Erik Averill ([00:54](https://www.rev.com/transcript-editor/Edit?token=aVoMLF10XHEx4FexAWh5kud7BFMvpssHE-_uoz-NGG0IggIBOaEPZY9AKiD6APTjWWfvEDV-vvSOtzNjOGZNXaLZZEY&loadFrom=DocumentDeeplink&ts=54.7)):

Hey everyone, welcome back to the MLB podcast. I'm your host, Erik Avril and I am joined by my cohost, a former major league pitcher and certified financial planner, Travis Chick. Travis, welcome back to the podcast.

Travis Chick ([01:22](https://www.rev.com/transcript-editor/Edit?token=MQz-TT_3ZI7Lzx29uaSraBt0AB3tAc93uMlpCBp6DTvbywEUgCVp_tFhRiVZ7xcc5a41w8evve0AQiNI2HZKGelUIns&loadFrom=DocumentDeeplink&ts=82.2)):

Hey, excited to do this actually in person now.

Erik Averill ([01:24](https://www.rev.com/transcript-editor/Edit?token=2ZPWRSz7roMwm5-mbY5iU7DvQbeTiarf4XGxwwEtS624IDjXTEAP4Imkc-k2pWpR8cuwvXvwxZUa_zeqBZ-kZjJf8oI&loadFrom=DocumentDeeplink&ts=84.2)):

I know. We are six feet away, so we're good and in the year 2020, when this is being recorded, but what we're also talking about it's the end of the year and it is all about year-end tax planning. How do we help our clients maximize their after tax returns and pay the least amount of taxes by taking advantage of all of the planning opportunities. And on this specific podcast, we want to talk about really the importance of the type of retirement plans that clients and people should be taking advantage of. So we'd just love to hear from you. What are the options? What should clients be thinking about at this time of year?

Travis Chick ([02:04](https://www.rev.com/transcript-editor/Edit?token=NXFIMRSVkeywbdd28ebPB0000ttWqZ-gv6OqJuOVZudtO5GtGZQWJKFkk7tlO4GzHej6FhNfGDW6RMGw4Ey9_Q45ssQ&loadFrom=DocumentDeeplink&ts=124.84)):

The first thing that needs to happen really is a proper tax projection being done. There's two forms of income that we focus on, especially with our athletes, the W2 income is kind of the obvious one. That's the one that the team pays you a salary, everybody knows about it and you're able to do some strategies along that. The one that gets kind of misunderstood the most is really focused on that off-field income, it's, what's called 1099 income. Actually you did a great job putting out the paper the other day, and we'll reference that in the notes there too, but it's called the 1099 income for off-field income.

Travis Chick ([02:36](https://www.rev.com/transcript-editor/Edit?token=p7tcc4_YsEIL6llPwfmZgXQEDwq9dFQrDG-a8_0eSZsBSJ7Eji4naya5l5FpmtbjTGgaBeZxNjmvdzod8p5hUwknVlw&loadFrom=DocumentDeeplink&ts=156.87)):

Some of the strategies that we'll use for that, some people use what's called a SEP IRA, and you did a really good job of defining what that actually is. But the one that's probably the one that gets to be taken advantage of the most or needs to be taken advantage of the most is called an individual 401k. Most people out there have heard of a 401k, most people haven't heard of an individual 401k, and so there's a lot of tax planning and a lot of strategy that can go and have major tax implications both now and obviously in the future when taxes are going to be more important, especially if you have a long major league career.

Erik Averill ([03:10](https://www.rev.com/transcript-editor/Edit?token=lJM2-fPv5gxGaQ4xEUigGi9VilL-WY0UB0sCn2fS0xelnmlibyHYk-vAds8fDCvJUAAkm89SxoW-1g2ubxaqyXLU1jU&loadFrom=DocumentDeeplink&ts=190.19)):

And so as you're clarifying here, you had referenced most people are familiar with the 401k that's offered through their employer. So if you're a major league baseball player, you are familiar with the MLB Vanguard 401k, or about half of the minor league teams offer a 401k on the minor league side. But what we're talking about is separate, and this is specific for that 1099 income, and really the advantages of retirement plans is one of two ways. If you're in a high tax bracket money that is contributed into this account, you do not pay taxes on it in the calendar year. So $19,500, instead of paying the typical or effective tax rate, if you put that money into the individual 401k, you avoid paying taxes in the current year, it goes in, it's an actual investment account and it grows tax deferred until you take that money out.

