Erik Averill ([00:04](https://www.rev.com/transcript-editor/Edit?token=BbtrOyAP_0XnTQUg-n7ehC95WOS6Lu1jYUgXcd7oc6k1WUriCYKvsi_2RemrdaNjC7bCYNpTfOXqVPSD7MU8mBxAHF0&loadFrom=DocumentDeeplink&ts=4.49)):

Welcome to the MLB Draft Podcast. I'm your host, Eric Averill, certified financial planner, certified private wealth advisor, former pro athlete and the co founder of AWM. I'm joined by my cohost, former major league baseball pitcher and certified financial planner Travis Chick. Our goal on the MLB Draft Podcast is to provide you with the roadmap to successfully navigate the MLB draft and becoming a professional athlete. You're going to hear from scouting directors, GMs, agents, former and current players, elite performance coaches and of course leading financial experts. What is traditionally seemed like a black box we are going to bring to light the critical details you need to know to help you make the decisions that are in your best interest so with that, let's jump right in.

Erik Averill ([00:59](https://www.rev.com/transcript-editor/Edit?token=zY9QlGiBmTAa77u6kDJT2y17i7MU-M-tL6YvLhIruJRBX9z_JF76MO2sjlYR704z4pF_VM58Q3enrbyQ5Joy8wA_3y0&loadFrom=DocumentDeeplink&ts=59.9)):

Hey everyone, welcome back to the MLB Draft Podcast. We are excited to continue the conversation around the people that you are going to be trusting and helping you navigate the biggest financial decision of your life and so last episode we dove into really the first decision that so many of you have made on your sports agent and we ended that conversation really reminding all of us that this is the biggest financial decision that you are going to have to make and in addition to the contract expertise that your agents should be providing is, it's really the quality of financial advice and expertise that you are going to rely on. We're going to continue using the framework in which we discussed how to choose the best sports agent of who has the expertise, who has the experience of working in your specific situation and really what type of relationship that you as a young, almost very wealthy individual with a lot of complexity has, what type of team do they need.

Erik Averill ([02:12](https://www.rev.com/transcript-editor/Edit?token=etH8BNlK9U9RG66BlUQyXcE9L8TCkrYDR53o2SuELTxm_GDOCN7b9VRO7Ci8L47rNjD5ACJ5r4AspDzGnY0e-Hih99c&loadFrom=DocumentDeeplink&ts=132.63)):

Where we want to start with is helping educate just everyone on what is the landscape of the term financial advisor. You think that the agent process is confusing the financial processes even worse and the reason is is because major league baseball is this tiny little subset. There's only 30 teams, there's 750 major league players, there's only so many specialized agents but you walk out the door and you're going to bump into somebody who says, "Oh, I'm a financial advisor." Currently there's around 300,000 financial advisors who use that term, which we'll get into. Whether it's a broker who works for one of the big go wire houses, uses that term or insurance agent who really sells insurance but calls themselves a financial advisor or it's individuals like us who are certified financial planners and certified private wealth advisors is we want to distill how do you actually make sure the person you're hiring has expertise.

Erik Averill ([03:17](https://www.rev.com/transcript-editor/Edit?token=S5W_Erojt9e84VjEqP2pKkcHXZGrnmTET-DQt3vfJfjnHP8U0hmPXjo4_gDgXAZY_ixZenGMBsMgFKYL9YrUL_WyLaY&loadFrom=DocumentDeeplink&ts=197.25)):

Our backgrounds are going to give us a lot of insight into the two different worlds and Travis, I want you to start by breaking down for the athletes and for the families of the first decision you've got to make there are, there are really two different types of companies in the financial industry. Can you talk a little bit about what those are?

Travis Chick ([03:39](https://www.rev.com/transcript-editor/Edit?token=rFq9VVfI4XUs6X_S0ZDOPw0xe8YroKjvN74oEDVBgVcqpPMpS9P96UBTSxlCwUzQsjUqSP5iv8RGVQ2xhAl4QXS_kVA&loadFrom=DocumentDeeplink&ts=219.53)):

Yeah. There's basically two types as you hit on. One is what's called a broker dealer. The next is what's called a registered independent advisory and so the broker dealer is the big companies that you see on the street every day and what they're incentivized to do is sell products. There are some very qualified people at those entities but at the end of the day they are, and don't let them kid you, they're incentivized to sell specific products and both of us obviously have experience working at those and we were conflicted with that type of environment, which is why we've ultimately switched into this RIA in the independent space and so as I hit on this a little bit earlier on the last podcast from a fiduciary mindset, really this is where that line is drawn.

