Travis Chick ([00:00](https://www.rev.com/transcript-editor/Edit?token=go1fjPQt273B9LrbtEe_WDlw353pHCEmNDdAEK8s-D0ujpX07a_edJmyo5krwYaig-8a7TWw7TkWfXecUSvPm9MxeXU&loadFrom=DocumentDeeplink&ts=0.01)):

Hi everybody, welcome back to the MLB draft podcast. I'm your host, former MLB pitcher and certified private wealth advisor, Travis Chick, and I'm joined by one of our newest partners today, Will McGuffey. Today we are going to highlight some of the key financial topics we are hearing from draft families who went out in the field, but before we get into that, Will, I'm sure you saw that Baseball America just put out the recent projection for this year's draft. Given some of the conversations that we've had, especially with prior podcast guests, what were your thoughts on that update?

Will McGuffey ([00:39](https://www.rev.com/transcript-editor/Edit?token=uA7EyzBTA8r-Ag6-GPKI1rWlXXmu1JsxSxcRY3LsnE-U36jIw18vUItLVo4IwUX6vhvsyfMLFqCxo5yUkLnuVPa7xVQ&loadFrom=DocumentDeeplink&ts=39.46)):

I think the amazing thing is, you start to look at the movement up and down by players as seasons start, as guys are hurt, as... And it's funny, there are some guys that moved down, and they haven't even played a game, because they play in the midwest or the northeast somewhere. So, it's interesting to see how the movement takes place and what's going on and also discuss with scouts and teams when you're out at games, is there any relevance on that and who's really playing well, and then to go back and look and see if they're actually in any of these lists.

Travis Chick ([01:08](https://www.rev.com/transcript-editor/Edit?token=ZTw5gFgD0bVAkF0jxllN_2HTvre2Ug9eGAALO-GnMRvwxYb6AXgxTBgeU2rtwczynmecNtofGFgNi5-ed855k5yEX7o&loadFrom=DocumentDeeplink&ts=68.79)):

Yeah, no doubt. The only certainty that we know about the draft is that Baseball America and Perfect Game and all these other people get it wrong all the time. And the only people that get it right are ultimately the teams because they're the ones writing the check. That's great. So, like I said, today, we're really going to hit on the major questions that Will and I, especially, are hearing on the field as we talk to some of these draft families that are starting to see that the draft is actually a real possibility. And so, we want to hit on some of these topics and what you guys should be thinking about with some of these questions that you're probably thinking. One of the ones that we get the most is how should we be thinking about residency?

Travis Chick ([01:45](https://www.rev.com/transcript-editor/Edit?token=_ByDKiQyHA5N4FAho9NfYV-rUdzaKFzMBCCVnI_rW_II2bKfhIrav3yYZCixPgdxzY2XXcSw77fpYU7QuT0c6OSs92k&loadFrom=DocumentDeeplink&ts=105.59)):

Some of the kids are asking, should we be buying a car, or is investing in real estate a good idea? And one that we hit on quite a bit in previous podcasts is, is a million dollars actually a good number for me to sign for? And so, where I thought we'd start the conversation, really, is on residency. Will, I know we've talked about this quite a bit in the past, you've obviously had experience both sides of this conversation being an expert agent and now financial advisor as well. So, give me a kind of a checklist on what families should be thinking about as it pertains to residency, especially now with the breakdown of how the draft kind of works and gets paid out.

Will McGuffey ([02:24](https://www.rev.com/transcript-editor/Edit?token=doGrjtXtd3ed3kndlpmWVem_QfOXwHhaqat9ykl4VeXoXIfu2xXZWjJgrwcn3WdqqJLMQnWcIpEOa3SqZzzHUZbEkgs&loadFrom=DocumentDeeplink&ts=144.94)):

Yeah. I think the interesting thing about the... Everybody looks at the downside of not having your money sooner with the draft and only getting $100,000 this year and then spreading it out to July of next year and the July after that. The one upside to that is that, it does allow you to not have a rushed attempt to start to get the residency in place, to have some of the questions surrounding the taxes that are taken out. So, we do have a little bit of time to actually do that the right way, which I think is... It's one less thing to worry about as the draft is coming upon us. As soon as you get drafted, saying, "Okay, let's figure out the logistics. Let's put it in place right now." So, I think that's the one major thing that this draft structure allows us to do.

Will McGuffey ([03:12](https://www.rev.com/transcript-editor/Edit?token=Tr2n5q5sXr9hZ3E--h6wRpB3ZueqxGyTpcnxbWd_P_gJQNCJ72qLr1t4p51vPOeQoH0IrcliZlBnYqJHBfJOOpOwGmE&loadFrom=DocumentDeeplink&ts=192.84)):

Some of the things that you're going to start to look at is, as you mentioned... You mentioned buying a car. Well, going back to the car in residency... Where should I register the car? How should I do my insurance? Driver's license... And the one thing that the players should know is, there isn't a strict checklist saying, "Hey, you have to do this." It's more of a, show us that you actually have an attachment through a number of factors, with there being no outstanding checklist. What are some of the things that you have seen guys do?

Travis Chick ([03:41](https://www.rev.com/transcript-editor/Edit?token=dU53WTEWk9whnIErUnTGb6kwazHmdkLtt1Vz_ELj1k3i3kxqn0OBlqf1p-U8kFA2bhRtxJDwsZwtB9_I19DrncIKsHU&loadFrom=DocumentDeeplink&ts=221.89)):

Yeah. Where do you work out? Where do you go to church? Things like that.

Will McGuffey ([03:46](https://www.rev.com/transcript-editor/Edit?token=1ad8qDZaFQPP5eK0Uc8GkJF_U_4nqrCu8iGcTcUiwwxJez_6Wu-sktPiW1iUDtQO5PG9K5M2bF92Pp8x-H_daUC3vtQ&loadFrom=DocumentDeeplink&ts=226.01)):

Yeah. They start to follow the wrong... And look at say... Let's see your bank statements and see where you were actually spending money. You go down somewhere and it's like, "Yeah, I was a Florida resident," but all your money is spent in Kansas. They're going to look at that a little bit differently.

