NFL Players’ Podcast Episode 12 Transcription

Riccardo Stewart (00:10): Hey, I want to welcome you guys again to another episode of the AWM NFL podcast. My name is Riccardo Stewart and I get a chance to be your host and my co-host are here. We got Sam Acho, Zach Miller and Jeff Locke.

So we have been for the past couple of episodes talking about the four uses of money. The first use of money is taxes, which is the number one destroyer of wealth as an NFL player who's in the highest tax bracket. We know that tax is the number one destroyer of wealth. The second use we talked about is spending.

And that's nothing wrong with spending, but when you spend it, it's gone. And so you wanna make sure you spend wisely. And then last week, we talked about the importance of giving and having a cheerful heart when you give and how giving begets giving and how there's ways to even save when it comes to your giving.

And then today, we're gonna talk about saving. And just to be honest with you, to let you know, we're gonna talk about saving today and it's gonna be a two-part. We'll talk more about it on the next episode. And so we'll just jump into - talking about saving now. And so I'm gonna start first with you, Jeff. First, what do we mean by safe? When we say, hey, we want you to save 40% is what we've been saying. What do we mean by that?

Jeff Locke (01:22): So first, Rick, you talked about this two part episode, right? So when we're saying save, we mean save and invest, and we'll get into the invest part in this next episode.

When we say save, we mean putting away money for your future self. That's for your priorities in the future, for yourself and your family, hopefully multiple generations of your family that you're thinking about what they want to achieve later on in their lives.

Riccardo Stewart (01:49): So we said, and we say this a lot, there's a game plan that NFL players have on the field, and then there's a game plan off the field. And off the field, what we're talking about is creating and sustaining multi-generational wealth. And just kind of to recap, we said, okay, if you, in terms of your gross income, the money that you get, if you think about it, 40% is gonna be taken away for taxes.

And then there's gonna be another 40%, which we're talking about in saving, and then 20%, if you can live off spending, that's great. And then...

And talking about that 40% of saving, I just think it's funny because when you say the word save, Zach and I have been in meetings where we get to that point where we're walking through with a client or walking through with somebody who would be a client and we say, okay, save. What do you think we mean by save? I'm gonna put you on the spot, Zach. What's some of the craziest things you've heard when we say, what do you think we mean by save?

Zach Miller (02:41): I mean, it's put it in a mattress, like hide it, like just literally hoard like cash, just straight stacks. So that's the that's the craziest one I've heard.

Riccardo Stewart (02:52): One of one guy was like, put it in the sock, put it in the drawer. And we're like, okay, that that's a little savage. But I get what you're I see where you're going on that. But to be honest, I think about this, okay, we said it last week and I say this more than I should more things are caught than taught.

 I grew up in a family quite honestly, we lived paycheck to paycheck. So the concept and idea of saving didn't make sense to me. So I I'm in college, and I got my scholarship check. And

(03:20): our coach tells us we need to open up a banking account. So I go to a bank and I open up a checking account and open up a safe saving account. I had no idea that there was a difference between the two. And so I remember it was me and a few of my roommates and the girl was dating at the same time and we're trying to go buy some beverages. We'll just say that.

And we're trying to say, okay, how much money do you have? How much money do you have? And we didn't have enough money. And then the girl was dating was like, well, I got this much of my checking, but I said, that's all you have to go. I got more of my savings.

And I'm like, well, then that means you have more. And she goes, you know, you don't touch your savings.

And I'm like, no, because the way I use it was like when the checking ran out, I just grabbed from the saving. And so it was basically one account because I had no idea of planning for short term as well as long term. So hopefully, today, we'll get an idea of how not to live how Ricardo lived that he was in a state university. So Sam, did you have an intentional saving plan?

when you were playing, was there any intentionality with how you were gonna save?

Sam Acho (04:24): I did not. I didn't have an intentional saving plan. Even in college, when you get the little stipends, I didn't have an intentional plan. I knew I wasn't a person that spent a lot of money, so I wouldn't buy a lot of things, but I didn't really have an idea of what it meant to save. Even when I got to the NFL, I remember similar to you, Ricardo, I remember I got this big signing bonus, and all of a sudden it was like, hey, I put this big signing bonus into my college premier checking account, like a CPC, like, checking account, like, okay, we'll just put it in there. I didn't know what the...necessary or proper steps were right. I had a savings account came.

