directly affect your career.
- Life Insurance: In the event of your death, life insurance will replace the income for a dependent (wife, husband, child, etc). When you buy this insurance you have to designate the person who will receive the money.
  If you are single with no dependents you may not need this type of insurance.
- Car Insurance: If you own a car than you must have insurance to cover it. There are different types of insurances here – liability insurance and collision insurance. Liability covers damage or injury you might cause to someone else. Collision will pay to repair damage to your car caused by another vehicle or a stationary object. There is also comprehensive insurance which pays to repair damage to your car caused by fire, theft, etc.
- Homeowner and Renters Insurance: to protect your home from fire, or other damages, and to protect yourself in case someone gets injured on your property you need insurance. Usually both liability and property coverage are included in a homeowners policy.

Proper insurance coverage is extremely important to your financial future, so seek professional advice to guide you through choosing the appropriate types of coverage.

HOW CAN I REMAIN FINANCIALLY STABLE AFTER I STOP PLAYING?

An athlete's career is usually substantially shorter than the average person's career. So, how can you remain financially stable after you stop playing basketball? The first step is to prepare properly for your retirement.

Hint no1: Invest in education

Having a stable financial future after your playing career is over can only be done if you have taken the time to educate yourself properly. When you retire you should be able to combine your education with the skills and experiences you have as a professional athlete to build a challenging and fulfilling future. Seek advice on how to incorporate continuous learning and skills development programmes into your life while playing professionally – make it a priority.

Hint no2: Start saving from your first pay check

The biggest regret a lot of people have is that they did not start thinking about saving for their retirement early enough. When you have just signed your first professional deal with the team of your dreams that last thing you think about is when the dream will be over and you have to retire. This is exactly the time you should be thinking of your retirement though – from your very first pay check make saving for a stable future a priority!

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Hint no3: Figure out how much money you will need for the future

One common rule of thumb states that you will need about 80% of your pre-retirement income during retirement. The reason this rule states you'll need less income when you retire is that you'll probably have fewer expenses in retirement – but depending on lifestyle and the age at which you retire, this assumption could not be relevant for athletes who may retire whilst in the middle of supporting a family. When you are young your estimate might be wrong, so review it every year to see if your needs have changed and if you are saving enough for retirement. Take the required action if you find yourself coming up short.

Hint no4: Know the system you are working in

As an athlete you may travel abroad to play. It is important that you understand the retirement plan in that country (if there is one), what your employer is contributing (if anything) and what will happen to your money once you leave the country. Don't wait until it's too late to find out that your pension investments can't be taken back to your own country. In most countries, it is not enough to rely on the social security contributions alone and additional retirement plans will be necessary. Also make sure that you understand the tax system. As an athlete you need to be aware of the systems in the country you are playing, especially if it is different than the country where you have your permanent residence.

WINNING THE GAME

Building a financially secure future isn't easy, so if you have any other additional questions don't be afraid to seek help. We have provided a glossary of terms to help you get started!

GLOSSARY OF TERMS

This guide has highlighted some of the key question you may have as an athlete.
As you progress with your financial planning we encourage you to take note of some of the potential problems that athletes find themselves in that could lead to financial disaster and seek guidance on how to avoid these situations.

If you have any other questions that aren't covered in this guide we encourage you to speak to your local banks to see where you can get more information. By being aware and educated you can do your best to protect yourself and be a winner on and off the court!

Here is a glossary of terms that will help you kick start your understanding of the financial game!

Accountant is a practitioner of accountancy, which is the measurement, and analysis of financial information that helps managers, investors, tax authorities and individuals make financial decisions.

Annual Percentage Yield (APY) is the rate actually earned or paid in one year, taking into account the affect of compounding. The APY is calculated by taking one plus the interest rate and raising it to the number of periods in a year or number of years.

Annuity is a financial product sold by financial institutions that are designed to accept and grow funds from an individual and then paying out a stream of payments to the individual at a later point in time. Annuities are primarily used as a means of securing a steady cash flow for an individual during their retirement years.

Assets are anything of value (e.g., securities, property) that you own.

Bond is a debt certificate or IOU issued by a corporation or unit of government.
Borrowers are promised interest for loaning their money to the bond issuer and the return of their investment at a specified future date.

Budget is an estimation of the revenue and expenses over a specified future period of time.

Broker is an individual or firm that charges a fee or a commission for executing buy and sell orders submitted by an investor.

Cash equivalents are investment securities that are short-term, have high credit quality and are highly liquid.

Cash flow is the relationship between household income and expenses. For example, households that spend more than they earn have negative cash flow.

Certificate of deposit (CD) is a savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination.