Travis Chick ([04:31](https://www.rev.com/transcript-editor/Edit?token=FqWzx5U_sSNTPWAHHaXBRd-mXaKI-R6JfD6lFv_wqMjuevT3kN--UnLvMtA4J6jbRhT-Z3ujwS5kRKhCkYkMy5QAj-g&loadFrom=DocumentDeeplink&ts=271.63)):

What that means is we are legally obligated or registered independent advisors are legally obligated to act in your best interest from a fiduciary capacity. Every decision that's made, every advice that's given is illegally bound to be in your best interest and that's not the case at broker dealers because when you think in terms of a broker, that word in itself is probably defined as selling a product and corresponding between the buyer and the seller. Brokers are incentivized and compensated on what they sell. This is a very broad explanation of what that means but that's a very big scope on how you make this framework of making this decision on who you want actually managing your finances.

Erik Averill ([05:20](https://www.rev.com/transcript-editor/Edit?token=xwnV_EAP7KHi06SSdTq3SOkQBCj8aH4ojOwoPiNkmoTUZokaoHJWKBAJ4RtkCFvMBuN0FETvtKzy7xf1WAm0yTMbh_s&loadFrom=DocumentDeeplink&ts=320.74)):

Yeah. I think a helpful analogy for me in this is there's just this term financial advisor but at the end of the day, like you said, when we worked at the big broker dealers on the bottom of our business card or on the bottom of the website it was, I'm a registered representative of the firm. My ultimate obligation is to do what's going to increase the shareholders' value of a publicly traded company and that could be in conflict with my client and so I think to emphasize it doesn't mean you're bad. You and I both worked at these and that we'd consider ourselves with a lot of integrity, ultimately why we ended up leaving these groups but this is true, whether you're an athlete or not is there are just better solutions out there.

Erik Averill ([06:14](https://www.rev.com/transcript-editor/Edit?token=dFxF4m5Tu6RQn2XiMDMfl-12L7FhHsjbuX08G2oQcS7UbyTQ4--wwo5PVYWLfQ7WLmQdKYuzC93-YcGNTziNYDopz98&loadFrom=DocumentDeeplink&ts=374.1)):

In this independent space it's, you have the confidence of knowing the advice in which you're going to get from anybody who is a registered investment advisor is conflict-free. We are giving you the advice that's in your best interest and so just how we had talked about on the agent's standpoint, like I wouldn't let anybody in my door who I know from the onset has a conflict of whether it's in my best interest or their best interest because there's just better solutions. I mean it might sound blunt but literally whether I'm talking to an athlete or just a mom and dad who was trying to protect their retirement, there would be a hard line in the sand that I would not let anybody who's a broker dealer through the door because you're starting on a relationship that you literally have to always ask when they're making a recommendation.

Erik Averill ([07:07](https://www.rev.com/transcript-editor/Edit?token=1tJ4yWRNFO0Wp0OK-egIAhVxAKmV480fl7v3E3Bhh1HfeYzldSSeugYrSZ7gmK_F_6RldIya7zrf0WzawMRTjpxi-1Y&loadFrom=DocumentDeeplink&ts=427.64)):

Well, is this really in my best interest? And so I don't want to belabor that point and really want to go, okay, if you're following and tracking with us and say, "Okay, I've eliminated all of these people that say technically I've got to ask her, is this advice in my best interest?" And now starts to go to, "Who actually has the expertise?" And so walk me through a little bit on the individual side. Are all financial advisors created equal?

