

PRO SPORTS

A Career in Professional Athletics

A Guide for Making the Transition



Foreword

This booklet, “A Career in Professional Athletics: A Guide for Making the Transition,” has been developed to assist those very talented athletes who are considering a career in professional sports. There is much to know about such a move, and you should inform yourself thoroughly about this important step.

I hope you have made the decision to get your degree. No matter how long or successful your professional career may be, you will have a long life afterwards that will benefit from an excellent education. In the long run, getting your degree will be the most important career move you make.

This booklet is designed to provide you with a practical and useful source of information that will assist you in considering the transition into a professional sports career and help you understand the issues related to the selection of an agent, responsible financial planning, acquiring disability insurance and understanding NCAA regulations. The last thing you want to do is risk your collegiate eligibility with an uninformed decision as you contemplate your future. There are unscrupulous individuals who are more interested in their own profit and are willing to exploit your future for their gain. Your best defense is to be informed so you can make intelligent and thoughtful decisions.

Above all, the NCAA wants your experience to be a memorable and exciting one. Selecting an agent and deciding whether to enter the professional sports arena are difficult decisions. If you have any questions, ask! Ask your coach, ask your parents, ask your school’s professional sports counseling panel and ask us. Best wishes in your pursuit of a college education and career.

A handwritten signature in black ink that reads "Myles Brand". The signature is fluid and cursive, with the first name "Myles" and the last name "Brand" clearly distinguishable.

Myles Brand
NCAA President



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Chapter 1

Preparing for the Draft

There are two ways you have the opportunity to make the roster of a professional sports team: a) by being selected in the draft and b) by signing as a free agent (if not drafted). General information on professional leagues' drafts is included later in this chapter.

The first step is to determine if or where you will be drafted. You can get this information by contacting the player personnel staff of the various professional teams in your sport as well as professional scouting services. Football student-athletes may contact the NFL's Undergraduate Advisory Committee for their projected ranking in the draft. Basketball student-athletes should contact the NBA, which offers a similar program for a review of a student-athlete's projected draft slot. The National Hockey League has a central scouting service that publishes a mid-term and final-player ranking.

If you are not likely to be drafted, it may be necessary to market your skills in order to receive an invitation to try out with a club. Research the teams that are most likely to need players with your type of skills. Your goal is to be invited to a club's minicamp or training camp to show how good of a player you are. Once you are invited to camp (if you were not drafted), you (or your representative) will negotiate your free-agent contract.

The following information highlights some of the steps to consider in working toward a roster spot on a professional team.

You or your institution's professional sports counseling panel may request information from a professional sports team or organization regarding your market value and potential as a professional athlete.



An institution's professional sports counseling panel or the head coach in that sport may assist you in securing a tryout with a professional team.

Draft Information

The following information details professional sports organizations draft information. For clarification on NCAA draft rules, refer to Chapter 5.

Baseball

Major League Baseball (MLB) – www.mlb.com

The Major League Baseball professional draft is in early June with a total of 50 rounds. Each team is entitled to make a selection in each of the 50 rounds. Some teams opt not to do this and cut their draft at some point before their 50th pick. Players are eligible to be drafted when they have completed high school, or one year at a two-year college, their junior year at a four-year school, or their college eligibility. A team has until the first day of classes to sign a drafted player with college eligibility.

Minor League Baseball – www.bigleaguers.com

The Minor League Baseball professional draft is the same as the Major League Baseball draft. Also, there is a professional Rule 5 draft held in December for players with three or four years of service who are not on a 40-man roster.

Basketball

National Basketball Association (NBA) – www.nba.com

The National Basketball Association professional draft is held in late June with a total of two rounds. Underclassmen must declare in writing to the NBA to be eligible for the draft. Players living in the United States whose high-school class has graduated are eligible for the draft if they renounce their college eligibility by written notice to the NBA at least 45 days before the draft.

National Basketball Development League (NBDL) – www.nba.com/nbdl

Players eligible for the National Basketball Development League must be 20 years old or older to play in this league.

American Basketball Association (ABA) – www.abalive.com

The American Basketball Association professional draft consists of six rounds for a first-year player draft. There are two rounds of a territorial-player draft. There are 12 total rounds, including first-year player selections.

Women's National Basketball Association (WNBA) – www.wnba.com

The Women's National Basketball Association professional draft takes place in May and consists of three rounds. Pre-draft try-out camps usually

fall a week or two before draft day. Players can participate on other professional teams in the off season.

