Travis Chick ([00:11](https://www.rev.com/transcript-editor/Edit?token=FPQso-f-aHVzMQnm47wK-tNjtgDIa9Vyx992B2Vg__bQQo2L0qC3ZFXEfssblvngIuZDwkR-FIjm5zrsxzlMdjesaoE&loadFrom=DocumentDeeplink&ts=11.13)):

Hey everybody. Welcome back to the MLB Draft podcast. I'm your host, former major league pitcher and certified private wealth advisor, Travis Chick and I'm joined today with my co-host, certified financial planner and attorney, Will McGuffey and today, we're really going to focus on one of the most important questions that we get asked is, "When should we actually start thinking about selecting a financial team?" So, Will, let's dive right into this.

Will McGuffey ([00:33](https://www.rev.com/transcript-editor/Edit?token=BU-14yH8Oxnc9lko9tYO_rvFO4coIRB4u8CML9iCZ4EsqqvLMcddsIN4yQlvGZRpJhZglD1FBk3nRvul8Rsr-peDFWU&loadFrom=DocumentDeeplink&ts=33.84)):

Yeah, I think, Travis, this is one of those topics that a lot of families are uncomfortable with at times and try to push back a little bit, and when you look at it, I think the reason why is most people say, "Hey, it's about investments. I don't have any money yet," and that's the wrong way to look at it. This discussion's about financial advice. It's not just about investments, and so when you talk about the role of financial advice, what are we talking about? We're talking about taxes. We're talking about residency planning. We're talking about signing bonus structure, insurance, business formation, and then recently, because of NIL, amateur athletes, before they turn professional, they have financial advice they need professionals and experts to look at. What kind of financial questions should we be asking or should we be looking at if you're a family of a future professional athlete?

Travis Chick ([01:24](https://www.rev.com/transcript-editor/Edit?token=aIjaROM3MO9u4fc-au6SD1l8j9KJUxA8VmIXOd83ah-ztxF2r2_PKi8l0Nnr7AoDGk9Udq6FMukYwm7UkNiaJ_HRGYs&loadFrom=DocumentDeeplink&ts=84.9)):

Yeah, no, great question. So I think really it's helpful to bring to context and just understanding that, you know what, it's not uncommon to think, "Hey, I don't have any money. I'm going to wait till I actually do to make this decision." We hear in our industry, all the time, agents will tell players, "Hey, you haven't even been drafted yet. You don't need a financial team." So just understand that we recognize that and it's real, but there's some things in our landscape that have really shifted when that decision should happen. And you talked about NIL money. For us, one of the things that we look at with players right now so much centers around things like taxes and residency and why? Because taxes are the greatest deteriorator of your wealth. So being able to be proactive and plan for that is really the way that you're protecting your future legacy.

Will McGuffey ([02:11](https://www.rev.com/transcript-editor/Edit?token=XupNVBfgiDXXgEt055dMqp7K14kW1heSFytc_-80Gz6dSMasGR7NKqSkzshMfBMLBo7UPhuOo86UAr16371nv6ddpSg&loadFrom=DocumentDeeplink&ts=131.61)):

I think that's where a lot of people, in general, start to... The word financial advice or financial advisor is so overused and misused. When you talk about tax planning and residency, that truly is financial advice. It's not just about investments, and to be honest, when you look at the decision you're making as far as when to select a financial team, this is the most important decision that you'll make in your career. And I think oftentimes, I was a former agent, so I was privy to the process on that side too, you see families going through this process of choosing an agent or an advisor and it's exhaustive at times and they're taking over a year and they're doing their due diligence. Unfortunately on the financial side, what we see a lot of times is it's a quick decision. What issues do you see with families not doing their due diligence and what are some of the questions they should ask to really understand, "Hey, is this right for me now?"