Travis Chick ([04:00](https://www.rev.com/transcript-editor/Edit?token=PQVWGQ4Go6mJoqSdEC4E9A-IgPB0mp2pGGhypObRcdCUS7rNLsAOpPZp3uK9A3RukSxpPBUyUR-L1uMCjbEzesDfcZ8&loadFrom=DocumentDeeplink&ts=240.95)):

No doubt. We've actually had clients have their phone records audited to see where the majority of the phone goals are being placed and received from. I think the good thing about this structure, if there is any... We take the financial part of it out of it for this part of the conversation, really. But the good part is that it makes this decision a lot more proactive rather than reactive, because what happens so often is we see this, "Oh my gosh, I just got drafted by, pick a team."

Travis Chick ([04:32](https://www.rev.com/transcript-editor/Edit?token=yXv4nUXv4MGOFXS7Psu0KDIxSnFub3XE1pUFz2vQu2JrptBW8W53WTXtM3YuidPo_z9Ilv06yVyPfGAxmPOnoWo2RxY&loadFrom=DocumentDeeplink&ts=272.84)):

And then all of a sudden, now I'm trying to figure out, do I need to get my residency changed this year, how fast can I do that... And the one advantage now is that only, and I use the term very lightly there, only a $100,000 of the ultimate signing bonus is going to be applied to your state's resident. So for example, if you're in the top 10, 15 picks, and you sign for $4 million, $5 million, $6 million, realistically, you don't want all of that applied to California, if that's where you live, or New York or some of these other high tax states. So, it gives us time for you to get settled in, find out where your spring training is going to be, find a place that you actually want to work out and stay in the off season. It allows for a really productive residency conversation rather than a reactive and emotional conversation to have on the residency stuff.

Will McGuffey ([05:22](https://www.rev.com/transcript-editor/Edit?token=qPsyUj287oPwK_TFP1ZaDekJ2zEb2AkDxp6jxLXNm72qWdJ5R95xy6cPsuHEefPiO31nuNEczF3Y_nWlGcJDH-iucvg&loadFrom=DocumentDeeplink&ts=322.41)):

Yeah. I completely agree with that. And the other thing it allows us to do is, we get to plan a little bit more. You go back to surrounding yourself with a team of individuals that understand what you're doing and where you're going to go play. With us, working in the baseball industry and understanding the career path that you're going to have, it allows us to sit down and say, "Hey, what's actually plausible for your career? Where are you going to be next year and the year after? And how can we adjust the tax plan in advance to make sure that everything matches up so we can maximize what you're saving and minimize what you're paying to of these states?"

Travis Chick ([05:58](https://www.rev.com/transcript-editor/Edit?token=7AEN1LstXGbHJSxfElQgVLcsgHSDRZeVKq_lgf6vajBg_WhW_6ge-n01TB-X0zgjW_BvxdzEB6dGk0VkbnJ58TpKgcs&loadFrom=DocumentDeeplink&ts=358.02)):

Yeah, no doubt. We actually have an entire resource that we can send you guys for a residency checklist. It's something that we do every year with our guys. So, it would be something that you guys can check out in the show notes. But I want to move on to... One of the things that you hit on was buying a car. So, this is obviously an 18 year old kid, a 21 year old kid, all of a sudden it's... Now it's like, "Hey, I can afford to buy a really nice car." I can't tell you in the past few years, how many Ford Raptors that we've worked with clients on buying. It's a really exciting time for players to kind of step out and, maybe, fulfill their dream of owning whatever type of car it is. Now, whether that's a good decision or a bad decision, at the end of the day, there's two parts of that.

Travis Chick ([06:43](https://www.rev.com/transcript-editor/Edit?token=n1DJVzlVG5gQmrPtnIZpe8aUzeUP6VqfGAeTpjl8qwYgykCOsHFhg7bVby-cdk-EGiSgBF9Bw-aUzOkJM4EaEWFh1DQ&loadFrom=DocumentDeeplink&ts=403.68)):

Number one, what we always try to advise on, what is the time value of that money? And so, we'll get into that conversation we have in previous podcast... But in terms of buying a car this year, I think it's really helpful to set expectations because so often, these players, now with the way the bonus structure works, is you're going to sign for a $100,000, no more, only less if you sign for less. But you're going to get $100,000, and that's going to be before taxes and before agent fees. The other part to that too, and we've got into this in previous podcasts, is depending on the language of your contract... It could also depend on how much you actually ultimately get taxed in that first year. So last year's draft, we had players ranging their gross amount anywhere between 60 and, ironically, about $21,000. And so, speaking on buying a car... That makes it pretty difficult, to buy a car with only $50,000 or $60,000, doesn't it?

Will McGuffey ([07:41](https://www.rev.com/transcript-editor/Edit?token=rOMS3LCFPf9wx_kAN0TyP_oF_HPVVBp9WiSTV22E2_GtD5XIeuzXy1IQXQdHLxDucGNl76KYa2mJ7sei9SBq20XK2T0&loadFrom=DocumentDeeplink&ts=461.89)):

Yeah. Especially when you think about, usually, the lack of credit that an individual has. And they're probably not going to get the best rates, the best terms. So, is there a more optimum time to do that if they wait? Do you give yourself [crosstalk 00:07:58] in a cashflow crunch, if you're going and spending a large amount of your first $100,000 on a vehicle, knowing that you're going to have to put a lot down. So, I think it's always good to just take a step back and say, "Hey man, is this the right car for me now? And will things change?" The last thing you want to do... Where guys really get in trouble is, they buy one car and they go out and they put $20,000 in modifications on it and then a year later they realize, "Hey, [inaudible 00:08:25] lifestyle. I'm not really maximizing the utility of my car. I'm not really driving it. I don't enjoy it the way I thought I did or... My off season looks a little different. I bought a really nice car, but I want to hunt more. And I can't put all my guns or my fishing rods in the back of my BMW car." So I think waiting and taking a step back, as easy as that is for us to say, it's something you should do to really see what you want and how your life is really going to look.