Erik Averill ([04:06](https://www.rev.com/transcript-editor/Edit?token=dIsb_-S2TslcDtZH3WELWhHkB2p4OFJypHqMCTdb97I8y9-VNoU_EB287V7VTyjoWm742j8KjYrmh3guDqY8-4jseRo&loadFrom=DocumentDeeplink&ts=246.58)):

The second option, which is a large part of what we're talking about this year for not only draft players, where the maximum amount they could receive only a $100,000, but some of these major league minimum guys that didn't make a lot because of COVID, they're in a lower tax bracket, and it opens up an opportunity to contribute to what's called a Roth individual 401k, and the benefit there is they're not going to pay a lot of money in taxes to the federal government or to their state right now, take advantage of that, put that money into a Roth, which now grows tax-free all the way till retirement and then when you take that distribution, you don't pay any taxes. So a big advantage to be able to do that. Can you talk a little bit about why a SEP is not ideal for a professional athlete, because for a lot of business owners, the SEP could make sense, but why the individual 401k over SEP?

Travis Chick ([05:05](https://www.rev.com/transcript-editor/Edit?token=0RHRnsKpzqMVmid_dDeux6geGPQkLOF6mvRpcqQIJSOzXPT4jl9DdxiIRHCQndelWSCJta4izmSyY1uTZiSXJu7w4Wg&loadFrom=DocumentDeeplink&ts=305.57)):

There's several reasons really. And number one, I would start with what we call tax diversification. Everybody hears about diversifying your portfolio and diversifying your investments. For the clients that we're specifically referencing here today is, we're projecting these guys, these draft picks to make $500 million. The numbers can get substantially huge, right?

Erik Averill ([05:27](https://www.rev.com/transcript-editor/Edit?token=vq6sO_ZMBaOwf0YOa_dtqPNeX5sJS1RCkpmlzPAmln_vGSkQRUZ0l-xPkOMAjU-T8Lwy019KfQGiEWvPb6eOJpwFmE8&loadFrom=DocumentDeeplink&ts=327.99)):

Right.

Travis Chick ([05:28](https://www.rev.com/transcript-editor/Edit?token=WJokNqxNaKV7m4M1RmOuJ6gOrUUGZENH0jv3Dly0jfH5bU0WZHl1mlg9BF24Y8II6YvYGwVL8jCDfpDr1utGccjcjV0&loadFrom=DocumentDeeplink&ts=328.45)):

They're going to have a big pot of money that the teams are going to put into in their normal Vanguard 401k. If they play for 10 years, they're going to have their pension through the major league baseball. Obviously they've earned enough, they're going to have a huge amount of money in their social security, so there's these different pots of money that are all going to be taxed differently and so planning for that now, planning for how you're going to receive that money in the future is actually very important because if all of those things come to fruition, you're going to want a pot of money that you can pull on tax-free that you've already paid taxes on in a year that you were in a pretty low tax bracket.

Travis Chick ([06:05](https://www.rev.com/transcript-editor/Edit?token=Fq8qTyiMq_g7i1_yTZ_aec0j93gcumjuhFLqzThiBrMAU46W-N-R7VzGzDy7Tx2GKVqQx29gUJwqM-Of3PWGkqt6qds&loadFrom=DocumentDeeplink&ts=365.63)):

So that's probably number one. So that's projection when planning right now, there's a big difference between tax planning and then just tax compliance. And that's where we're talking about today is actually tax planning. Really the difference between the SEP IRA though, is you're actually limited to the amount of money that you can put into it. Everybody's heard of a 401k, right? So you're allowed to defer 19,500 of those dollars that you earn, a lot of that money that's coming in from the shoe deals, car deals, glove deals, appearance deals, all that stuff, you're treated as an employee but you're also treated as an employer, and so you have the ability as the employee to defer that $19,500 into the account, right? And in a year where you made less than $207,000, you can do it in the right year, Okay?