Travis Chick ([03:11](https://www.rev.com/transcript-editor/Edit?token=_3FwCbIEBOgRgTNw-AcdhB6pY8YFnGEe8_aCFEFRvYSVP6nKzBYfRW4zlQhFuSWUQhm8672lX-03v7_IXoaJGoXTbdA&loadFrom=DocumentDeeplink&ts=191.28)):

Yeah, I think the, "When I should hire a team," is as soon as the decision starts having a money impact, and so if we start thinking of how NIL is impacting some of these players today, we've got players across the country right now that are in different tax environments, whether it's in the state of Tennessee or the state of Texas or the state of Washington or some of these states that have zero state income tax. They're looking at, "How do I change my residency right now while I'm at college at some of these schools to be able to make sure that now I'm not paying my state income tax on some of these NIL deals?" And then being forward looking and thinking, "Okay, if I'm a resident of that future state, now all of a sudden, maybe I'm a resident of California going to Tennessee or going to Texas or whatever, and I might be saving 13% of that future bonus that I'm expecting to get," and so the reality of, "When should I be selecting this financial team?" is as soon as you start thinking that it might have some financial implications.

Will McGuffey ([04:08](https://www.rev.com/transcript-editor/Edit?token=eu_WbWXJJGSQ29Yem2LCDRqzJvWASiKoRIYOGb2d-czWbmO_1hLVwecVC87-cfKuhu3bXiNbNJPhTEVQ1M9sXeS9Rhs&loadFrom=DocumentDeeplink&ts=248.01)):

And that's going to be different for everybody, right?

Travis Chick ([04:10](https://www.rev.com/transcript-editor/Edit?token=tyHXwHnHTF-oTuzYwSusLOTTN86j5ONGdsN8WpzGvxaBscEicY4jV-eVf8mmpiQ9WY60FA2qVs_kjYgd-nwijG-vPjE&loadFrom=DocumentDeeplink&ts=250.02)):

Right.

Will McGuffey ([04:10](https://www.rev.com/transcript-editor/Edit?token=xxGzch_OxJ8u4b7ntgiv7bmooRxr6w3QbX25u14I2n2FTnHfM2TdGQQJvrOKaIirSbsN_eN59XQuYUIfzPqnSHUyfco&loadFrom=DocumentDeeplink&ts=250.65)):

It's really determinative of your set of factors and what's important to you, what's going on in your life. And I think that's another thing that we need to discuss is just, "Hey, it is going to be different for every family. I'm going to have different variables for me in my life, whether I'm a high school player, whether I'm a college player, whether I'm a resident of a certain state," and so really when somebody asks a question, "When should I select this financial team?" It's going to be when it's right for you, and you start to look at some of these factors like Travis has talked on and touched on. That's how you should start saying, "All right, let's go through this process. Let's look for experts in people that understand residency and people that understand taxes and taxation as an athlete versus just distilling this conversation down to investments." Now when we talk about when to select a financial team, why is waiting until after the draft bad? Why is waiting and just making a quick decision, what's wrong with that process?

Travis Chick ([05:09](https://www.rev.com/transcript-editor/Edit?token=RiIsVa2GYwf1aGRlaQey_Ky-QYnHOYZCeVL4S85H50SJjGdPmtOyCz7UrqpwaIacM1Bn089o1YDfFQypt6-kPFMhwAU&loadFrom=DocumentDeeplink&ts=309.51)):

Well, if we back out money being an issue, if we start thinking about making reactive decisions just as humans, we're pretty bad at making reactive decisions. So if we're not being prepared again to go use your words, we're failing to prepare, right?

Will McGuffey ([05:25](https://www.rev.com/transcript-editor/Edit?token=H_u90J_zZPEpSPOrbE-JEYdPezeQwZbjfWviNLRXS9CFtNUFr-d6HjbWV53kXvjtLGDBB5SBQX8lpDPZjgmP4r4S3eY&loadFrom=DocumentDeeplink&ts=325.11)):

Yep.