Football

National Football League (NFL) – www.nfl.com

The National Football League draft consists of seven rounds, with rounds one through three held on Saturday, and rounds four through seven on Sunday. The average round consists of 32 picks, which allows each team approximately one pick per round. Some teams have more than one pick in a round, and some teams may not have any picks in a round. Picks per team vary because draft picks can be traded to other teams, and the NFL can award additional picks to a team if the team loses players designated as restricted free agents.

Underclass players are prohibited from entering the draft until three college football seasons have passed since their high-school graduation.

The deadline for underclassmen, sophomores and juniors to declare their eligibility for the NFL draft is in January. Once players declare for the draft, they forego their remaining eligibility to play college football.

National Football League Europe (NFLE) – www.nfleurope.com

The National Football League Europe professional draft takes place in February each year. The draft consists of 20-plus rounds. Some players may be assigned by NFL clubs; others sign as free agents.

Arena Football League (AFL) – www.arenafootball.com

All players signed to contracts in the Arena Football League are free agents.

Canadian Football League (CFL) – www.cfl.ca

The Canadian Football League professional draft is held in late February and consists of six rounds.

Golf

Ladies Professional Golf Association (LPGA) – www.lpga.com

To become eligible for the LPGA, you must contact the LPGA in April or May to request an application. Entries are open to a) professional golfers who were born female; or b) amateur golfers who were born female and have a handicap of 3 or less.

Professional Golfers' Association (PGA) – www.pga.com

To become eligible for tournament play, you must:

- a) Be in the top 125 from the previous year's money list.

- b) Qualifying school: approximately 1,200 players compete.

First and second stage: 72 holes are played to reduce the field to approximately 160 players.

Final stage: 108 holes are played. The top 35 plus ties qualify for the PGA Tour.

Buy.com Tour

To become eligible for tournament play, you must:

- a) Be a winner of tour events in the last or current calendar year.
- b) Be among the next 70 finishers from the PGA Tour Qualifying Tournament after the top 35 who qualify for the PGA Tour.
- c) Be among a minimum of 14 low scorers at open qualifying for each event.

Ice Hockey

National Hockey League (NHL) – www.nhl.com

The National Hockey League professional draft consists of nine rounds in early June. Any amateur who will be 19 years old by September 15 is eligible for that year's draft. Additionally, any player who will be 18 by September 15 may "opt in" and be eligible for that year's draft. Currently, any player who elects to "opt in" loses collegiate eligibility. If the drafting team offers a contract within one year, the player remains the property of that team for two years. If a drafted player enrolls at a college rather than signing a contract, he remains the property of that team for 180 days after he graduates or leaves school. After age 20, all undrafted amateurs (except Europeans) become free agents.

Minor Hockey League

Most players in the Minor Hockey League are signed as free agents through recruiting efforts of scouts. Some players in the International Hockey League or the American Hockey League may be under National Hockey League contracts through the "parent club."

Soccer

National Professional Soccer League (NPSL) – www.allsports.com/npsl

The National Professional Soccer League draft consists of five rounds each December. Underclassmen must petition the league office in order to be drafted. Any player doing so jeopardizes college eligibility.

Major League Soccer (MLS) – www.mlssnet.com

The Major League Soccer professional draft is conducted in conjunction with a combine sponsored by the MLS and the college all-star game in early February. The draft consists of a six round “Super Draft” including players from Project 40 and college seniors. That draft is held in early February in conjunction with MLS spring training.

Women’s United Soccer Association (WUSA) – www.wusa.com

There is no professional draft for the Women’s United Soccer Association. Each player is assigned by the league.

Softball

National Pro Fast Pitch (NPF) – www.profastpitch.com

The National Pro Fast Pitch league annually drafts the nation’s best fast-pitch players as well as the top senior collegiate players in the country. The “elite” draft includes invitees who have completed their collegiate eligibility. The names of the senior collegiate student-athletes are nominated by each of the eight team operators. Women must be 21 years old to compete in the league; however, the NPF does not intend to sign players to contracts until they have concluded their college eligibility.

Tennis

ATP Tour (Men) – www.atptennis.com

Players gain acceptance into the main draw of a sanctioned men’s professional tennis tournament in the following ways:

- a) Direct acceptance based on ATP Tour ranking at time of entry (accounts for the majority of main-draw players).
- b) Wild card (limited number).
- c) Qualifying — All sanctioned tournaments have a qualifying competition, of at least the same draw size as the main draw, before the event. There is one qualifying spot for each eight spots in the main draw.
- d) Special exemption.

Sanex WTA Tour (Women) – www.wtatour.com

To become eligible for membership into the WTA, you must:

- a) Have earnings in excess of \$35,000 one or more previous years for full membership.
- b) Have earnings in excess of \$500 in one or more of the previous two years for associate membership.