Travis Chick ([08:56](https://www.rev.com/transcript-editor/Edit?token=jO03VZV7guDtKWEu-_XyOvm0bbYIw1Y-Xup4hVa3QGGVBv87OeHyKykAsvLzIz2PjcM4-E59arYCBto29C7kCxeIH84&loadFrom=DocumentDeeplink&ts=536.86)):

The reality is, and I can attest to this because I went through this personally, my usership of a car when I was in high school changed dramatically the day that I signed my first professional contract. All of a sudden, now I'm in a season and... Rarely did I ever even need my car, but if I did, it was only... The only time I had to drive it was to and from the field. So, I could have been in a bike and probably got just as much utility out of a car as I did that bicycle. In fact, I did use a bicycle quite a bit, but... But one of the things, speaking on buying a car, that you hit on just a minute ago, that I want to expand on really is credit because one of the things that we see most under utilized and least planned for, kind of, leading into the draft is that credit card experience.

Travis Chick ([09:48](https://www.rev.com/transcript-editor/Edit?token=I9rkNQJ7agn5XhhyFv9_-M0E5dQ4TnAR_FVqlyZ0VdrsA-9gbu97_r_h5edr1SJGDCG8psFwDnIlaQYZO0hUbRA6hv4&loadFrom=DocumentDeeplink&ts=588.26)):

And so, while we're definitely not advocating, go out and get a ton of different credit cards, one of the things that we often see as a big challenge for you guys is when you ultimately do sign, maybe you're there and you need to rent a car. Well, guess what, the first thing that they're going to do is make sure that you can secure it via credit card. Or maybe you need to sign a lease and you have to go back and look at your credit history. And so, Will, let's talk a little bit on credit and why, specifically for baseball players, that's so important.

Will McGuffey ([10:17](https://www.rev.com/transcript-editor/Edit?token=TOsZpaV6y7JXbCzmp5pMVRlzLoKqBMBUOM_oItV87FMAKI7TRwd98wRJvO7qV23AT1uapM3Jgp2jOk4xiEIGRBk0vQQ&loadFrom=DocumentDeeplink&ts=617.83)):

I think you start to look at, when you are an older person you're trying to purchase larger things, you're trying to buy a house, you're trying to buy another car, whatever it might be, everything goes back to your credit history and you... The bank basically is saying, "Hey, do we believe this individual can repay this loan?" And it goes back to also your work history. The problem is a lot of these guys... A lot of people don't have a credit history of any significance, yet they have a million dollars in the bank. And there's no real way to justify, "Hey, I'm a [crosstalk 00:10:52] player." It's insane but we see it happen all the time. Especially last year during COVID, we had a number of players that are trying to refinance a house and because of lack of income, because they aren't on a roster, because roster crunches and the guys were released and just waiting to see what happens this year, not able to go back and refinance a house so you're stuck in a higher mortgage interest rate, which is... You're in the four and a halves where everybody else is sitting there talking about, "Hey, I'm getting high twos, mid twos." That's a couple hundred dollars a month, depending on the size of your loan. So, going back and establishing credit is something that everybody should do. And the question is how do you do it?

Travis Chick ([11:29](https://www.rev.com/transcript-editor/Edit?token=wbWxyRjQ2bZyZzpAT7Y1vyz_iKA3KrbNCGuBoKftUUCV2ot6ox4xDds-Mm6Hf3C9Dbg_Rlf12ijqhn9bCrL1dDEzflg&loadFrom=DocumentDeeplink&ts=689.61)):

Yeah, I know. It's funny, I literally had that conversation with somebody that was drafted last year. He's a very smart kid and, ironically enough, he had no idea the impact of just a few interest rate points. And so, I just kind of walked him through it, helped educate him like, "Hey, let's say you do go out and you buy a car and it's a $40,000 car. And your interest is 2% or 6%, which is not unrealistic for somebody that doesn't have credit." And I just showed him the different payment amounts that that would ultimately lend to. And then two, we walked through a mortgage example. And it was really eye-opening for him to see, holy cow, the benefit of good credit is a really big driver of what could ultimately be my net worth if I can't afford to pay cash for the car or the house or whatever it is because of how much interest you're actually going to pay.

Travis Chick ([12:23](https://www.rev.com/transcript-editor/Edit?token=Q4F8S_KILVYQZHRnAgGAuBR1jP2Y1v8dfQdhUm-AccKyzQYK7FyHioyFDGlCKjPe3W8k98P-IJsWWTLGOf1VHrOP7m0&loadFrom=DocumentDeeplink&ts=743.58)):

And so, that's something that we always walk through with our guys. We want to make sure that they, number one, have a full and a healthy understanding of what credit is, but then two, how to actually go about acquiring it. And so, kind of leading into the conversation that I had yesterday, which is, really, some of the drivers of why we are having this conversation, we want to get this information out to you guys, is centered around the college scholarship plan. So, everybody focuses on my signing bonus, but a big partner to that signing bonus is the college education program. And so, if you're a potential first round pick, and all of a sudden you're also signed to a Vanderbilt or a Stanford or a Rice or a TCU, or one of these really expensive schools, you're also going to get a pretty healthy chunk of change to be able to set aside for your college use. So, Will, let's hit on that because this is a really important one that I think is probably the most overlooked part of the actual signing and negotiation process.