Travis Chick ([05:25](https://www.rev.com/transcript-editor/Edit?token=Gzv0enFUN5Bkkq0_IaLQ76NBfNx4XI7b7OgjvJBwA7Gh2U162MFg6B1mf7sHiBPhWEKVvJzqGSM5dXTMXy5LlYn15iY&loadFrom=DocumentDeeplink&ts=325.35)):

And so the reason that it's bad is because you're being emotional when you're making that decision. If you haven't taken the time to do the due diligence to make sure that the team that you're selecting to be your financial education team, your financial planning team, has the people in place that are actually experts in your specific field, then you're basically leaving money on the table. It is a big financial decision, but putting the wrong pieces in place can have huge financial impact.

Will McGuffey ([05:59](https://www.rev.com/transcript-editor/Edit?token=6U0JqdRy4Khnfjfy5tTO4DKVQZwJZzuLvuZ9cdR3VVh0uW-Lai5mjLb6_M9b-Yy8E18NqnKok_n6M996rqhJGQ6BOl0&loadFrom=DocumentDeeplink&ts=359.7)):

And I think the other thing that, and we talk about this in some of the episodes in this podcast series, you touch on this, but really understanding who you're putting in place, why you're putting in place, and it goes back to just because most people look at financial advice and immediately think investments. It's really diving down and saying, "Hey, let's look at all the pieces that are involved. What is true financial advice for a professional athlete? What does the process look like or what have you seen when there's a rushed process and after the fact, after the draft?" Then a family sits there and says, "Hey, let's just go ahead and do this." What are some of the negatives that are happen to the family or the player because of a rushed process?

Travis Chick ([06:43](https://www.rev.com/transcript-editor/Edit?token=W9qquuEscXVsbUDr1ZJ1ZPM0bcJhwdm2VJLnaf3ATZVajFz0F48KBf0izMt4GsGWYkaZ3DL6FSVAK7Ppn62ZUlSImgk&loadFrom=DocumentDeeplink&ts=403.41)):

Yeah, great question. We hit on some other episodes, but really just making sure that if you're not using all of the information available to you, then you will be making a reactive and an emotional decision. Making sure that you're not surprised by contract language that's going to impact your after tax bonus by a significant amount of money, making sure that you've thought through, "Okay, if I receive my bonus when I'm assigned to this team versus this team, how is that going to impact me?" If I get drafted by the Marlins, being drafted by the Marlins is a lot different than being drafted by the Pittsburgh Pirates, as an example, or the Baltimore Orioles because those first couple years are very high tax states. So if I don't line up contract language and I don't think through, "Where am I going to be assigned when I'm receiving these bonuses?", then I'm just going to put my name on a piece of paper and say, "Okay, I'm ready to sign."

([07:40](https://www.rev.com/transcript-editor/Edit?token=fMjVFknThSPSBtTJyzJQ50Wzfr4y0KUFUtxo5Gp3TaMGyu3FkXOW60rUY9JaYqjngISS4IrFGiGx45jsNFXIwCrrpxk&loadFrom=DocumentDeeplink&ts=460.98)):

And there's literally hundreds of thousands of dollars at stake, but this is where I always love to have the conversation. It's like, "Well, okay. What is $100,000 to a 21-year-old?" and this is where the education process for me, I always love to come in, is the rule of 72. We talk about this all the time, but the rule of 72 basically says that your money should double every 10 years, and so going back to a real live example that we had a client a few years back on, basically being very proactive and having some tax planning, and this is not an exaggeration. This client was able to save about $700,000 of tax planning just based on state taxes, and so for a 21-year-old kid, 700, when he's 31, it turns into 1.4 million. When he's 41, it turns into 2.8 million. When he's, what, 51? You can just see these numbers, the impact is real, so getting it wrong out of the gate can literally have generational impact.

Will McGuffey ([08:37](https://www.rev.com/transcript-editor/Edit?token=YsH1MhwdXPZLUU9X0MiYtciCkWYFoOuSL3tswtiijMu7mvdnhLIxU-IiSPBFjsc-IcQCwfruOXvcRCeI_advB9-FLvQ&loadFrom=DocumentDeeplink&ts=517.44)):

And I think when we talk about that process and that client that went through the draft and understood the language and the residency and things of that nature, it's not, "Hey, I've got my financial advisor on one side of the table and my agent on the other." It's a collaborative process. It's a process where we're sitting there looking saying, "Hey, a couple months out, what does this scenario look like?" That's the type of planning that we're having and the discussions we're having because it goes back to, "What are you an expert in? What field are you an expert in?" and those teams need to work together when you're talking about working with a professional athlete.