Travis Chick ([06:52](https://www.rev.com/transcript-editor/Edit?token=Q9wuiG1QmtHnoOE9juTIO3hGN2Smz4qz7tbCC59-iVlhDJevPab-OAYHpLgmcscHhL6nqGmsf18RD0-gidi_q6-njLA&loadFrom=DocumentDeeplink&ts=412.89)):

But as the employer, because you are the employer that's putting yourself out there to earn that 1099 income, you can also make an employer contribution to get more money into that, right? You can't do that with a SEP. The other part too, is when we talk about tax diversification in the future that we're planning for because we're assuming that you're going to earn these dollars, there's what's called an IRA aggregation rule that is eliminated when you start using that, plus you can't start using those Roth treatments. So it's a pretty... It's not a terrible strategy, it's just... The reality is, it's not the right one for a draft pick because it doesn't take into account the years that they're earning the different types of income that they're earning.

Erik Averill ([07:33](https://www.rev.com/transcript-editor/Edit?token=e9ZNrpqV30ybPSB6Zq6FkdvIG5M0loNNORfDc_ognpsJYQdGowg0VQMv7RQ4K8KNybp2_wrOIe5WOUeE2hJ5T_3K2p0&loadFrom=DocumentDeeplink&ts=453.31)):

And I think what you're really pointing out is, a SEP IRA for a lot of business owners, they're only thinking about the employer contribution.

Travis Chick ([07:42](https://www.rev.com/transcript-editor/Edit?token=gYhh-LYmhR7bTm-CQjmswuweCGgxty_rik3xvTGSvuIvjNpZitYx18x1gyJHMyjz15h0RRT7qilPEvWvtToi7rWoGXk&loadFrom=DocumentDeeplink&ts=462.23)):

Correct.

Erik Averill ([07:42](https://www.rev.com/transcript-editor/Edit?token=uMJqsEPs_q_trJT36UwMMweXy_XJ2uLOp8wL98JWgDlhX27tB8ZY21LbuIfm09MkWATE_6Ec-6dqUyDFBUKAtHGTDe8&loadFrom=DocumentDeeplink&ts=462.5)):

And a lot of times business owners aren't in the highest tax bracket. I think this goes back to our specialization of working with... We specialize in working with people in the highest tax bracket that we expect are going to be in the future, most likely in a higher tax bracket again.

Travis Chick ([08:01](https://www.rev.com/transcript-editor/Edit?token=ayl93jUdgG4Syk2-f-1LBFQ-6E1YPUGy43jQApR-IEzpmK-8zojiZERrXBiMzovvUagM37YcwrzMo1FuclxPUoY9uSI&loadFrom=DocumentDeeplink&ts=481.23)):

Yep.

Erik Averill ([08:01](https://www.rev.com/transcript-editor/Edit?token=jaoH5lNwaOZnOW5EKAJum_Dcl1hjEe3E4YO_xcJ2rlRRQjHAcU3SSfwLFgMAB2MsJ8CRWmiweZ8Gr5b6s9z0U9o_Gbg&loadFrom=DocumentDeeplink&ts=481.97)):

And why that's so significant is something called the backdoor Roth IRA, that when our clients are to a point where they now exceed a certain amount of income, the government doesn't allow them to put money into this Roth IRA, because it's really set up to encourage the general population to save for retirement; they don't want just the rich getting richer.

Travis Chick ([08:24](https://www.rev.com/transcript-editor/Edit?token=HBmLLuiP5iRjh-MuT7SQ2TbdEpdvCBR5xBR32CMYyBObRP985v3JUewmYcZo72nZzAE-h59HE674ZGwo6Z-hKkx3hWA&loadFrom=DocumentDeeplink&ts=504.32)):

Sure.