Will McGuffey ([13:28](https://www.rev.com/transcript-editor/Edit?token=6YKmP90Xaq16oZ_VPbU9ok6LUQJ-JsjSykHJUuZ_h_sFISVRyAmfNXiXamlvwfpFRsvpDCmNfMA2k5gAgDPQnIo8k_I&loadFrom=DocumentDeeplink&ts=808.3)):

Yeah. Well, they changed the plan a couple of years ago. What it did, there were a number of things that are beneficial to players. They expanded where you can use the actual money to go to school. And then also, it's a lump sum now. It used to be more based off of... And teams will still calculate it based off of, "Hey, you're giving up the experience of going to, whatever the university is. The rate of that now is X dollars. Let's multiply that times four." Some people say, "Well, yeah, that's a valid formula." Is it really? And here's where we see a lot of people not understanding the ramifications of that college scholarship plan. You have two components that aren't accounted for in that. One is education inflation. When you go back and look at the rates of education, higher education, and how much has changed in a five-year period or a 10-year period, let's not even talk about a 20 year period, that's a whole different ball game. But the cost of higher education has continued to rise.

Will McGuffey ([14:27](https://www.rev.com/transcript-editor/Edit?token=SryMncYAyn5gKtYZmUkXKqL9RGfNJCIpt63tdbMk7vHOO_1Dcg9HwBKJjyWA2R8mNFjfxSKsAvScBOYGo6pFxwywegk&loadFrom=DocumentDeeplink&ts=867.11)):

So, if I get a scholarship and it's worth $20,000 a year, based off of where I was going to go to school, it might be $35,000 by the time I actually use it. So, I have a built-in deficit. The other thing is the tax implication. I think this is something you were talking about the other day. And this is a question and answer that people are most astonished by, is you're taxed on that money as you use it. And so, you have to pay taxes. So, that $20,000 scholarship that you had, and you're going to try to pay for $35,000 school it's really only worth, let's say, $14,000 to you. And that's where people get caught in this trap of, "Oh, well, school is covered." It can be covered. But one of the ways that you might do that is, say, "Hey, look guys. We know it's changed to a lump sum, so let's go ahead and just negotiate 40% more than what the university I want to go to is to try to capture some of those losses you're going to have if you end up using it."

Travis Chick ([15:24](https://www.rev.com/transcript-editor/Edit?token=lbO5xi6dX2pdEC6HS4Abv6PU13oixlmnZM7GrH-otiAKatrqCmrFnZDz-hcsgYKFrmZZ5IWLzNTji21hUb76WuEgLoY&loadFrom=DocumentDeeplink&ts=924.54)):

And I think to expand on that a little bit, especially now with the way that you guys are going to get paid out, you get $100,000 this year and then the remainder spread out 50% over the next two years. Those are different tax rates, each one of those years. And so, the first year, obviously, it's going to be a pretty low tax rate. The next two years are really high tax rate. And then depending on if you're still in the minor leagues that fourth year, it's probably going to be back at that low tax rate. This comes into timing when you actually even want to use this scholar scholarship, because if you do go back to school while you're still playing, and you have $50,000 aside for this college scholarship, but you made a million dollars this year, well guess what?

Travis Chick ([16:12](https://www.rev.com/transcript-editor/Edit?token=w2wX-uvxI95Q1CwSK345eYCnNO3YnIGJ7h4KPa1FDvEffIVZ4CBvuEPg7USuzkpTZ03xpdhsAWgLPOvrLN2rAPdUZzg&loadFrom=DocumentDeeplink&ts=972.18)):

Now that $50,000 turns into more like $25,000 or $30,000. So, it's very impactful. And it's just something that... It's not necessarily a bad thing, it's just something that, number one, we need to plan for, and number two, I think you hit the nail on the head talking about the inflation of education costs, because if I'm planning on needing $200,000 in today's dollars to go to school, but I'm also planning on playing for at least four, five, six years, let's future value that out to see what the cost would actually be in five or six years. And that's the number that we should probably be settling on. And that doesn't even include the taxes. It gets really complicated, but... The message that I want to stress here is be as proactive as possible. Waiting till after the draft, waiting till after you sign to have these numbers as leverage, as ammunition to negotiate against the team is really just bad planning. What do you think Will, is that... Is there anything else I'm missing on the college stuff?

Will McGuffey ([17:13](https://www.rev.com/transcript-editor/Edit?token=LUX4YKUMEYlBw840koxLVu2wxrm--ubshzD4QgDWFyb53ZUbxE6y38SDQgR4yQnzCS3oLFbfDD6PeM_Rd_COLreA_ic&loadFrom=DocumentDeeplink&ts=1033.01)):

No. When you talk about the negotiations going for the college scholarship plan money, it's usually the CEP as it is now, it's not the CSP, it's the CEP. But that's on the backside. Everybody just basically says, "Hey, yeah, we know that's going to be included." Everybody's worried about that signing bonus number first. And then we're going to go ahead and knock out the dollars on the backside. So, it's something that you should already prepare for, have written down... Understand the cost of what you're giving up and that way whoever your advisor is, or if you're handling it on your own, you're walking in there and saying, "Hey, I'm going to for... I know that the cost of the university that I am signed at or the university that I'm at is $100,000, but I also understand that in the past 10 years, the cost of going to that institution has grown by 45%. And I also know I,m going to be taxed on that. So, instead of asking for $100,000, I'm going to ask for $150,000. And here's the reasons why." And it makes it harder. We're not saying the teams are going to say yes to it, but it makes it harder for the teams to say no if you back it up with logic, instead of just throwing numbers at the wall and saying, "Hey, we hope this sticks."

Travis Chick ([18:23](https://www.rev.com/transcript-editor/Edit?token=JupWjAsXL3GIot_VMtEyCZSI5g4HhHB0bPNKzqrk2H1obkgk_nWWMltDxsyzXRi0Os_TLLVtsDpKV_gTgCs2dck8PP4&loadFrom=DocumentDeeplink&ts=1103.63)):

Well, I think it just shows that you're actually prepared. One of the conversations that we had with some of the scouts is, they want to know that you want to do this. And it's funny, some of the language that has been used by some of the agents and advisors is, that you don't want the teams to know that you want to do this, but it just shows that you're prepared. And I think there's a lot of respect around a prepared person on and off the field. But then the last thing I really want to hit on today is [crosstalk 00:18:55] we've heard it time and time again. Go ahead, sorry.

