

# ESTATE PLANNING FOR PROFESSIONAL ATHLETES

Estate planning is critical for professional athletes, because while all professionals need to protect their wealth and other interests, talented and highly motivated athletes have special estate planning considerations quite different from the more common issues addressed by estate planners.

## Special estate planning concerns of professional athletes include:

- Many experience large amounts of new wealth in the first few years of their career;
- The bulk of their wealth may be tied-up in long-term player contracts that are illiquid and unavailable to pay the significant estate taxes that will be due at their deaths;
- Professional athletes have estate planning issues that cross state lines and require a broad knowledge of the laws of a number of states;
- Federal and state gift and estate taxes serve as a major impediment to an athlete sharing his or her wealth with family members;
- Pre-nuptial agreements and trusts for spouses often are needed as a key element of the professional athlete's estate plan; and
- Athletes have unique retirement concerns because of the relatively short nature of their careers as players. Working with other members of their advisory team, we are able to provide careful planning to assure that lifestyle adjustments are not necessary for the athlete after retirement, or for family members in the event of an untimely death.

## Geensfelder's estate planning group includes attorneys experienced in dealing with the concerns unique to highly compensated professional athletes. The tax planning strategies we have implemented include:

- Gifting programs involving transfers of such unique assets as trade names, the athlete's likeness and endorsement contracts;
- Irrevocable trusts with long-term planning to provide a tax-efficient source of wealth for the athlete's family;



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- House trusts designed to reduce the estate taxes involved with ownership of million dollar homes;
- Avoiding (or establishing) residency in a particular state for income tax purposes;
- Techniques designed to defer the recognition of income or accelerate deductions;
- Creative beneficiary designations to avoid lump-sum distributions from a retirement plan to defer income taxes;
- Life insurance premium financing arrangements to enable the athlete to better employ insurance to protect the family in case of an early death, while providing a tax-deferred investment vehicle available to the athlete after retirement; and
- Insurance trusts designed to avoid estate taxation of life insurance benefits.

The **non-tax estate planning strategies we have implemented include:**

- Revocable trusts to address privacy concerns and the complexity of probate proceedings in multiple jurisdictions;
- Trusts created for spouses to ensure an inheritance will eventually be passed to children, not second spouses;
- Creditor protection vehicles, such as qualified plans, life insurance, gifting, joint ownership, trusts, partnerships and limited liability companies; and
- Private foundations and other charitable vehicles designed to benefit charitable causes, accelerate large charitable deductions in a particular year, and allow athletes and their family to remain involved with the administration of the foundation.

Greensfelder's experience, energy and creativity is crucial to designing and implementing an estate plan unique to the client's needs.

As an adjunct to estate planning, Greensfelder also assists athletes with legal counseling related to business ventures and intellectual property issues.

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