Travis Chick ([07:38](https://www.rev.com/transcript-editor/Edit?token=5MglJorwbdfNO5sTXO7OjFB7NzR_WFCq-KSQp36twcPpXqnWi1J7zCRNc6U2_0yMmvoID9jl22MkdWS-QLHQlkkh4cQ&loadFrom=DocumentDeeplink&ts=458.38)):

No, absolutely not but it's really funny. I think everybody listening to this call and you may disagree with me at first but follow me here is I think everybody on this podcast is actually very well equipped in the baseball space to make this decision and what I mean by that is, if anybody on this podcast had any sort of injury as it pertains to baseball, every single one of them would seek out the most qualified in the baseball space to handle that injury. They're not going to go into the orthopedic down the street, they're going to seek out the the Andrews and the Jobe and the ... I mean, they're going to seek out the biggest names in the industry because they know that they only have one shot to get that right.

Travis Chick ([08:26](https://www.rev.com/transcript-editor/Edit?token=yW6u76uw60HJQWmv2s9mnvXdIJpu6Cx7eOkMZdP8xzcHrdb9gMXY0j6_d2eQd5gnTHzAW0dAtDaNvg97x9KY1wtgvk4&loadFrom=DocumentDeeplink&ts=506.33)):

If you have your Tommy John surgery and you screw that up, that could ultimately change the trajectory of your career significantly. From a financial perspective, it's really no different. You want to know that the person that's handling your financial decisions as far as for an athlete has the experience, has the expertise and is qualified in that space to do so. I think it's a very distinct parallel that's drawn between how to make that decision medically and how to handle that decision financially.

Erik Averill ([09:00](https://www.rev.com/transcript-editor/Edit?token=Bx4o-Z2K4HpMpnT3yj_SmKswG1w0d6fja1LkstqXK-T0ROLL1M5za4konPeFaPtlkujp59Q1pFD1Q2Egj8VkAT2g9QI&loadFrom=DocumentDeeplink&ts=540.49)):

I think it's a great analogy and the reason we have the confidence in the medical industry is there's actually this process in which doctors can't just call themselves doctors. We know the amount of advanced education that they spend eight years after undergrad and then they do this residency and then there's also this medical ethics board that holds them accountable and so could you imagine if you had to walk into a doctor's office and try and figure out, do you actually know what you're doing? Unfortunately, in the financial space, it's a little convoluted. The good news is is you're not completely left in the dark. There are actual advanced designations and so of the 300,000 financial advisors, there's something called the certified financial planning designation.

Erik Averill ([09:50](https://www.rev.com/transcript-editor/Edit?token=0LTNmwpeH3kdfQoccsiewapGxm9rYyzN1v7AlO6dJE9rnG-J0fzUtxlCfCKjjOueyaQRvoOTE0bLyPWGgCgeY4RxJzw&loadFrom=DocumentDeeplink&ts=590.36)):

It's something both you and I hold, an 85,000 advisors hold this designation so we're not talking about you can't find one of these is realistically, if somebody is not at a minimum, a certified financial planner, you should not let them through the door. The CFP is the only individual that has demonstrated advanced education so you're required to go through whether it's UCLA and you for Pepperdine and then you have to sit for a six hour exam and then you have continuing education that's required and so as a consumer, as a client, you have this confidence of knowing, Oh, this person's actually trained. They're a certified financial planner. And by the way, there's not just this focus on investments. We'll get a lot more into this conversation and a lot of what we're going to talk about specifically for you as a draft family is taxes are arguably the most important decision you're going to make and so as a CFP, you want to make sure that they've got a full view of taxes, investment, insurance, estate planning that they truly can give advice on all financial matters.

Erik Averill ([10:57](https://www.rev.com/transcript-editor/Edit?token=LWKrkxsbJ8WMSVdJAfADniefqQfl7pyZqBF0TxzzY8Rh1rQs7P_ikQQeMov7qJ2zIrSoklfpuHIe7qmJy-RfPCEI3IM&loadFrom=DocumentDeeplink&ts=657.42)):

I think one of the things that scares families away from financial advisors prior to the draft is this false understanding that financial advisors equals only investments and Hey, I don't have any money before the draft, so why am I worried about investing? Absolutely right. What you need is a certified financial planner who's got this expertise within tax and so you have this level of going. The other analogy I love, it's professional baseball. It's the Arizona Diamondbacks are not looking for any professional shortstop to play for them. They're looking for the absolute best because by definition of professional is somebody who's being paid for that skillset and so you've got to now throw in all of the independent baseball, you've got to throw in all of minor league baseball, you've got to throw in all the international leagues. They are all professional baseball players but the Arizona Diamondbacks are looking for Nick Ahmed, who's the elite gold glove shortstop.