Will McGuffey ([19:00](https://www.rev.com/transcript-editor/Edit?token=HZk_g-oLg-PjNcUwA7vu3JomJENFK-SilP5Q0VEle-Rzvyiyv530fUw52I3gA0UY835ikkTudowsxlTg-aqoR9F3Gck&loadFrom=DocumentDeeplink&ts=1140.07)):

We're talking to C.J. Ebard a couple of weeks ago about this. And that's one of the things that the teams are trying to figure out, is they're sitting there saying, "Hey, is this guy prepared? Is he willing to do this? This is a lifestyle change. We want to know that this guy is a professional and not that he's just dipping his toes in the water." So. I think if these families are walking in, and clearly understand what they want, and have a reasoning for it instead of it being a negative of, "Oh, he doesn't want a school," it's more of a positive of, "Hey, this guy is a legitimate professional. He's going to walk in here, know what he wants to do, and he's going to go after it. And he's not going to get blindsided by anything. He prepares the right way." I think it's really a positive to go out there. [crosstalk 00:19:43]

Will McGuffey ([19:42](https://www.rev.com/transcript-editor/Edit?token=RwwhAhDrLGeDCojbK5GEnax47AM62yi3fYl7JwxzR_bMDhYpd2uAzVrcUcGDVk2w-WBpZ8ngRz8kNLDVLxXA1IuUTGU&loadFrom=DocumentDeeplink&ts=1182.98)):

You don't tell teams, "Hey, I'm going one direction or another," but I think you just say, "Hey, look, I'm prepared to go one direction or another," and either direction you're still coming out [crosstalk 00:19:52] a professional.

Will McGuffey ([19:53](https://www.rev.com/transcript-editor/Edit?token=igbeed_6PfM5vkL3KL9XBALlbqntlRZn8ZVs8gPH8tlqAeGaFlzT5QIGjKiFjiLV35Qr4HLnH3BUPvfLymJLqR4_k3o&loadFrom=DocumentDeeplink&ts=1193.3)):

Oh yeah, absolutely. The conversations with some of those guys are hilarious and... C.J. Ebard, after we got done [crosstalk 00:20:02], we were just like, "Hey, we could have gone on about some of the conversations we had and the gamesmanship that we had, but it's... It's part of the whole process." So, what do you think about... As far as signing bonuses and-

Travis Chick ([20:16](https://www.rev.com/transcript-editor/Edit?token=b0t0V5KRthfTE2-6mLcz4QzhaFy6p0P8OuoR8_xq_GMFx6eP-ffIRlxRmHove_1bHehLy83WR9UV-asmtpKMSf0G48A&loadFrom=DocumentDeeplink&ts=1216)):

[crosstalk 00:20:16] It's been fun getting to... I was going to say is, it's been fun getting to hear some of your former stories as an agent because of the conversations that you had on draft days, the conversations that you've had with these scouting directors and negotiating this amount of money and all this. It's been fun for me as a third party to kind of sit back and listen, but I want to shift gears to, really, the biggest conversation piece that people, kind of, lump us into as investment advisors or whatever. I'm talking about different types of investments. We hear about these oil and gas deals all the time, or we hear about private real estate or venture capital. We hear about all these really, really exciting deals... Or timber. We've heard about that.

Travis Chick ([21:07](https://www.rev.com/transcript-editor/Edit?token=7w6y_EpNT3Npn9WAEZHOOEuwTKAK04GH0jGzXnRebmTY0o1j5jVyDpL3wzR1zkLhKdL9NVTMzJpCv0KEMO-S6VJteWU&loadFrom=DocumentDeeplink&ts=1267.6)):

It sounds like it's a really fun investment to make. We know, on our side, that the greatest return that you're likely to get in investment is going to come on the private side, but with that comes a ton of risk. And so, what we always try to educate our clients on is that, there's really four uses of money. One of them we can't control is taxes. They are what they are. One that we can control is spending. The other one that we really hope to control is savings and investing. And the final one that we desire to be able to control on is giving. And so, importance is probably in that order, taxes, spending, saving, and investing, especially for a minor league guy, because the reality is, especially, in that first year with $100,000, we know you're going to pay taxes, we know you're going to pay your agent fee, we know that you're going to support yourself until you get to that next July when you get that second part of the bonus... And so, spending now becomes a very important topic of conversation. After we can kind of control that spending it gets into investing.

Travis Chick ([22:17](https://www.rev.com/transcript-editor/Edit?token=GOT5LH5vv_FK69PrDdK8rcIB0rdW02Gt_r1ITOPdyi0SUXtfNNIKLpUG_akbm6P0JfmQDJT5P-9rl2rkI3mebr0vQzs&loadFrom=DocumentDeeplink&ts=1337.28)):

And so, this is really where we crunch a lot of numbers and make sure that, number one, we have what we call the protective reserve set aside. So, we view the signing bonus probably a little bit different than the average broker in the house, because when you bring $100,000 into us, the first thing that we want to do is make sure that that money is going to actually be there to help you get to the big leagues. And so, Will, let's talk for a minute. This is really I'm going to park this conversation. Let's talk for a minute on, kind of, the uses of money and how important it is to make sure that this signing bonus is intended to help you get to the big leagues.

Will McGuffey ([22:53](https://www.rev.com/transcript-editor/Edit?token=UEPJ3oJ3ckwxQWuD4kgAc4c5Ajp2knoCrhywfly_QUnhczS6Pukh1RzgV10Vt8T7pOrpkQNSZ3ZuI5FvPntR5H2XvEQ&loadFrom=DocumentDeeplink&ts=1373.71)):

Yeah, I think you hit it on the head when you said we're a little bit different. So, we're wealth strategists. We're not the traditional broker, I'm selling you a product, we're just going to invest some money. We're wealth strategists, and we look at the comprehensive wealth structure, portfolio design, career design around what you're doing, and then figure out your priorities, your goals, and say, "Okay, let's make a plan structured around all of that." And that's how we're different. And once we get in, there are so many layers into that. But it really is... This money is about getting you to the major leagues in a comfortable fashion. And we say, comfortable fashion, don't mean, going out and spending a bunch of money or... It's to really understand, money is there to get me to the big leagues and to be a professional baseball player.