Maybe I'll put it there I don't know is it getting a return and so I just remember Thinking that saving was just keeping my money somewhere until I had to use it in the bank until I had to use it and then I use it and then I'll get More and so that was my understanding of saving and even talking to some people I was meeting with a guy couple weeks ago and This guy's a college player about to get drafted and he was saying when he got his NIL money.

It was just his parents told him to save, and so he thought it was just, okay, I'll spend and make sure my account isn't negative. So I had a couple dollars, and all of a sudden, like taxes came, he's like, oh wow, how do I pay these taxes? And so I, to answer your question, didn't really have a great idea of what it meant to save outside of, hey, I'll keep some money in the bank in case I need to use it for something.

Riccardo Stewart (05:43): Yeah. So Jeff, well, let me start with you first, because we've talked about it on this show before that you did a good job at saving and you were a saver. What did that look like for you? I mean, I'm an NFL player. I'm about to get drafted. I'm a rookie. I'm going to my second contract. Like, what did it look like for you to be a good saver?

Zach Miller (06:08): Well, I'll tell you one thing. It's much easier to save when you're making millions than when you're on the minimum. So the rookie minimum was like 250, 250,000 when I was playing. So it wasn't as much money as it is now, but it was way easier to save when I signed my deal with the Seahawks where I'm making seven, $8 million a year. I'm saving like 50% of that, maybe, maybe 55% of that. And that's, that's millions going in the account each year. So it's much easier to save a higher amount.

And then I was just never a big spender. I didn't grow up with much. You know, luckily I picked the right person when I got married. My wife Ashley's not a big spender. So we were able to together, and I got married early when I was in my fourth year in the NFL. So I was able to save a ton of money early on and not just, I mean, you can really run into a lot of problems if you're like buying the latest luxury good, that new few hundred thousand dollar car, that really, I mean, you get caught in those habits.

Even an NFL player can end up with like very little savings if you get caught buying the next cool thing.

Riccardo Stewart (07:11): Yeah, Jeff, the professor, you know I like your answers. And so I got two questions for you. I'm gonna give you the first one and let you answer first. So when it comes to savings, is savings a long term or short term play or is it both?

Jeff Locke (07:31): It is both, right? So this is one of the harder things is you got to almost have these two compartments in your mind. When you look at your savings, you've got the amount that you need for kind of breaking case of emergency plus things you need to spend on the next couple of years, just in case you don't have cashflow coming in. And then there's this long-term department where you got to like, think about yourself when you're like 50 or 60 years old and your kids when they're in their twenties and thirties and what they might need.

at that point in their life.

So it's gonna be a little bit of short term and hopefully a lot of it a long term looking out for your future self.

Riccardo Stewart (08:08): Okay, so the second question to that is, help me, man, where do I start? Like, where do I even begin to plan to think about savings? Because like I said, we got guys that are taking cash and putting them into drawers, into socks, into piggy banks. Like, where do I start, Jeff?

Jeff Locke (08:30): Yeah, it's tough. It's one of the reasons I think all of us on this call do what we do because it's so hard with all the different financial accounts and ways to invest out there in the world. It's hard to know what to actually do. But the first step truly is to protect a worst case scenario, which we hate to say. It's the last thing I wanna talk about right now is like worst case scenario, but the term for most people is called an emergency fund. You've probably heard, have an emergency fund, breaking case of emergency.

Most advice says like you need like six months of your spending. But as an athlete, we all know what can actually happen as a pro athlete and how fast you can get cut and all of a sudden you got no money coming in for multiple years at a time. So the first step is to set yourself up and have this big emergency fund that we call a protective reserve for the just in case of emergency, things haven't gone as planned and I need to access some quick cash in my savings.

Riccardo Stewart (09:30): Okay, well that's good. And so Zach and Jeff, Sam, if you guys can jump into this, but when it comes to our players in particular, and I know it's unique to every single player, but how long of a runway, I know we use that language a lot, like Zach loves to say this, and I think it's a great analogy, the longer the runway, the better. No pilot ever said, you know what, I think this runway is too long, right? Now they'll complain like, hey, I ain't landing this.

So just how long of a runway do we give players and what sort of things go into play with deciding on how long of a protective reserve or how much needs to be in that protective reserve.