Commission is a service charge assessed by a broker or investment advisor in return for providing investment advice and/or handling the purchase or sale of a security.

Compounding is the ability of an asset to generate earnings, which are then reinvested in order to generate their own earnings. In other words, compounding refers to generating earnings from previous earnings.

Credit is the receipt of money, good, or services in exchange for a promise to repay the amount borrowed at a future date, generally with interest.
The term also refers to the borrowing capacity of an individual or company.

Debt is a general term used to indicate an outstanding balance of money owed for loans, mortgages, credit cards, and other forms of credit.

Disposable income is a portion of a person's income, including social service payments, that is left for spending or saving after the Tax Department has taken its share.

Dividend is what is paid out of a company's profits to its shareholders, usually yearly (final dividend) and sometimes half-yearly (interim dividend).

Expense is a cost that is "paid", including basic needs, such as housing and utilities, and other purchases, such as entertainment and clothing.

Fee based is information or a service that is only available upon payment of a fee.

Financial Planner is a practicing professional who helps people deal with various personal financial issues through proper planning, which includes but is not limited to these major areas: cash flow management, education planning, retirement planning, investment planning, risk management and insurance planning, tax planning, estate planning and business succession planning (for business owners).

Financial Planning is a process of establishing financial goals and developing an action plan to achieve them. The financial planning process includes all aspects of personal finance including managing cash flow, insurance, investing, taxes, and retirement and estate planning.

Fixed income investment is an investment that provides a return in the form of fixed periodic payments and eventual return of principal at maturity.

Flat fee, also referred to as a flat rate or a linear rate, refers to a pricing structure that charges a single fixed fee for a service, regardless of usage.
Rarely, it may refer to a rate that does not vary with usage or time of use.

Funds are pools of money contributed by individuals to make investments with the benefit of size or to gain tax advantages.

Gross income is an individual's total personal income before taking taxes or deductions into account.

Income is economic wealth that is generated in exchange for an individual's performance of agreed upon activities or through investing capital. Common sources of income include salary from a job, self-employment earnings, alimony and child support payments, gifts, tax refunds, and public assistance.

Inflation is the rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling.

Insurance is a contract (policy) in which an individual or entity receives protection or reimbursement against losses from an insurance company.

Interest is the charge for the privilege of borrowing money, typically expressed as an annual percentage rate.

Investing is the process of purchasing assets such as stocks, bonds, real estate, and mutual funds with the expectation of future income and/or capital gains (growth in value).

Investment is an asset or item that is purchased with the hope that it will generate income or appreciate in the future.

IOU is a contraction of 'I owe you'; written evidence of a debt, usually signed by the debtor and held by the creditor.

Liabilities are money owed by an individual or business that decreases net worth.

Lump sum is a one-time payment of money, as opposed to a series of payments.

Mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

Net income is an individual's income after deductions, credits and taxes are factored into gross income.

Net worth refers to an individual's net economic position calculated by using the value of all liabilities minus the value of all assets.

Peak earnings refer to the time in life when workers earn the most money per year.

Periodic rate is a finance charge on consumer credit loan balances, expressed as a percentage. The rate is recorded at regular intervals, such as daily, weekly, or monthly charges.

Portfolio is the combined holding of stocks, bonds, cash equivalents, or other assets (e.g., real estate) by an individual or household.

Preferred stock is a class of ownership in a corporation that has a higher claim on the assets and earnings than common stock.

Principal is the original amount of money invested or borrowed, excluding any interest or dividends.

Rate of return is profit earned in relation to capital invested; what you get back as a reward for risking your money.

Risk is an exposure to investment loss.
For example, a high-risk investment carries with it a high chance of loss.

Risk management is the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance.

Savings is the amount left over when the cost of a person's spending is subtracted from the amount of disposable income that he or she earns in a given period of time.

Savings account is an account established at a bank or credit union for storing money. Interest is paid on deposited. Minimum deposit amounts may be required in order to avoid fees.

Securities are written evidence of ownership or creditorship, such as bonds and stock certificates.

Share is certificate representing one unit of ownership in a corporation, mutual fund, or limited partnership.

Social security is a Federal government programme that provides retirement and disability benefits to workers and their dependents. Workers pay for Social Security through payroll taxes.

Stock is a type of investment that represents a unit of ownership of a corporation. This ownership is represented by shares of stock, which are a claim on the corporation's assets and earnings.

Variable expenses change depending on your consumption of a good or service. A variable expense is a cost that changes significantly from period to period, such as week to week, month to month, quarter to quarter or year to year.

Variable income investment is an investment where payments change based on some underlying measure such as short-term interest rates.

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