Erik Averill ([11:57](https://www.rev.com/transcript-editor/Edit?token=c_atDlgweyGFbp6Yq-5eEqfWyV_Hv5pomunO-ltyfRI1wo4Ct-ittDhxJpawZdsRQamxqgvVB-HFX3JWP-IiL3fVIa0&loadFrom=DocumentDeeplink&ts=717.67)):

Your financial situation is no different is you don't want to financial advisor, you want a elite expert who has the skillset and the expertise and experience of working with someone in your situation and so Travis maybe start to talk about what are some of those unique things that a [inaudible 00:12:16], family is going to face from a financial perspective?

Travis Chick ([12:24](https://www.rev.com/transcript-editor/Edit?token=Mws1_uffB2oRvUISlV3xasAq8B6Nns5-_5MQ9xxQTMTZwTeaF1zXEaNSrMb3vbss8RI5M_5Bzp2G2FJwxkfhzRgwawU&loadFrom=DocumentDeeplink&ts=744.94)):

Well, it's huge because as we work with clients all across the country, one of the biggest areas that is of first focus because we don't know which team is ultimately going to draft them is their state's residency and so for me, here in Texas, a lot of the players that I work with specifically don't necessarily have to worry about working on their residency or seeing where they're going to ultimately land as a resident because Texas doesn't have a state income tax but so many of the States that are around the country have significant state income taxes, which are going to try to get in a piece of that bonus and so having very proactive planning and the example that we typically would use is if a team in Florida has a spring training team in Florida, I mean that drafts you, you may want to live there year round because you may live in New York where the weather's not ideal to work out in the off season.

Travis Chick ([13:19](https://www.rev.com/transcript-editor/Edit?token=WDmNS7gJB6aZGg6l_ihU7xB2D-9LvRbbI43BK6lXW9tbhd7w6ATK8hJFZa9309vyK0vW3Sd3xrjoRbH-KDAAGEzS2RA&loadFrom=DocumentDeeplink&ts=799.88)):

That's just part of the advanced planning that goes into. Okay, how can we plan for your future with how it's going to impact you on the field but also impact your tax situation the most and then the next part of that obviously is and this is ultimately going to happen once we figure out which team drafts you is where that team assignment is going to ultimately be.

Travis Chick ([13:40](https://www.rev.com/transcript-editor/Edit?token=jeg2UN18Gpkwr3nu7aN8gSqAGH2myIOdh-VZEnmwOgjFZHWOkDxnNkZar83X3-6giTQT59L171Z1YL5JyZYqJiaBm-E&loadFrom=DocumentDeeplink&ts=820.71)):

For Allie Richmond as an example this year, a lot of people were probably questioning why he didn't get directly sent to the short season team in Maryland but a lot of that was centered around how to handle that from a most tax effective assignment. That's the reason that he was actually assigned to Florida because at the end of the day, him getting assigned to Florida versus getting assigned to Maryland is not going to impact whether he's going to be a successful perennial all-star major league baseball player. A month of the season or a couple of weeks of the season but having a several hundred thousand dollars not being taxed and Maryland can have longterm effect on the legacy that he's trying to create financially and so those are things that we think about. Those are just a few of the things that we think about but they can have such a significant like profound impact on your future from a financial perspective that if you're foregoing thinking about those things, then you are obviously just leaving money on the table.

Erik Averill ([14:42](https://www.rev.com/transcript-editor/Edit?token=_3yF6HM09v6y2-WFMpA4xo4Fml3v8ewJLvdC4TS9IyfNUPKIEG_XCWN8JNXeDXNJO-i7bcREuuacIZieg8pkZ5W7j2g&loadFrom=DocumentDeeplink&ts=882.37)):

I want to park here for a second because here's where the rubber meets the road. On this financial decision around taxes is, most advisors don't do taxes. Every broker dealer, on the bottom of their website is we do not provide tax advice and that makes sense because their typical client is like 58 years old with $425,000 in their account and not in the highest tax bracket and that doesn't make it wrong. It's just they don't specialize in this. Whereas you as an athlete, you're instantly in the highest tax bracket. You're 37%, you're 3.2% Medicare surtax on top of that, you add in your state tax, 45 to 50% of your signing bonus will disappear to taxes and it doesn't always have to be that case and so the expertise that's required and here's the thing, there are so many people that are flippant about giving tax advice that aren't experts.