Chapter 2

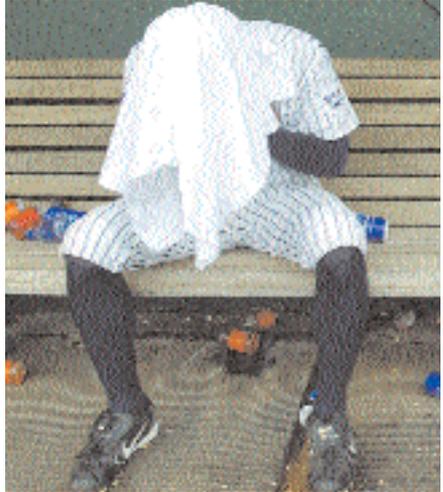
Selecting an Agent

An agent is a person you authorize to act on your behalf – someone entrusted with your business. A sports agent acts on your behalf in negotiating your playing contract with a professional team or organization. Agents often perform additional services, ranging from helping you supplement your income through speaking engagements and product endorsements to counseling you about preparing for a career after your playing days are over.

If you decide you need an agent, there are several criteria you should consider in making the selection:

- Identify your needs. Determine what services you will need from an agent and the reasonable cost for each service. Do you require one agent or a management firm? Do you need financial and investment services? Do you want an individual agent or several advisors representing you in your player-contract negotiations?
- An agent’s educational background, training and work experience are very important. Verify the credentials of any agent you are interested in having represent you.
- Ask around about the agent’s reputation. Check with players’ associations, other players, other agents, clients and former clients. (Determine why they are now “former” clients of the agent.)
- If the agent is to handle finances, find out if he or she is bonded.

Under NCAA rules, you are ineligible in a sport if you ever have agreed (orally or in writing) to be represented by an agent for the purpose of marketing your athletics ability or reputation in that sport.



Your institution’s professional sports counseling panel is a valuable resource for providing guidance in screening and selecting agents, and for negotiating contract terms with a professional sports organization.

- Look for an agent who can and will devote enough time to your interests. Find an agent who will take the time to explain answers to your questions.
- You must feel comfortable with and trust the person representing you. Involving your family in the decision-making process may be beneficial.
- Agents must be informed. They must be familiar with the constitution and bylaws of the particular professional league they are dealing with, as well as the standard players' contract. It is essential that they are experts on players' salary information.



In determining your method of compensating an agent or management firm for its services, consider the following options:

Fee Structure

The typical fee structure arrangement between an agent and an athlete is a percentage of the contract amount. In its simplest form, an agent who charges a 4 percent commission on a one-year contract worth \$1 million receives a fee of \$40,000. A well-informed athlete may retain a representative on a commission basis with a condition: the percentage will apply only to the amount the representative attains over and above the amount you are able to obtain acting on your own behalf.

Hourly Fee

Most professionals are accustomed to the practice of charging an hourly rate for services. The rates they charge should be at a level necessary to cover professional services, support services and overhead. In reality, an hourly rate will probably save you considerable money, particularly if you are a high draft choice or an established star.

Hourly Fee With a Cap

Another method is a modified hourly fee arrangement, providing that the fee will not exceed an established amount, or a percentage of the total contract. For example, a player who agrees to such a contract might pay

\$125-200 per hour for services rendered by the representative, or 2 percent of the total contract, whichever is the lesser amount.

You should have a clear understanding of the actual terms and arrangements you are agreeing to with the agent. The agreement needs to be clearly expressed in writing — in written contract form or by retainer letter. Some of the provisions to be included in an agent’s agreement to provide services include:

- The duration of the agreement and the renewal provisions, if any;
- How disputes are to be resolved should they arise;
- Whether the agent has an exclusive right to handle all contracts (e.g., public appearances or endorsements) or just the playing contract;
- How the agent is to be paid — on a contingent fee or hourly basis;
- Whether the agent is to receive a percentage of bonuses, playoff money or awards;
- Who is responsible for the agent’s expenses; and
- What procedures must be followed if you wish to terminate the relationship with the agent.

Contracts

Once you have selected an agent and have been offered a contract from a professional team, the following factors should be considered when negotiating provisions of a player contract:

- length of playing contract
- base salary
- timing of payments
- signing, reporting, performance or other bonuses
- incentives (come in many forms)
- salary guarantees
- trade provisions
- additional injury provisions
- options (provisions that extend a

A professional sports counseling panel may review a proposed professional sports contract or use outside resources (e.g., an attorney) to assist in the review of a proposed contract.



- club's rights to you)
- fringe and special benefits
- personal-conduct provisions

Whether you are likely to be drafted or signed as a free agent, it may be advisable to purchase disability insurance to protect against a disabling or career-ending injury.