Will McGuffey ([23:43](https://www.rev.com/transcript-editor/Edit?token=pYs47sYlTxoJS7qz6g43mlkk26o7DhFU_FVfQEcTxQhgjX3xvEul-HuReYRQn9G8oJdBk3mwC9rYE-9OpuGR29RuGxg&loadFrom=DocumentDeeplink&ts=1423.17)):

So, I want to invest in myself as I want to invest in other properties. One thing that comes into play is cashflow crunches. We were talking about it with the car earlier. You start to go look at the types of investments that you put your money in. Are you locking it up to where you can't access it? And we saw it. There was a number of people last year, especially with COVID... All of a sudden, you're not getting a paycheck. Are you protected in that scenario to continue going down, doing what you need to do to live the lifestyle of a professional baseball player? And when we say live the lifestyle, we mean train right, eat right. Do the things that are going to allow you to maximize your human capital.

Travis Chick ([24:22](https://www.rev.com/transcript-editor/Edit?token=iulxIrM1uSjHYi4KMeGePfVZZAaA3g2ztijzu-y8oFNyptER8EseznTO46KDgRTHILX1lnjFJ71QxrnzYmsmkU3jDXA&loadFrom=DocumentDeeplink&ts=1462.5)):

Yeah. Last year was a great case study in how we ultimately manage the wealth of our clients, not just on the draft pick side, but on our major league players. They made 37% of their normal salary. If we kind of break down those four uses of money, again, on the million dollar scale, we can kind of go back to see how important it is to control spending. Because out of that gate, we know 40% is going to go to taxes. Our target savings rate for our major leaguers, especially, is 40% of their gross earnings. And so, that leaves, if you can easily do the math, that leaves only 20% left for the spending and giving. And so, everybody's got different giving goals, but everybody also has different spending tendencies.

Travis Chick ([25:11](https://www.rev.com/transcript-editor/Edit?token=v1gfiAmUA_Ob7x-_MzQ8BR5FU0CwRdcMryfAYzksH_t8F7W2k0_XmgiJ3g9c2VMYhHTsgn6p5TR3Tg5Em2tMeqdurQc&loadFrom=DocumentDeeplink&ts=1511.38)):

And so, we've seen it in real-world examples where, if your lifestyle is set up in such a way that it takes you this amount of money every year to live on, to maximize your human capital, to be able to be a major leaguer... If you come to me and you say, "Hey, Travis. I need to buy this meal delivery service because I've tested the macros." and trust me, we get in these conversations, that is an investment in yourself. And so, that's number one where I would say, you need to go do that. Or I want to go down to an Eric Chris here or Bobby Stroupe at APEC or an EXOS or whoever it is... I trust that these are the best trainers in the country... Phil Whalen down at diesel... There's so many really high quality trainers out there. If you want to invest in yourself to be able to do that, then that's where the investment conversation begins, because the reality is there's no investment that you're going to make that is going to be able to deliver the type of returns that hitting a curve ball out of the ballpark can have, or throwing a hundred mile an hour fastball on the black. There's nothing that you're going to, go out there and be able to make $30 million a year. So, that's where we kind of start the investment conversation, is investing in yourself.

Will McGuffey ([26:31](https://www.rev.com/transcript-editor/Edit?token=b31I2oQpg1fmNInh9SsWQ6aT8ZCPiN7YIK2G9bYADOx6t8oy3-DKZinsnqhWfeDOzQRMQQf_BRcko69SJiXbGvpiLls&loadFrom=DocumentDeeplink&ts=1591.01)):

Yeah. You talk about investing in yourself and you talk about... I think everybody wants the get rich quick type deal. The private equity... "Hey, I'm going to to get in this company and it's going to make me a lot of money." Let's really be honest, how many times guys are pitched on things that have no merit, just because they know you have money. And the problem is you're spending your money on that versus, you can maximize yourself as a major league baseball player. If I want to look at a private equity deal, or I want to look at... Where am I going to go to look for that? Why am I being pitched by this person instead of somebody else? How do I actually source that? I know this is something that we're going to touch on in other podcasts and have some other topics of discussion and resources for guys [crosstalk 00:27:16] Go ahead and touch on it a little bit right now since we're kind of going down that road.

Travis Chick ([27:22](https://www.rev.com/transcript-editor/Edit?token=8v40UN-uGztKTIot-ip-iBAs7eqtncVorg3tnJ91u3D3-t7nwEPijAG9VB8-ouDTY_TOjGR4TPlsb4tQLep9b8xGtNs&loadFrom=DocumentDeeplink&ts=1642.29)):

Yeah. It's funny because you and I were having a conversation last week when we were in Florida and talking about guys that want to do timber. There is always a time and place for a specific investment. And the reality is when you can afford it, that's the right time and place for it. And what I mean by that is, when you're in the minor leagues, we can really forecast what your income is going to be like for the next eight years if your career goes perfectly. We know that your first year is going to be a $100,000. We know the second two years is going to be half of what you ultimately signed for minus $100,000. And then we know that, depending on when you get to the big leagues, it's, call it, 550, 560, 570, and then there's arbitration.