Erik Averill ([08:24](https://www.rev.com/transcript-editor/Edit?token=IZk322lX95tAhFubOXjiFMQZJCzVhOuLtShmGrr4zDUA5KAJmARioj227FZo2taBJ5o1DAqaGlI9yktdCt9TgCkN1P4&loadFrom=DocumentDeeplink&ts=504.91)):

Well of course, what do the rich do? They figure out a way, they pay people like us and say, "What is the tax code say? Is there a work around this?" And the short answer is, yes. So if you're in the highest tax bracket, especially if you're married, you and your spouse every single year should be taking advantage of something called the backdoor Roth IRA. I'm not going to go into super detail because we have an article about it but if you set up a SEP IRA, you can't do that. And ultimately that's really a sign that they probably aren't working with people in the highest tax bracket, because if I do the SEP, I can't do the backdoor Roth IRA; I’ve violated the IRA aggregation rule, and that's really why it's not in their best interest.

Travis Chick ([09:08](https://www.rev.com/transcript-editor/Edit?token=tPHsFat5EnwY_i6-ArZZHDe9Tk22shegf0PNtQ0j-x9q922eoNeBmo46a_Op2F1K1FhEOwJk15CBSxQGoVRSK4pCoPo&loadFrom=DocumentDeeplink&ts=548.44)):

For sure.

Erik Averill ([09:09](https://www.rev.com/transcript-editor/Edit?token=8fqdr6Op-0n8vt3niAYSZPEmd5eYZW8kjgSpNXtV-iYD9CVxK0XKEjX7KGfVYfvzeuOCrN6ZXP4h5o_aa1w7lFdU3Pk&loadFrom=DocumentDeeplink&ts=549.05)):

And the great thing about the 401k, if on my tax bracket for the MLB draft kid this year, my tax bracket is really low. I contribute the Roth portion, but next year and the year after when the limits are your effective tax rates, upwards of 35 to 40%, now we're doing it the traditional way. Can you talk about just a reminder of what the traditional allocation is and maybe what the limits are in total. How much could you really get into one of these 401ks?

Travis Chick ([09:39](https://www.rev.com/transcript-editor/Edit?token=lvCz0N3X9MolukLFL8j7uxtRP1h0nNG9cSsyl6amqd6uPkW_Y5GBRnJ29d9vYwC7HiSnpe1I980WpRii6KiiI4SLKuE&loadFrom=DocumentDeeplink&ts=579.75)):

Yeah, before I go into that, one of the things that you... It occurred to me when you were talking about the business owners, right? Traditionally business owners are the business owner, right? They're not necessarily going to pay themselves a W2. So that's kind of the point of that 1099 income, because they're taking business distributions and trying to fully fund it that way. Right? So it's a completely different tool that's being used for a completely different type of person.

Erik Averill ([10:07](https://www.rev.com/transcript-editor/Edit?token=cFmlt3J61LQIFTywAmAeI2mMJJ8mYxRF9eku8Xb27rHzktR5RSkCZCaDp3aI4kSyE0rspabHAI7vOQxGEaZhL1BPX0E&loadFrom=DocumentDeeplink&ts=607.65)):

Yeah, and one thing I do want to add because that clarification, the reason most business owners don't set up a solo 401k, is because they're not solo, they have employees.

Travis Chick ([10:16](https://www.rev.com/transcript-editor/Edit?token=M79zrG2wj6xpGdPF43NhRWVceIWqPsCC7Gzhd3gFoi5uGaKl2e53sNxAxyC_6jDGlBAAf0Rft03FJHDq_1gPz1yDsks&loadFrom=DocumentDeeplink&ts=616.62)):

Yeah.

Erik Averill ([10:17](https://www.rev.com/transcript-editor/Edit?token=piiJlCnazfwHmiYKzHSGoBQ--PfUrdIQBbFMVFoSI3j37ybMm3MW9OtMriL5Bk1rEtq7jcpI1YQ7CsJFb3H67OCenkU&loadFrom=DocumentDeeplink&ts=617.22)):

And so if you have employees, this individual 401k-

Travis Chick ([10:20](https://www.rev.com/transcript-editor/Edit?token=qdcAwp2zAaxKa0TGjn6cIBrr3iPfQE3K7sWaLt7aIeByIYh-VkDBZ_Glax-O_GRrZ-sqDI4DzLNnAn65WLsbvd7YFXM&loadFrom=DocumentDeeplink&ts=620.41)):

Doesn't work.