Erik Averill ([15:38](https://www.rev.com/transcript-editor/Edit?token=YbLwJnWHflt0Ck3TguzNPc_zV7QzOG0ucb2CS0O5mqjF75IdT8GD1qHXLqV5SpworJGueUiuRJYooj0CkQorpWUJxhU&loadFrom=DocumentDeeplink&ts=938.23)):

You're going to have agents tell you like, "Oh, just get a driver's license and claim residency." But they're not the ones who are going to get charged penalties and interest when the audit comes and they also don't understand and they don't have an incentive de structure your bonus in the most tax efficient way. Our clients are represented by 28 different agencies. We've seen this happen, we've watched the mistakes from the biggest agencies, we've watched signing bonuses not get structured properly and very candidly, agencies, a lot of them just won't push. The truth is over the experience, out of the 30 teams, there may be only three teams that we've ever ran into that put their feet so hard in the sand that they will not move on how you structure your bonus but if we can save a dollar from being exposed to the ordinary income rate of you as a player, we've literally just saved you 40 plus percent on your money.

Erik Averill ([16:34](https://www.rev.com/transcript-editor/Edit?token=98xLj1SWzRxf3JpWvOrfhooilu9HyCythBv1c9sDKlHZimCAs_OS5J7oTwwn3KamgZrbCRRprKd0R-5-nWa1QzvgpiU&loadFrom=DocumentDeeplink&ts=994.72)):

This is the crux of probably the most important decision that you have and we'll get into why it's so important that your certified public accountant has specialized expertise in the athlete, the tax codes over 10 million words and so it goes back to the doctor analogy. There are tons of orthopedic surgeons. You're looking for Dr. Andrews because the experience and expertise of specialized medical practice for the pitcher, right on Tommy John, it's the same thing when it comes to taxes. No one CPA can know 10 million words so you want to know it's not just some CPA because we see this happen all the time. I mean we saw two years ago one of the biggest agencies provided a recommended split and a lot of times it's like, Hey, 60% here, 40% on the back end. And it just wasn't the best. I'll get off my soapbox but I think taxes, it's so important and this is why we [inaudible 00:17:35], so much that you need to talk to a qualified financial team before the draft.

Travis Chick ([17:45](https://www.rev.com/transcript-editor/Edit?token=RoTWYTWRYmxaNw1o1NCNJsXIxax4ongdtbz2p7B4fMtpih6J9vvKFRXHe9Eg1peZdRZGfsbWWywJkkkL1iraATWRyxA&loadFrom=DocumentDeeplink&ts=1065.66)):

Yeah. And I think too I used this analogy earlier I think most of the people are qualified to make the decision on how to select somebody but what often gets overlooked is okay, from a tax planning, I'm going to emphasize planning there, many of the people on this call, they're used to just providing a 1099 or a W-2 to their CPA and say, "Hey, go file my taxes." Because for the majority of Americans, there's not significant complexity to their financial life. They go to work, they have a 401k, they have a savings account and they turn in their W-2. With baseball players, with all the sources of income, with all the States that they're playing in, with all the different things going on, it's truly tax planning versus just filing your taxes but having that proactive tax planning, like you said earlier, if we can save a dollar that's saving 40% on that dollar, that's significant but having that integrated with the financial planning services, it's really kind of the only way to go if there's any kind of complexity in your financial life.