[Please see Chapter 3 for additional details on preparing an agreement with an agent or financial advisor.]

Questions To Ask Prospective Agents

Note: When you use this questionnaire to interview agents other than at your institutional agent day functions, the first question you should ask is "Where are you registered?"

1. Where and when did you graduate from law school?
2. If you are not a lawyer, what are your educational credentials?
3. Have you ever been disbarred, suspended, reprimanded, censured or otherwise disciplined or disqualified as an attorney or as a member of any other profession?
4. Are there currently any complaints or charges pending against you regarding your conduct as an attorney or as a member of any other profession?



5. Have you ever been implicated or investigated for any violations of NCAA or professional league rules?
6. Are you an (insert players association) certified contract advisor?
7. Did you take the (insert players association) test? What was your score? If you did not take the test, why not?
8. Do you have ownership interests in your company? (Are you a firm or agency partner or strictly an employee?)
9. Can you supply me with a list of current or former clients?
10. What services do you offer to your clients other than contract negotiations (financial planning, tax advice, etc.)? Do you mind if I use my own accountant or financial planner?
11. Who will be negotiating my contract?
12. How many clients have you lost, what was the reason for their departure? Can you provide me with a list of their phone numbers?
13. Who do you consider to be your top clients?
14. What have you done to advance the careers of your clients on and off the field?
15. Do you provide an annual statement to your clients? May I see an example?
16. How do you keep your clients informed of charges?
17. What is your fee structure? Are your fees negotiable?
18. How and when are you to be paid?
19. What is the duration of the agreement?
20. What are the procedures for terminating the agreement?
21. What happens to our agreement if I fail to make the team; if I am waived; or if I get injured?
22. If I am likely to be a free agent, how can you help maximize my chances of making a team?
23. Do you have any connections with international teams or leagues?
24. Have you ever had a dispute with a client and if so, how was it resolved?

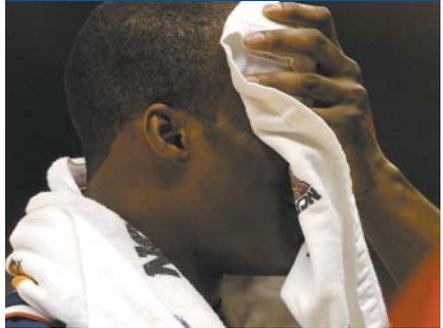
Chapter 3

Planning for a Financial Future

Why Plan?

You have heard the saying “those who fail to plan, plan to fail.” This applies to you as a prospective professional athlete. How much money have you managed in your lifetime? Does being a big-league player make you a big-league money manager? Probably not. With the average professional career lasting just a few years, what will you have to show financially when you leave the game either by injury, diminished skill or choice? A big salary will not last a lifetime.

Numerous athletes have learned the hard way that they can have little or no financial resources after their professional careers have ended.



What Are My Financial Goals?

You have set goals in your athletics and academic careers. You have made plans for achieving those goals and following through on them. You have trained to have the opportunity to play professionally and now you must train to be financially strong. Ultimately, you are responsible for making decisions about your financial success.

How Should I Begin?

First, identify all of your current financial needs (e.g., housing, automobile, insurance, utilities, entertainment, clothing, furniture, appliances, vacations). Then, prepare a list of current assets and liabilities (balance sheet).

Personal Balance Sheet (sample)

Assets

Liquid (cash, checking, money market and savings accounts)

Marketable investments (stocks, bonds, mutual funds, certificates of deposit)

Nonmarketable investments (business, real estate, pension, retirement)

Home

Personal (auto, furniture, appliances, jewelry)

Total assets

Liabilities

Current (credit cards, charge accounts, short-term loans, taxes)

Long-term (mortgages, auto loans)

Total liabilities

The difference between the assets and the liabilities will tell you how much you are worth or how much you are in debt. Now is the time to determine your personal financial objectives.

The financial objective of many people is to accumulate capital. Capital can be used for investments, various family purposes, retirement needs or emergencies. The most common way to accumulate it is to regularly save a fixed amount or a percentage of your earnings. If you received a contract today paying \$1 million per year, would you view it as \$1 million to spend or a \$1 million return of capital based on your athletic ability? Further, how much income tax will you pay on the \$1 million? How much of it should you save in case of an early retirement? What provisions should you make in the event you suffer a career-ending injury? How much life insurance should you purchase to protect your family should you have a fatal accident? Should you start building a nest egg for your children's education?

Once you answer these questions, develop a current operating budget consistent with your long-term goals and specific needs that outlines your monthly income, expenses, savings and investments.