Erik Averill ([10:21](https://www.rev.com/transcript-editor/Edit?token=ONb2j-bj95hOegd83oja-0CYgzeTFJnfr0VT5G7c59qVvxs5IboEyaEPHiq0VTfPu20OEw6iDgopBZPVyzx9KFuePFs&loadFrom=DocumentDeeplink&ts=621.71)):

Not available to you. So one can very niche, very specific to the athlete the situation.

Travis Chick ([10:26](https://www.rev.com/transcript-editor/Edit?token=jdSV1Zm7zUZwF04i2__Xr1JyDjMfk4jp9xW0ub58bEyfDk4r24t9NIqTIU7FuDM7JUNWcLSz5ycGN02ycHOJLSyQvXE&loadFrom=DocumentDeeplink&ts=626.46)):

Yeah, for sure. So kind of back to the question on how much you can actually contribute. I touched on it a little bit, you're able to contribute the 19,500. So say in a year you earn... Some of these draft picks this year are earning upwards of two or three, $400,000 if they're drafted at the highest end, that's car deal, shoe, those glove deals, appearances, all that stuff, right? So out of that, as the employee anybody's allowed to contribute 19,500 in the current year, and that can get adjusted with inflation in the future, but as it stands today, 19,500 of the money that you earn as the employee into those funds or into the plans. The net side or the backside of that, the employer contribution, it's what? 25%? That the employer can do of the net surtax?

Travis Chick ([11:12](https://www.rev.com/transcript-editor/Edit?token=yKhmFZd_WH-dYffqcHucsvSGeoL6wylSdi6eZP1S77FqDR5LSQHbti2Idnw3BiK3ts9b4MVdhvJp7CbswInrcY6IAug&loadFrom=DocumentDeeplink&ts=672.14)):

Yeah. So that number can get pretty substantial. Now, you touched on the difference between the traditional and the Roth. The traditional you're paying the taxes on it in the year that you're due, right? So that's where that tax planning is actually really important because as a draft pick, especially as a high school kid, let's think through the years, right? First year, pretty low tax bracket, earned 100,000, depending on the money they making off the field, it could get pretty substantial, but let's just assume he's in a pretty low tax bracket the first year. But we know that year two and three, that tax bracket is going to be really high. Traditionally high school draft picks aren't going to make it to the big leagues that fourth year, so you have a low tax bracket, a year high tax bracket, high tax bracket.

Travis Chick ([11:53](https://www.rev.com/transcript-editor/Edit?token=59YbcVwKIUUgzjlguYkUJpXe1ZeZ4aTsb_pzv_FV8kLo5BjdyaG8Cql9x4Lq0fbsMAy6Ux8uyGPSManJj6Jd_o7T12Y&loadFrom=DocumentDeeplink&ts=713.26)):

And then probably in that fourth year is the lowest tax bracket these guys will ever be in again in their life.

Erik Averill ([11:58](https://www.rev.com/transcript-editor/Edit?token=hc59fANPA9fReL4c24wiF2RF_eiq1fRiMYtG3L0hYF-rSJ3hle_1mR1hLphWErzO5G-bKooaCtrOY44OnotFUC9ibhQ&loadFrom=DocumentDeeplink&ts=718.1)):

Right.

Travis Chick ([11:58](https://www.rev.com/transcript-editor/Edit?token=GSEWZoSy8GR_VkPH1wcKJfWBgu_tuN-Nst4sSs1TLgqoPGTcQFLJBb-QHP3bjJRxbxQ2zlwIFRKPBymSAKiV-cj5m5Q&loadFrom=DocumentDeeplink&ts=718.8)):

They might earn, I don't know, $10,000, depending on off-field income, it might go a little higher. That is a huge opportunity if you do this right to start putting money away in the two different buckets, traditional and Roth. And if you're able to convert that in the fourth year... We all in the finance world have heard of the rule of 72, right?