Erik Averill ([18:53](https://www.rev.com/transcript-editor/Edit?token=vg0G4TLDByfyZM3L8jEx16SB-yJLev1Gd2-1rE9zDo-sxrSkmzucHO-8LWo6bVIpVCVS16kixuNc_Xujisjfqc1mTFw&loadFrom=DocumentDeeplink&ts=1133.84)):

I think to stay on the [crosstalk 00:18:53], you as an athlete entering into professional baseball, when you walk into a situation where you now have millions of dollars, you are now in the 0.05% of all people in the United States so 99.5% of people are not like you and so the majority of the financial advice that's out there is tailored towards the massive fluent. It's tailored towards the 99.5% and that's not a bad thing. That's good thing, that those people are available but what you don't need is the typical advice for the 99.5%, you need the specialized expertise because your complexity when it comes to taxes, when it comes to tax efficient investing. When it comes to liability protection, it comes to your estate planning. When it comes to making these decisions, the advice you need is very different than the average individual and so it goes down to, okay does somebody ... are they actually a certified financial planner? And then look on the team, I hold designation, the certified private wealth advisor that were trained specifically for people with $5 million or more.

Erik Averill ([20:04](https://www.rev.com/transcript-editor/Edit?token=3fD617QT7MwfWQLdsRGJYMLSMm3Bzr4QoBQiHSTvJ6RaFsFILv5hc3wbRHAAg_CFuoTXjzXY_0S8O5dZcjt9hEe6x00&loadFrom=DocumentDeeplink&ts=1204.98)):

My advanced education through Yale and Brandon's through Chicago Booth and it's, the reason we have to do that is because the needs are just different. We can't we can't overemphasize how important the right financial team is and because this is a financial decision that you're making, is while you might be negotiating a contract three or four times throughout your career, over a 15 year career and that agent expertise is super important, money is going to be relevant for the rest of your life. If you think through on a daily basis, how was money impacted the decisions I've made. Money is involved in almost everything and so making sure that you have qualified experts to help you make those decisions is absolutely paramount. Trav, one of the things that I think would be also helpful is just talk through the difference of what it's like to work with an 18 and 21 year old versus someone who, yeah, you know what, they have millions of dollars but they're a business owner and they're 55 years old. Why does that matter that somebody has experience of working with young athletes?

Travis Chick ([21:28](https://www.rev.com/transcript-editor/Edit?token=eqXafyFfpd0UXt31nGxuNm6kQbKdG5l0oHmWXSgTP67KHnSBKSMh55V5sj3t7CkG0TeWXYs6UVrhk7vrY68rmXt0QeE&loadFrom=DocumentDeeplink&ts=1288.03)):

Where do I start? Because their life cycle and their lifestyle is so much different. The average 55, 60 year old that has a couple million dollars in the bank and I'll use say 2 million just to compare it to a draft pick that's 20 years old and has 2 million in the bank, that person's expectations on his retirement are centered around number one, how long is that retirement going to be? Number two, how much of that 2 million can he spend or can she spend comfortably over that life cycle? And what are the variables, the outliers, the things that could significantly impact that life cycle but the biggest thing is that that life cycle most likely is 20 to 30 years.

Travis Chick ([22:18](https://www.rev.com/transcript-editor/Edit?token=qs4D9QfyyE5KcAGffc2PO58E_iUIntE_j4IkgK2-ix95HDsHnm1UgoPKFYoc_7enwXDiDP4aNLdTB4cbiK5-_mFlOgU&loadFrom=DocumentDeeplink&ts=1338.49)):

You think in terms of from an actuarial table, like how long people are going to live. The normal number that most people factor into is 92 years old. Just kind of as a round number. If you're 60 you have 32 years to plan for. If you're 20 you have 70 years to plan for it and so one of the things that we focus on with the draft picks is, okay this is money that we expect for you to utilize for the rest of your life and so a lot of that is education. Okay, what is the decision making on how is this car going to impact you for the rest of your life? Is it a $90,000 truck or is it a $60,000 truck? What does that $30,000 impact?

Travis Chick ([23:03](https://www.rev.com/transcript-editor/Edit?token=n8uRsX3pbfPbh30LQo5T5DYB2dXcIsIHY5Ae5EcLf0LGGCk3Aew4_Rtr1GNqe5u-LwwtgbrEimfcXa15o40OU4FedDQ&loadFrom=DocumentDeeplink&ts=1383.16)):

It's significantly different because most 60 year olds aren't retiring and running out and buying a Ford Raptor. Most 60 year olds aren't going to make $3,000 for the next five years and then jumped their income up to potentially 500 to 700 then 10 million. It's just a complete life cycle change and so understanding that life cycle is really where that expertise like you said earlier, that rubber meets the road.