Personal Budget (sample)

Income

Salary

Investment Income

Bonuses

Other

Expenses/Savings

Living expenses (food, clothing, gas, vacation, furniture)

Loan and interest repayments

House payments

Insurance (health, auto, homeowners/renters, disability and life)

Charitable contributions

Savings and investments

Taxes (federal and state income, social security, real estate)

Total Income (equals)

Total Expenses/Savings

How Should I Invest My Money?

Your investments should closely mirror the financial objectives you have set. A basic investment strategy is to earn the maximum possible rate of return on the funds you have available to invest, consistent with the risks you are willing to take. It is important to understand that the higher potential for reward normally involves a greater risk. The safer the risk, the more likely you will not only

A variety of financial proposals may be presented to you by people promising to make big money for you. Many of these “can’t miss” deals will likely involve real estate or a business venture. Unless the deal has a proven and verifiable financial history, the best advice is to keep your money safe and secure.

keep your original investment, but watch it steadily grow. Diversifying (dividing among different types) your investments is another means for protecting your investment portfolio and building a strong financial foundation. Listed below are some common types of investment instruments:

Savings Account: A savings account is a safe and liquid investment account offered by a bank or savings and loan institution that has a steady, but usually low, rate of return.

Certificate of Deposit: A certificate of deposit is an interest-bearing time deposit (low risk) available with varying amounts and maturity dates and sold by banks or savings and loan institutions.

Treasury Bills: A treasury bill is a government obligation issued to a purchaser on a discount basis that is redeemable by the purchaser for face value at maturity (e.g., redeemable face value \$10,000, initial purchase at discount of \$9,000).

Stock: A stock is an ownership share in a corporation. Stockholders bear the burden of the risks in a business enterprise and also receive a significant share of any profits.

Bond: A bond is a promise to repay principal at a specific maturity date along with periodic payments of interest at stated rates.

Mutual Funds: A mutual fund is a group of investments that is owned collectively by numerous individual investors pooling their investment dollars in pursuit of a particular financial objective. By combining their investment dollars, investors have the opportunity to participate in a diversification of investments to a degree they could not enjoy on their own.

Annuities: An annuity is a contract between an individual and an insurance company whereby the individual pays the company a specified sum in exchange for the company's promise to make a series of payments to the individual as long as he or she is living.

Various investment options exist for building tax-sheltered retirement accounts. Consult with a qualified financial advisor or accountant for what alternatives are best suited for you.

What Common Financial Tips Can Assist My Decision-Making?

- Do not borrow money for buying depreciating assets (cars, clothes). They lose monetary value each year.
- Let your money work for you; take advantage of compounding interest. Invest early and regularly to benefit from the time value of money.
- Pay off credit cards each month.
- You must pay federal, state, city and social security taxes.
- Determine the value of all contract dollars in terms of today's dollars. Money received today and invested may be worth more than receiving deferred contract money a few years later.
- Invest in the stock market only what you can afford to lose and in amounts that do not need to be immediately available.

Consult a qualified financial advisor, accountant or business professor for further explanation.

Who Should Help With My Finances?

The best way to protect yourself is to know the basics of money management. Experts in the field of finance, taxes, investments and law have spent years studying and learning how to achieve financial objectives. If you have the opportunity, enroll in a course where you learn the basics of finance or money management. Your institution's professional sports counseling panel or your athletics director can give you ideas on experts who can help you. It is better to ask for sound advice in advance than to try to correct mistakes.



Be careful with your selection of a financial advisor. A dishonest or incompetent financial advisor can destroy you financially in a greater way than an unscrupulous agent.

If you decide to hire someone in the role of financial advisor or sports agent, there are several considerations to keep in mind.

- 1) All agreements between you and the advisor/agent should be in writing. Before you sign an agreement, have an independent attorney review it to make sure it says what it is supposed to say (e.g., the amount and method for paying for the advisor/agent's professional services should be clear and specific).
- 2) Make sure the advisor/agent documents and explains his or her financial management and investment philosophies and strategies.
- 3) Make sure the advisor/agent agrees to an annual independent audit of your financial dealings.
- 4) Require the advisor/agent to provide regular and written status reports on your finances.
- 5) Require the advisor/agent to provide proof of coverage for fidelity insurance or bonding to protect you in the event of theft by the advisor/agent.
- 6) Do not grant to the advisor/agent the power of attorney to act on your behalf as a convenience for you.
- 7) Make it a contractual obligation of the advisor/agent to promptly inform you in writing of any potential or actual conflicts of interest as your representative.
- 8) Make sure the advisor/agent agrees to provide you full access to any financial records in his or her custody and make sure that the advisor/agent is available at all times and is committed to your best interests.



It is not recommended that you sign a power of attorney over to an agent and/or financial advisor inasmuch as he or she can then spend your money without your knowledge.