Erik Averill ([12:18](https://www.rev.com/transcript-editor/Edit?token=IllNh4kp7Sb9mt9WPOOlJay72lF5kpuYJS78Lv0OuBjty1eGTRGQl82_BJfvHf5vptKg-D0VbpChRKLXxhknLRSNg1w&loadFrom=DocumentDeeplink&ts=738.62)):

Absolutely.

Travis Chick ([12:19](https://www.rev.com/transcript-editor/Edit?token=cQ74B9JBUSjtyG1erfP9CwrxX6NO1H1_KaFc_8wPQIfpffyHvidQpQnAD6cRMjbinHSZbiApRwckOEdluaxJwiMbClc&loadFrom=DocumentDeeplink&ts=739.2)):

So let's say at that time you got a 21 year old kid, that's got $100,000 just put away in a bucket, double that-

Erik Averill ([12:27](https://www.rev.com/transcript-editor/Edit?token=zCa3RA3UXvFOhz1UMixuwuX12BUeUa9uVEZu-dneDDVCv1zY9ASe2cHJ8GVYzxAhlSzejDZCCJEvjSzsq4kYI2BJXuU&loadFrom=DocumentDeeplink&ts=747.92)):

Tax-free.

Travis Chick ([12:28](https://www.rev.com/transcript-editor/Edit?token=9EbBzfh-0x_uTBVOGmg-30b8qLT6P0LcRWwHR00ugNTfk4vcW2nW9leUmHBOZj5GSdPh5NqTS4NPt4a58EAvai9v9XU&loadFrom=DocumentDeeplink&ts=748.27)):

Tax-free. Double that four times that's substantial money.

Erik Averill ([12:32](https://www.rev.com/transcript-editor/Edit?token=Xxa0Fa4hcApJYKmBP0U9FlyPPncoa4kUd2SIdjVHgB-fhs430JkgyyhFzWSTyzPhQ5TxBY8XeaP_nXRCmUlKdzNzziw&loadFrom=DocumentDeeplink&ts=752.44)):

Yeah, let's do it one to 200, two to four, four to eight, right?

Travis Chick ([12:37](https://www.rev.com/transcript-editor/Edit?token=TPezBoora8c9M_u-vlc0kZ6aq_HhZlbG7jhGYN6v08jXJsPjA_1dw-9xugJTp2jkRcUzc28lxa7qg4_nvr_ofVNz7kQ&loadFrom=DocumentDeeplink&ts=757.56)):

Yeah.

Erik Averill ([12:37](https://www.rev.com/transcript-editor/Edit?token=Gz3DKwccyN-oYxphEfd4xblIFRJZejjves-1O3igEJhRI0EHAIfEMplZX4H237hQJ7xOCTEnq6YWOahSzFoYJwf0j_g&loadFrom=DocumentDeeplink&ts=757.74)):

Eight to 16, right? You're talking $800,000 in retirement that you can pull on tax-free and it's incredible. And for the parents listening, or maybe agents or people that are familiar with retirement plans, the traditional 401k you're required to take distributions from. A Roth, you're not. So if you end up making 100,000,000, you're talking about a legacy asset to be able to pass on. And so I think just the importance is you can see our job is to minimize the amount of tax, but also set you up not only for today, but how do we create the maximum after tax distributions in retirement? Which is super important. And one other thing I want to hit on very briefly, we've got a whole other podcast that we've done on it; can you talk about the, so often you need to set up an LLC, right?

Travis Chick ([13:30](https://www.rev.com/transcript-editor/Edit?token=TbATdsS1ppYwCauJjnCv56sswWys-tmlnQGdyYtCQ-yhi-Llv-0y0UiEMOc5C2f1d_Tq_tvz0vxLGCEZxXTfvEcr-V8&loadFrom=DocumentDeeplink&ts=810.91)):

Yeah, that's a good one because so often people think, "Well hey, I need to set up this LLC for liability protection." What liability is there? I mean really, what liability is there as a baseball player because of the way that you earn that income? Right? If you're hiring people to go out and pay you to do that job, there is some liability there, but it's not like you're putting yourself out there and having liability protect. And then the backside of that is, so often people think of it as, "Hey, this is going to provide me some sort of a tax benefit."