Erik Averill ([23:30](https://www.rev.com/transcript-editor/Edit?token=YPdrQRhssHEqgkmJylcFvxE7jLMnfJRC4EQcpFu_12fasMPf-5VUyzrOCgJj7tK8zyLqZbnG9uZC9-RYqWTRQHAwx68&loadFrom=DocumentDeeplink&ts=1410.67)):

I think that's great. [crosstalk 00:23:30], what are the detailed questions to ask? We're going to provide that in the show notes. We obviously have a questionnaire we'll get to anybody in your hands for free. Not to mention the book that we've written on the MLB Draft Process called Paid has a questionnaire in the back but I want to address the two kind of situations where we co mingle or interact with agents is a lot of times families go to the agents and ask for recommendations and I think it's a great place to start because your agency, if qualified should have some experts in house. When I say in house experienced not actually working for the agency. That's going to be my second point. You should never hire your financial advisor who works for the same company as your agent. I think the conflicts there are just ripe but one of the things is getting a referral from your agent is good place to start but I would ask the agent, how many other players do they work with that are represented by other agencies?

Erik Averill ([24:36](https://www.rev.com/transcript-editor/Edit?token=gsclPOJNePYkJfA-lcSVFccIw_XtJCRudgVvknDtELC10rV9MlCNJ-N5F5DbeIQcPFP-tpTeTEla_ERG6k61uwzn0DI&loadFrom=DocumentDeeplink&ts=1476.15)):

And the reason I think that question is so important is a lot of times what agents will do is they've got their preferred financial guy because it protects their relationship and a lot of times very candidly like they're referring people to the broker dealers, the Merrill Lynch's, the Morgan Stanley's, the UBS's, the Wells Fargo's of the world. The agent actually hasn't done that due diligence for you. They haven't made sure, is this an independent advisor who's a certified financial planner who also has a certified private wealth advisor and integrated tax planning and specializes in working with ultra wealthy people under the age of 30? They haven't done that due diligence and so one of the things of a good question is when you interview a financial team is, how many professional players do you work with and how many different agencies are they represented by? Because if you find a financial advisor who really only has clients of one agency, to me that's a huge red flag.

Erik Averill ([25:31](https://www.rev.com/transcript-editor/Edit?token=Z1OGNLALsycFtk3yNx7gYteG38Xo5hxs63eunptyhOqUkd5NwQ1QfDygsVPcQ0T8gZ5ABY_kMMVZMfLj-XoFhh9RBa0&loadFrom=DocumentDeeplink&ts=1531.17)):

Then the second thing I want to hit on is just this in house option. Is you're going to have, there's very few of them but there are some very big ones that have what they call their business management in house and at the end of the day, the pitches is that they're going to act as your money police but the interesting thing is when you look at who their team is, they actually don't have any certified financial planners, certified private wealth advisors, people who have qualifications to actually provide the oversight. It's a glorified CPA who, because it's not integrated with your investment management, you're actually costing you money and you're overpaying for somebody to pay your bills and travel things. That's actually usually set up to protect the agent relationship and we'll be very strong on that is, what you would never see is you don't see ultra wealthy business people, you don't see their family office financial team tied in with their personal attorney or their business attorney that's going over their contracts.

Erik Averill ([26:37](https://www.rev.com/transcript-editor/Edit?token=BHySG0_5Z1ld4jMctINzIfT8ObkLwv0nl6QVLFCeeqbP7pasH3P9TmjW5vMpt7z6hioDsvgwmw8ZXJXRw3RXwzxsrN8&loadFrom=DocumentDeeplink&ts=1597.18)):

Those are two separate things. You have the best law firms and then you have multifamily is like us who work in concert together but we would never be in the same house because of the ripe conflicts yet in the sports world, we just kind of pass it over. It's like, Oh yeah, it kind of makes sense. Two things really hardcore there, make sure that it's in your best interest as per this group has this independent expertise from your agency.