What Other Income Opportunities Exist For Professional Athletes?

You may generate additional sources of income as a professional athlete in endorsements or licensing opportunities. An athlete with a marketable personality should develop carefully considered long-term plans for capitalizing on available income opportunities that fit his/her personality and the image he/she wants to project. Athletes may wish to retain an advisor/agent who specializes in negotiating endorsements and who can assist in evaluating the quality of the product and the sponsoring company. Before selecting this person, find out if he/she has prepared a particular marketing plan for you, and whether it is for the long term. It is important to know if the advisor/agent has had previous success with other athletes. Usually an advisor/agent will pursue endorsement opportunities for a specified percentage (20-25 percent) of the amount you are to receive.

Generally, the best endorsement opportunities go to athletes in individual sports (e.g., golf, tennis), inasmuch as they have greater potential for a worldwide following. Most of their contracts are with equipment and clothing manufacturers. Team-sport (e.g., football, basketball) athletes are outfitted in uniforms by their teams so clothing endorsements (except for shoes) are less common. Athletes who develop positive relations with the media and participate in community activities lay a foundation for continuing future endorsements as well as employment opportunities once their athletics careers end.

When Should I Begin To Plan For Life After My Professional Sports Career?

Today! Most of your working years will not be spent as a professional athlete. The best move you can make is to finish your college education. People with college degrees have more choices and opportunities. Do not put the degree off until later. Those who wait rarely finish. For those who have not earned their degrees at the time they become professional athletes, the players' associ-

A study by a professional players' association shows, with few exceptions, that athletes with degrees have longer playing careers and earn greater salaries.



ations in some sports have information about degree-completion programs available during the off seasons.

Use your status as a professional athlete to cultivate relationships in your professional team’s community or where you live. Getting sincerely involved in charitable activities and public service develops a positive public personality that may open employment opportunities for you after your playing days are over. If you handle your finances wisely, you may have opportunities to start a business during your playing career. Carefully and thoroughly research and investigate potential ventures and discuss the pros and cons with bankers, certified public accountants, lawyers and other competent advisors who know the particular industry. Running your own business is hard work and very time consuming. You cannot expect a business to be successful by merely investing money in it and then letting it operate without your personal involvement.

Where will your money go?

The money you’ll receive for signing a professional contract and getting an initial signing bonus probably is the most money you will ever have had in your life. But, you must be careful before you start making assumptions about what you are going to do with it.

Take for example, an NFL player. The average third-round signing bonus for draftees in the 2003 season was **\$526,000**.

Right away, half goes to Uncle Sam: **$\$526,000 - \$263,000 = \$263,000$** .

Next is the 3 percent average agent fee: - **$\$15,780 = \$247,220$** .

You have got to have those wheels, so you splurge for the high-priced car or SUV: - **$\$50,000 = \$197,220$** .

Usually, agents advance you money once you have signed the required Representation Agreement. That money will be paid back out of your signing bonus: - **$\$30,000 = \$167,220$** .

Then there is your family — your mother, father, sisters, brothers, aunts, uncles, etc., and other close friends who have supported you through the years and who you can now “pay back” for that support and kindness: - **$\$50,000 = \$117,220$** .

\$117,200! That is what you would have left to show for four, if not five, years of college, four years of high-school ball, three or four years of Pop Warner or some other youth program. That dollar figure is much less for

most players drafted because the first through third rounds cover less than 40 percent of all draftees.

The amounts may vary from player to player, but the impact is significant.

(This information was obtained from the NFL's Pipeline to the Pros program).



Chapter 4

Disability Insurance

Protection From Loss of Future Earnings

What is it?

Disability insurance is an insurance policy that provides financial protection against the loss of future earnings as a professional athlete due to a disabling injury.

What types of coverages are available?

Permanent Total Disability: This coverage pays benefits if you suffer total disability during the policy term and will not be able to participate again (unless the policy specifies a shorter time period) in your sport.

Temporary Total Disability: This coverage pays benefits if you suffer total disability during the policy term and are not able to participate in your sport at the time of a designated medical evaluation. Since the benefits are more easily triggered under this type of coverage, it is more expensive to purchase than the permanent total disability coverage.

Who can qualify?

Those athletes who realistically anticipate receiving a substantial amount of money as professional athletes due to their present market value as future professionals (based upon an objective professional evaluation).

Where can I get it?