Erik Averill ([14:05](https://www.rev.com/transcript-editor/Edit?token=YZgG1Tw1kvGIkLwDicDiJ3lg-nTgNpq9NeODwgDUflC5kQGUdqnc0y-LELhplgb3HdQ5sC6iTeULN4wjRthZ04rcIjQ&loadFrom=DocumentDeeplink&ts=845.32)):

Right.

Travis Chick ([14:06](https://www.rev.com/transcript-editor/Edit?token=Nq8AeM20rSF20uemoOF8MkItcXLn7EgbKLc4TZnih2pEVLr-NPYKIa_q9VUsawQoI3hZVcbSm_5pQPUK9-QKycJyQSA&loadFrom=DocumentDeeplink&ts=846.12)):

That's the one that really draws them in. And the reality is we know this doing taxes that that income flows up, right? So you're still going to have to have the same taxes that are coming through, whether it's in the LLC, whether it's in your name, whether it's in a... Whatever it is, it's still going to flow through. So that money that you earned, the LLC, it's a fun way to say, "Hey, let's do some strategic planning." The reality is, it's going to cost you more money.

Erik Averill ([14:32](https://www.rev.com/transcript-editor/Edit?token=wSxEnTVtKn8iQUA4nU0NhyjHKuGSyjhzmV0K-3TQlKnkTapoxmhlwbm8LpqXveNf2aJDjF9x1TNbVd6peZOvP-Rb3cI&loadFrom=DocumentDeeplink&ts=872.83)):

Yep.

Travis Chick ([14:33](https://www.rev.com/transcript-editor/Edit?token=ILQvnhNMgfprIc4MnkWi_kx105I_Sn3UfD9CDMVk-RYMSkpKoAYzVDDCOy7XGeW2SWhVYZvT0UciOVXlIwd4SnP1LYg&loadFrom=DocumentDeeplink&ts=873.32)):

It's not going to save you in taxes, it's going to give you a false sense of security because it doesn't provide a liability protection that you actually need, and you're, you're just costing yourself time and money.

Erik Averill ([14:46](https://www.rev.com/transcript-editor/Edit?token=Vnq_N8A4BOxpm_jP1NA6mOTMT9UEPdUpOKRBK5quc_pRZjiX9OL2geqIVq3DzLQVqOAiYyjcPIf12hT2niRSI3P0hG8&loadFrom=DocumentDeeplink&ts=886.03)):

And I think the reason we see this happen is, it's a fundamental misunderstanding that clients are different. What I mean by that is we have a PGA division. Most of those clients, they earn money only from 1099 income and there actually is some liability on the golf side because of when they're out doing sponsorship events and doing these types of things that an LLC for a golfer makes tremendous sense. A loan-out corp for a musician, an entertainer, a movie star, makes sense. If you're an NFL player, an NHL player, an MLB player, especially at the smaller levels, very rarely makes sense; just a waste of money. And so I think it's the misunderstanding of legal and tax are not the same thing. So this is why having an integrated tax team with your financial team as a family office is so beneficial.

Erik Averill ([15:41](https://www.rev.com/transcript-editor/Edit?token=k_V0DmZYW9pbTlpllVzpNE5dK-R9x7IgHV1ACw6VOi2E7dk1dPaxrmFNYCq6l9VgxgpYsSj-Re5I8isu9Idb_k9fmj0&loadFrom=DocumentDeeplink&ts=941.24)):

We appreciate your guys' time. As you can tell, we geek out on this stuff, this is our analytics, but ultimately we know that you guys have worked hard for this money. You've sacrificed, you've put yourself in a position and I know nobody appreciates paying extra tax, and so make sure that you are saving every dollar you deserve. Head over to our website, which is awmcap.com, go over to the blog, you can find a detailed article about all this information and of course we'd love to help sort through it if you guys want to set up a phone call, but until next time, stay humble, stay hungry and always be a pro.