Travis Chick ([09:12](https://www.rev.com/transcript-editor/Edit?token=R26K9rKONgBnfwD77bAR1NJVpVUrzYaOLuUekFu_nm1ZAdMZ_-uMISLQXVC0V0pjabqrJertuJ7pLn4351a-aJn75U8&loadFrom=DocumentDeeplink&ts=552.54)):

Yeah, that's a great point and that's why I love your perspective as a former agent. Somebody that had to work with players, leading them up to the draft, coaching them, helping them make really good decisions, but now on our side, having the same expertise as an agent, but also looking at it, "Okay, what is the financial impact?" So often, we're not combative with agents, but so often what players fail to recognize is that they are actually the owner and the CEO of the company, and they view, in terms of the agent or some of these other pieces, as they're the ones guiding the ship. The reality is the agent's job is very specific, to help maximize the value that you've created on the field and turn that into financial capital. You are the asset. You are the company. You are the product. You've already created that value, so why would you rely on financial advice from somebody that's job specifically is to make sure that you just get that value?

Will McGuffey ([10:09](https://www.rev.com/transcript-editor/Edit?token=tOP3jC5Vdh5_193d7Y9Fbsoj9No-Fqlg66zQM_qhUOMU5GU2RJbMM7G56Fy58sb9d-zjb0cGGoYz2_u2emmocQsIWEc&loadFrom=DocumentDeeplink&ts=609.33)):

You maximize. I think the great thing about this podcast series and really going back to the heart of why we're doing this is we know that families are going to have questions. We know that players are going to have questions, and we want you to reach out to us and say, "Hey, is this something that I should be thinking about now?" Or reach out to us and say, "Hey, this is what's going on in my life. Can you help me understand? Is there financial advice that's not investments that I should be looking for?" They're questions I should be asking. So with this podcast series, we really want you to reach out, ask us questions. Feel free, and at the bottom of the podcast notes, you'll be able to look and find our contact information. Email us, text us. If there's something you want us to discuss on a future podcast, please reach out to us and we'll talk about that. Do you have any final information that you want to pass along about, "Hey, when should I select a financial team?"

Travis Chick ([11:00](https://www.rev.com/transcript-editor/Edit?token=cAsdumYPNC2OQiyNzhK-EhXtO2pZ75jxn1vPYFdGXiwRK2Q7HFVNjdr3U5Vtmpu48JO7Ov9eV1pyfiggoVr63cvjIII&loadFrom=DocumentDeeplink&ts=660.78)):

Yeah, I go back to, "As soon as money matters." As soon as you're making financial decisions, whether it's through an NIL deal, whether it's thinking through, "How is contract language going to impact me? Am I going to be a professional athlete?" If some of those boxes are checked, that's the time that it starts saying, "Hey, I should probably start thinking about hiring experts who understand my situation and make sure that I'm prepared so that I don't make an emotional decision on draft day."

Will McGuffey ([11:29](https://www.rev.com/transcript-editor/Edit?token=SyY2li4qqFn4uIREmcoGLl43iyQ07Ont8_6zg_nui9lXK62YhP56BnoMKwBoGDnLCj0o3EZhSKBJhhcYmJN7gwA5Zgs&loadFrom=DocumentDeeplink&ts=689.34)):

Yeah, that's great. Great insight, Travis. I appreciate that.

Travis Chick ([11:31](https://www.rev.com/transcript-editor/Edit?token=Cy3_MxSdFGTGVfwa66nV6bWrvG9YY4C60zKnJTQxFoby0SQusDFryse7UKl1lnkGsfAEV9PAMfXPQ8ekwoCEqi23_Vs&loadFrom=DocumentDeeplink&ts=691.65)):

Yeah, so with that, guys, like Will said, we'd love for you to connect with us, but stay humble, make an impact, and always be a pro.