There are only a few companies (e.g., Chubb Group, Lloyd's of London) that provide this type of insurance for athletes. However, there are numerous insurance brokers/agents who can sell the disability coverage. The NCAA also sponsors a disability insurance program for elite student-athletes, which includes as a benefit the automatic securing of a loan if the student-athlete's rating qualifies him or her for coverage. The NCAA program currently is available for elite athletes in the sports of football, men's and women's basketball, baseball, and men's ice hockey only. You should contact your institution's professional sports counseling panel, athletics director or the NCAA for more information on the NCAA program or others in the market place.

How much does it cost?

The amount you pay depends on the type of policy, your sport and how much coverage you are offered. The cost per thousand dollars of coverage may range from \$3.50 to \$14 (e.g., a \$1 million policy could vary from \$3,500 to \$14,000).

Where can I get the money to pay for the insurance while in college?

Family members upon whom you are naturally or legally dependent may provide the money for the insurance premium. Also, you are permitted to borrow the money from a regular bank or savings and loan, provided a coach, booster or athletics staff member does not make the loan arrangements. Check with your athletics director or your professional sports counseling panel for advice if you want to obtain a loan. The NCAA has arranged a disability insurance program so that qualified student-athletes may borrow the insurance premium money at a low interest rate. Any loan you receive normally does not have to be repaid until you exhaust your eligibility, sign a professional contract or until you receive disability benefits if you are injured.



How do I obtain the coverage while in college?

Discuss your interest in obtaining disability insurance with your family, coach and athletics director. If your university has a professional sports counseling panel (your athletics director will know if there is one), the panel members are valuable resources for providing information on where and how to get disability insurance. Typically, insurance companies will require you to complete an application form requesting coverage, a medical history and a physician's report. Remember, if a sports agent or representative wants to help you get disability insurance and you still have playing eligibility at your university, you may jeopardize your collegiate career by making any arrangements with that sports agent or representative.

**For more information about disability insurance, please see:
<http://www1.ncaa.org/membership/insurance/index.html>.**

Chapter 5

Do's and Don'ts During Your Collegiate Eligibility

Undoubtedly, you have many questions regarding a career in professional sports. Some issues you should consider include contact with professional sports teams, agents, attorneys and/or financial advisors. Hopefully, the following information will assist you in gathering answers. If you have further questions, please contact your institution's compliance office representative.

You may:

- Seek counseling about a future professional athletics career through your institution's professional sports counseling panel. The sports counseling panel can help negotiate a contract, set up an agent interview program, obtain disability insurance and help you understand NCAA rules.

- Request information from a professional team or organization concerning your professional market value.

- Be permitted to use your institution's sports counseling panel or your head coach to contact agents, professional sports teams or professional sports organizations on your behalf. (Panel members or the head coach are not permitted to receive any compensation for such services.)

- Personally, or through your parents or legal guardians, or your institution's professional sports counseling panel, negotiate with a professional team.

- Secure advice from an attorney or third party concerning a proposed professional contract, provided the attorney or third party does not represent you in negotiations for that contract.

What is a professional sports counseling panel?

A group appointed by an institution's chief executive officer (or designee) to advise and assist student-athletes in preparing for a professional athletics career.



How can a professional sports counseling panel help me?

Panels can help you with any or all of the following issues: negotiating a contract, setting up an agent interview program, assisting you with getting disability insurance and helping you understand NCAA rules.

You may:

- Compete professionally in one sport and be an amateur in another. (For example, you may sign a professional baseball scholarship and still compete in college basketball).

- Retain an agent whose duties are specifically limited in writing to representing you only in the sport(s) in which you compete as a professional. You may still retain your eligibility in the other sport.

- Have an “entertainment” agent for purposes of pursuing appearances on radio, television and theatre, provided your status as an athlete is not used to secure such an opportunity.

- Play in an individual all-star game after signing with an agent, provided team competition has concluded and you have completed your seasons of competition.

- Try out with a professional organization in a sport during the summer or the academic year while not a full-time student-athlete, provided you do not receive any form of expenses or other compensation from the professional organization.

- Permit yourself to receive one on-campus medical examination during the academic year by a professional league’s scouting bureau.

- In the sport of basketball, enter a professional league’s draft without jeopardizing eligibility in that sport, provided you are not drafted and you declare in writing to your institution’s director of athletics your intention to resume intercollegiate basketball participation within 30 days after the draft.

- Borrow against future earnings potential from an established and accredited commercial lending institution for the purpose of purchasing insurance against a disabling injury/illness, provided a third party is not involved in arranging for the loan.



What happens if I sign a contract?

Signing a professional contract normally terminates eligibility for an athletics scholarship in any sport, unless you are no longer involved in professional athletics, are not receiving any remuneration from a professional sports organization and you do not have an active contractual relationship with any professional team.

Student-athletes with remaining playing eligibility in a sport may jeopardize their eligibility in that sport if they engage in any of the following activities.