Travis Chick ([28:10](https://www.rev.com/transcript-editor/Edit?token=Rhy1ISXpk9D0pjMaK5wnXaLShC-ow_mpLZWMSQCrKWTdsPmGU_pDVUtxejAdgHBjdRfeO87EnNCBVF4ZlAbG9ZhbXtM&loadFrom=DocumentDeeplink&ts=1690.35)):

And that's kind of the one question mark, but even then we can systematically start jumping up what those numbers are. I liken it to kind of the champagne tree... Everybody's seen the champagne tree. And so, what we want to do, just fundamentally, is start thinking through, I know that it's going to take me three or four years, realistically, probably to get to the major leagues. Unless you're, maybe, Andrew Vaughn who might break the camp this year, it's going to take the average person probably three to four years. And so, what we don't want to recommend ever, whether it's with us or you go with somebody else, is locking up more money than you can afford to live on over the next couple of years, and walking it up would be even investing it in public markets, because we all know that now, especially, COVID and things like that are a reality in the market.

Travis Chick ([29:00](https://www.rev.com/transcript-editor/Edit?token=3hXoedweWpoNMU2DhoyfvgPUNKQFnjLvRwmXnLZHaCMEjdTOEN7U1v73HJ4lTSwXyFfFxr0XPt5n5HRJgrQOSkuMZdU&loadFrom=DocumentDeeplink&ts=1740)):

The other thing that we know is volatility is actually a really normal thing, but what you don't want to do is start having to need some of this money at a really bad time. And that's just on the public side, the private side, it gets even more difficult because now all of a sudden, you're locking the money away that you can't access for as few as five to seven years, as many as 10 to 12 years. Again, I go back to, and I want to reiterate this-

Will McGuffey ([29:28](https://www.rev.com/transcript-editor/Edit?token=giSqjbg8It-TcEjnO4t68ux5u3gnzVCpZ_Usm4Or26ZRomWWE79ZVW4L2lLndg4dQfL2lxothSjYuDx4ZksDlNdvGqU&loadFrom=DocumentDeeplink&ts=1768.29)):

I don't think [inaudible 00:29:28] talks about the risk either.

Travis Chick ([29:30](https://www.rev.com/transcript-editor/Edit?token=BGV3GJQe1BI5xCfp156k8aVNFrF4PDc8Sfo9IqchzofWtn5LnK_GrRjHY6H4iRM8IqLe14-OhqT8hwzUixOa7DWL9lQ&loadFrom=DocumentDeeplink&ts=1770.34)):

Especially in the last year. The risk is obviously there, but the thing that... Especially in this last year of COVID, people have been searching for these fun deals. You hear about the Bitcoin and the GameStop and Ethereum and all of this stuff. And whether those are good investments or bad investments over time, what I will stress to you is, make sure that you're with your wealth strategist, your wealth planner, your financial planner... And make sure that whatever investment that you have fits into two categories.

Travis Chick ([30:02](https://www.rev.com/transcript-editor/Edit?token=5lbAqKIZIqGGeZJHytLFjqSbNFNcHy08lPUsjXtXsSUnAbS1IhnMqfhA-hESztN4KFlppha2Wa9ig3dVNEbQ6hsAXO0&loadFrom=DocumentDeeplink&ts=1802.21)):

Number one is, is it appropriate for me now and over the next five, 10, 15 years? when you use money is just as important as how you use money.

Will McGuffey ([30:14](https://www.rev.com/transcript-editor/Edit?token=MoZgd56uJqO54wb89hQRUAdW9BhfGua2-oQ9zuYuRp6OxxFTGmxg1iklFDAAJVykAlmyBpZLnV7C66VwYqhQoOzpvMo&loadFrom=DocumentDeeplink&ts=1814.09)):

Absolutely. I agree with that. That's something that guys don't look at. They look at it as, I have the money, let's go spend it. Whereas it should be a tool to accomplish what you want to accomplish in your life, and it should also be an insurance hedge against your career not going the exact way you think it's going to go. That's a hard part for a lot of guys. You talk to... The reason why guys are big leaguers, and are really good big leaguers, is because they have that belief, and that it's going to go right, they're the best, they're always going to be the best. That's just how they're wired. The problem is when you talk about the financial side, you... Trust me, it's really hard to talk to a guy who just got drafted and say, "Hey, man. It's going to take you four or five years, if things go really well, to establish yourself as a big leaguer. And it might take six or seven. And it might not happen at all if there's an injury or whatever it is."

Will McGuffey ([31:06](https://www.rev.com/transcript-editor/Edit?token=A2pBDflxnj61Jf7l-iD5lqmTeBckF1ILjFJ4xvgcmvrAQ-HEPRLSFx4_XQE2nL0sFN1vTjCRN2v4afDXHDDtiFlvUwc&loadFrom=DocumentDeeplink&ts=1866.88)):

So, we can't sit there and say, "Hey, three years, two years, you're going to be in the big leagues." We're going to take a step back and be a little bit more cautious because there are variables out there that nobody can account for, that we know are going to come up and are going to happen. Whether it's an injury, whether it's a COVID, whether it's you get stuck in an organization with an extreme amount of debt at your position [crosstalk 00:31:29] and you are down for an extra year. [crosstalk 00:31:29].

Travis Chick ([31:29](https://www.rev.com/transcript-editor/Edit?token=E4vyYNuvW87HZTMuxgYZQQxzoQo4yw8am_UzsOOlFmK0rYiEr4gTnAR22DqmgiOHKkZeyOlC56d97SC2LEU-sFF6yk4&loadFrom=DocumentDeeplink&ts=1889.19)):

Imagine if you're the [crosstalk 00:31:29]

Will McGuffey ([31:33](https://www.rev.com/transcript-editor/Edit?token=a6kdRkpFrDo-kHzZmcZlDg54B-tobJ1zsKng2ZAbvtQL7g4bC8JzETwgr5clfHakPdBz10vXdG2xcmQhz8jhq3h9Evc&loadFrom=DocumentDeeplink&ts=1893.39)):

Yeah. What are you going to do? You think he's going to retire, and then he's still playing. You think he's going to retire and-

Travis Chick ([31:42](https://www.rev.com/transcript-editor/Edit?token=AWrUCcGHFPC25hKpKcP5lGv2ScAN4WN8uPAKFxZwPlq3Tf7d0bGqDderE6TDseGAPObxhHd8sATnGk-KD7-4BKmmj2U&loadFrom=DocumentDeeplink&ts=1902)):

[crosstalk 00:31:42] because that guy ended up suing, or put a lawsuit out there.