Travis Chick ([27:13](https://www.rev.com/transcript-editor/Edit?token=jDuWcos7FPdzuMNvesw_NCIW3tsuU51zs8ET4w1mthHb0eoIKWxX0p737uFAlQF9cYNfLnDI3XgYMy-9jg3dP2unyIU&loadFrom=DocumentDeeplink&ts=1633.78)):

Yeah. No, I think that's a great point and so often what we hear is that it's, Oh well it's a convenience thing and what I would say to that is who is it convenient for? Because at the end of the day, if it's checks that are being sent for endorsement income you sign a [inaudible 00:27:33], deal, car deal, shoe deal, things like that. Who is it convenient for? Because at the end of the day, all they have to do is send the check to you or send the check to your financial team and so that's just taking one less step away from them but you're still as a player not having to worry about that and so what I would really strongly advised people to combat that is who is it actually convenient for? Because at the end of the day, what we've seen the most is when that's the case it's really just convenient for that business manager which puts their incentives on the wrong side as well.

Erik Averill ([28:02](https://www.rev.com/transcript-editor/Edit?token=0hqHCZUmmyO5O5ASKOyRrHbP7IIl7Sgq-I32_3FZC4ZbDfBfwsGb2oAUu7-rdHESsBIXcb5u2SF7tJy7mEGt3wWcD8E&loadFrom=DocumentDeeplink&ts=1682.82)):

That's great. Just in summary as we close out on time, the one thing we'd encourage you is this the biggest financial decision you're going to make and this is your responsibility. We highly encourage you to step up and to own your wealth and to own your career and to own this decision process. I think if you follow this framework and you utilize the resources that we're going to provide in the questionnaire, you are going to find yourself in a very good situation. Just to close, here are the questions. First and foremost, are you an independent registered investment advisory firm? If you're attached to a broker dealer, do not pass go, do not let them through your door. Are you a certified financial planner? If you're not a certified financial planner, sorry, I'm sure you're a great person. You're not going to handle my wealth. There's 85,000 of those out there that you can choose from that are qualified.

Erik Averill ([28:55](https://www.rev.com/transcript-editor/Edit?token=2tFgx5PDlSB7O5Z47duPq2PwQ3Hg1BVXfycmPutYSrfn3A1ICX8aCYwQaO_GgdWXKccgJ79ovDhAtmuDjsQ-I7XR5FE&loadFrom=DocumentDeeplink&ts=1735.84)):

Do you have the expertise in the integration of the tax planning? If not, sorry, 40% of my money's just too important. And then lastly, do you actually have experience of working with players in my situation? In the past five drafts, how many bonuses have you actually helped structure? Ask them for specific contracts, cross out the name. If they signed for $8.1 million, was it just split 4,500,000 or was it actually done in the most tax efficient way? And so if you ask these questions, you guys are going to end up in a really good situation. We appreciate the time that you've spent with us, we'll be excited to share with you all of the interviews to come where we're going to have some of the recent draft picks on here and so you can hear about their experience and so have a great rest of the day and we look forward to spending some more time with you on the next episode of the MLB Draft Podcast.

Erik Averill ([29:54](https://www.rev.com/transcript-editor/Edit?token=eNbhTdy9UHLm_0oS2RA2AgdBZQQ-UtS3AiBpATLrnUOwROvnjcm4XePnTd_u97mIqC-HLgjK37QT0QMjo43Q6brbwFU&loadFrom=DocumentDeeplink&ts=1794.55)):

Hey, thanks so much for listening to today's show. We hope that you enjoyed it. Our goal here with the MLB Draft Podcast is to make this the go to resource for all families and athletes looking to take their career to the next level and so this show really is all about you and we would love to hear from you. Are there any questions you have, topics that you would love for us to cover? Please do reach out. You can shoot us an email at erik@athletewealth.com or travis@athletewealth.com. Of course you can find us on social, we're on all the major platforms at Athlete Wealth and if you'd like to set up a phone call with us, you can reach us by going online to athletewealth.com and you'll see right at the top of the page, there's a button where you can schedule a call directly with us and so we would love to hear from you and until next time, stay focused, stay hungry and be a pro.