Zach Miller (10:05): a big part of it is really where, where's the guy at in his career? If you're just getting started, you're very uncertain. Like how long am I going to play for? Even myself as a rookie, like how I didn't know how long I was going to play. So I want to save in case there wasn't, there wasn't another contract. What if that was all the money I ever made? So you've got to take care of that downside first and have that, you know, have that in, in that saving so that you can transition to something else.

So it could be as short as one to two years for a guy who's at the end of his career - has a home that's completely paid off, which we do recommend that once you're done playing wherever you're living, like that house is completely paid off. You don't own anything on it so that you don't have that expense when you're done playing, but you could have a very short protective reserve or shorter runway and then have the rest of the money growing for you and kind of riskier investments that aren't as safe as those kind of protective reserve assets. But.

If you're a young player, very uncertain. You want to have like three, four, maybe five years to transition to something else and kind of that savings protective reserve.

Riccardo Stewart (11:08): Yeah. Sam, like how does this play on you mentally? And what I mean by that is you see the money coming in so fast. Like what's how, from a mental or behavioral side, how difficult is it to save as opposed to go, Oh, it's going to keep coming. So I can keep spending more is coming in.

Sam Acho (11:25): It's so hard. It's so hard for a couple of reasons. One reason, so there's this book I'm reading, I think all of us have read it, or reading it called The Psychology of Money. And it talks about, to your point, Ricardo, how more is caught than taught. Sometimes the way we grew up actually affects the way that we view money, or the way we view a protective reserve. I mean, I know Jeff Sandler, a lot of us have heard of it. I didn't know what a protective reserve was, right? I didn't know. You know, it's so like.

It's so hard for that reason just based off, hey, some people may not have grown up with a lot of money or to know how to think about money. That's one piece. But the other piece that's also difficult is now all of a sudden all this money is coming in. So now you're getting checks every week or for a lot of NFL players every other week, you're getting checks that are huge amounts. And you're thinking, man, this is gonna come forever. And I'm one of the best, I'm top of class, I'm gonna get these forever. You're not thinking of worst case scenario.

And so I think my recommendation is not necessarily to think about worst case scenario per se, but also just to realize that these checks won't come forever. No matter who you are, somebody else talking to right now, 26 years old, one of the best players in the NFL at his position. And he realizes that, man, I may have six more years, maybe four, maybe two, you never know. So I have to plan in a way that I'm realizing that, okay, there has to be something outside of this or something after this. And so it's very difficult because - if all that you know is an NFL check, then it just could be deterrent to you thinking, oh wow, this may not be forever, so actually you need to plan for something different.

Riccardo Stewart (12:15): Well, I'm going to let you tease us out for the next episode, Zach. And that is, what part does investing play when it comes to our savings? So go ahead and answer it. And I know we're going to spend the whole next episode on it, but I know this is your will-how. So for the audience, no, this is where the truth really, really comes alive in terms of his knowledge and so forth. But yeah, what part does investing play?

Zach Miller (13:32): Yeah. I mean, who doesn't like to see their money make money? So the biggest thing with that is when we think, when I say savings, I think every NFL player should think their savings should be working for them. As hard as you work on the field, that money should be working for you to grow your wealth. And so that savings should be invested. It should be, but properly, and as safely as like markets and the unsafe world of investing can be, you want to make smart decisions there so that money can grow for the longterm.

I think - you know, the power of compounding, something you buy, you go out and you buy something that's like 10 grand today. You know, that thing, if you didn't instead invested it, that's a hundred grand when you're 60 years old. So everything that you buy today, if you buy something, the chain that's $10,000, you know, when you're 60, that's a hundred thousand dollars that you would have if you instead invested it. So just let the money work for you over the longterm, be patient, and we'll get into more, you know, where can you invest kind of.

Riccardo Stewart (14:33): Everybody likes to let your money be making money for you. I love it, Zach. So listen, Zach just teased us out. So we're gonna, we're gonna, we're gonna wrap this up for today's episode. Next episode, we're going to talk about what is, what is delayed gratification as it relates to savings and what part does the public and the private market play when it comes to savings in terms of investing. And so looking forward to it. If you have any questions, anything we said you want to know more about as always, please shoot us a text or give us a call.

at 989, excuse me, 602-989-5022. Again, that's 602-989-5022.