Will McGuffey ([31:47](https://www.rev.com/transcript-editor/Edit?token=Vm3CxH6JLEcjdG1RZpH7K_JInVvVEI_R71SZeem4x_qJ8do2SC0UvWzaphUHZ_2F24GpNwYHO0ST-6Onp2NGm6aPqcM&loadFrom=DocumentDeeplink&ts=1907.62)):

I remember there was a player... I won't even mention the name but... It was probably 2006, 2007, and you read, and it said, "The heir apparent to Chipper Jones at third base." And the heir apparent to chipper Jones at third base was-

Travis Chick ([32:03](https://www.rev.com/transcript-editor/Edit?token=g9_SlkNVGrMs4GHnMkF19bO381WIYodJFJHMDrzh6ShZQv7FYEl3GY96_IlBV3B262u-WNfCowebtq5HiyG1N5Drc6U&loadFrom=DocumentDeeplink&ts=1923.36)):

Poor guy.

Will McGuffey ([32:03](https://www.rev.com/transcript-editor/Edit?token=vLB-DguF9hr63nMmVVM61_NgcSRtRMdOsiJloJWn1MWQowHvJVJ-qRCzVAL2kNhUByTDAtLzHtmjRY57n4rUVKU1NIs&loadFrom=DocumentDeeplink&ts=1923.85)):

... probably in middle school at that point. And it was just like, "What are you doing?"

Travis Chick ([32:07](https://www.rev.com/transcript-editor/Edit?token=oUM5lPF3mCpKCH0SRUfRG1bdTmpmMhMamJ4lJQ-D2Mc5FpLiY3PvAJNmMQ5Q2sd-huScvVgMWnnzeeNL6ybqZ0xt588&loadFrom=DocumentDeeplink&ts=1927.17)):

Was Chipper Jones hitting the left hand or the right handed?

Will McGuffey ([32:10](https://www.rev.com/transcript-editor/Edit?token=OgNFwLS3LbzP3odzmu0IBeFMRjvxCwDQx-ARAJOicLrhzllSmrX5MGuCx8uaAflZocXBP7bxsKHRV835SXNyzFpDr8w&loadFrom=DocumentDeeplink&ts=1930.56)):

It didn't even matter. It didn't even matter. So, in those situations, you just have to... You have to prepare financially for the worst. And it's hard to kind of segment that out, but financially, that's why you put a plan in motion, you understand what it is and you go about it in a very systematic way with somebody and a group of people that understand your career.

Travis Chick ([32:32](https://www.rev.com/transcript-editor/Edit?token=w1GP2wGvKERji9w3gX2AZAzBOeLxFEQAbFGA9W9TJJXhi4BawveTVFbrVXaODuakV5gy0BHkyRyyv5xEfKxat_v-4m8&loadFrom=DocumentDeeplink&ts=1952.89)):

Yeah. The reality is... You're younger.... Maybe it's, even, your 18 year old self's responsibility to look after your 40, 50, 60, 70 year old self. You're laying the groundwork, you're laying the foundation today. And ideally, you do sign for a large enough amount of money today that... If you do it right, you're going to set yourself up for life. But if that's your responsibility today... And so, what I would stress to you is take advantage of that opportunity. Baseball, especially, there's a really short window for you guys to be able to take advantage of that. And so, start being proactive in planning for that, is the first way to go from playing the baseball as a game to playing the game of baseball as a business. It is absolutely a business. It can be a very lucrative business, a very fun business, but it... Don't let it fool you. It is absolutely a business. So, Will, is there anything else you want to hit on before we let everybody go today?

Will McGuffey ([33:31](https://www.rev.com/transcript-editor/Edit?token=4jqWsCHfREVo-Y3TktKtzTbjhenHKKShgN82OLXiBK15K8pj1Z9awdU6tP5letMnTqCCYl5QHwXFJjjSSmeL3efq-Js&loadFrom=DocumentDeeplink&ts=2011.06)):

No, just... I think everybody, as far as the season's going, there's a lot of season left to be played. Guys, don't get down if you're not where you want to be with your stat line or your health line or whatever it is. We have three and a half months, almost four months till the draft. So, peak at the right time, understand what's going on, if you have questions, reach out to, whether it's, your advisor slash agent or somebody else in your baseball community, or even reach out to us and ask questions. Enjoy the process, enjoy the moment, and good luck with the rest of your season.

Travis Chick ([34:05](https://www.rev.com/transcript-editor/Edit?token=OU3WshtHlIMlT0gbKpTti4pyJXPmNRBNDYyW1fmNQcDd9M0mSBeG4CDCfkBugNW1J42CNB1ZEKUDEZPfdGrzlsUuQtE&loadFrom=DocumentDeeplink&ts=2045.29)):

Yeah, for sure. Guys, thank you so much for watching today. We really do want this to be the premier space for you, the next generation of MLB players, to get the financial insights that are appropriate for your situation from people that have been in your shoes. If you found today's episode helpful, please just take a quick minute to hit the thumbs up and the subscribe button if you're watching on YouTube, or if you're listening to this on iTunes or a podcast, if you'll give us a five-star review that'll really just help us to get this content out to the athletes like you that are asking the same questions. And also, what questions do you want us to answer? Leave a comment on YouTube below or, even better, email me at travis@awmcap.com or will@awmcap.com. We'll be happy to get those back to you. And lastly, we have a lot of really helpful content out there for you. So, if you'll just click on the playlist box at the top of the video to see more answers to the biggest questions you guys have, and we'll certainly get that stuff back to you. So, thanks for listening, and as always, stay humble, stay hungry and always be a pro.