You may not:

- Agree (orally or in writing) to be represented by an agent for the purpose of marketing your athletics ability or reputation in that sport. An agent contract that is not specifically limited in writing to a particular sport is applicable to all sports.

- Make an agreement (oral or written) with an agent or compete in professional athletics, and remain eligible for participation in that intercollegiate sport, regardless of the legal enforceability of the contract.

- Agree (orally or in writing) to be represented by an agent in the future (after your eligibility is exhausted).

- Agree (orally or in writing) to be represented by an agent until after your eligibility has ended, including your team's postseason competition.

- Nor may your relatives or friends, accept benefits from an agent, financial advisor, runner or any other person associated with an agency business. (Benefits include but are not limited to transportation, money and gifts, regardless of the value of the benefit or if it is used.)

- Receive preferential benefits or treatment because of your reputation, skill or pay-back potential as a professional athlete.

Watch out!

The agent's duties must be specifically limited in writing to the sport in which you compete as a professional; otherwise your eligibility in all sports will be affected!



What are some examples of benefits?

Benefits may include, but are not limited to transportation, money and gifts, regardless of the value of the benefit or whether or not you use the benefit.

You may not:

- Retain professional services (legal advice) for personal reasons at less than the normal charge.

Your institution may cancel your athletics financial aid if you reach an agreement with an agent!

- Ask to be placed on the draft list or supplemental draft list of a professional league in a sport, except in the sport of basketball.

- Have a coach or other member of the athletics staff at your institution directly or indirectly market your athletics ability or reputation to a professional sports team or organization.

- Be awarded institutional financial aid when you are under contract to or are currently receiving compensation from a professional sports organization.

- Try out with a professional team in a sport or permit a professional team to conduct a medical examination during the academic year while enrolled as a regular full-time college student.

- Participate on a major junior ice hockey team, without being considered to have played on a professional team and thus lose your eligibility for intercollegiate competition in ice hockey.

- Reach an agreement with an agent. Your college has the choice of whether to cancel your athletics scholarship from that day forward.

Be aware!

You may also seek the opinion of an independent financial advisor. As long as the financial advisor's activities do not include marketing you, then the financial advisor would not be considered an agent.



Chapter 6

Substance Abuse Policies

Be aware there are many restrictions and consequences concerning substance abuse for each of the professional leagues. Below are directions for accessing each league's policy.

Major League Baseball

Visit www.bigleaguers.com. Select Basic Agreement (found on the left-hand side of the page). Scroll down to Page No. 157 for Joint Drug Prevention and Treatment Program information.

National Basketball Association

Visit www.nbpa.com. Skip the intro and select Collective Bargaining Agreement (found at the top of the page). Select Articles (found on the left-hand side of the page). Scroll down to Article 33 (XXXIII) Anti-Drug Program.

Women's National Basketball Association

Visit www.nbpa.com. Skip the intro and select Collective Bargaining Agreement (found at the top of the page). Select Articles (found on the left-hand side of the page). Scroll down to Article 33 (XXXIII) Anti-Drug Program.

National Football League

Visit www.nflpa.org. Select Active Players (found at the top of the page). Scroll down and select the Drug Policy and Steroid Policy links.

National Hockey League

This information is still being posted, but should be available soon at www.nhlcbnews.

Olympic Sports

Visit www.usantidoping.org for information on the independent anti-doping agency for Olympic sports in the United States.

Tennis (ATP)

Visit www.atptennis.com. Select Inside the ATP (found on the left-hand side of the page). Slide over to Anti-Doping.

Tennis (ITF)

Men Visit www.itftennis.com. Select ITF Men's Circuit (found on the right-hand side of the page). Select Circuit Info (found in the banner run-

ning across the entire page). Scroll down to Circuit Rules and Regs. Select the PDF link under the Men's Circuit Rules and Regs heading. Scroll down to Page No. 55 for Article V: Drug Offences information.

Women Visit www.itftennis.com.

Select ITF Women's Circuit (found on the right-hand side of the page). Select Circuit Info (found in the banner running across the entire page). Scroll down to Circuit Rules and Regs. Select the PDF link under the Circuit Rules and Regs heading. Scroll down to Page No. 72 for Appendix D: Tennis Anti-Doping Programme information.

Tennis (WTA)

Visit www.wtatour.com. Select The WTA Tour (found on the left-hand side of the page). Slide over to the Official Rules link. Scroll down to Page No. 259 for Appendix A: WTA Tour Tennis Anti-Doping Program information.

Track

Visit www.usatf.org. Select About USATF (found on the left-hand side of the page). Select Anti-Doping Information (found on the left-hand side of the page).



Chapter 7

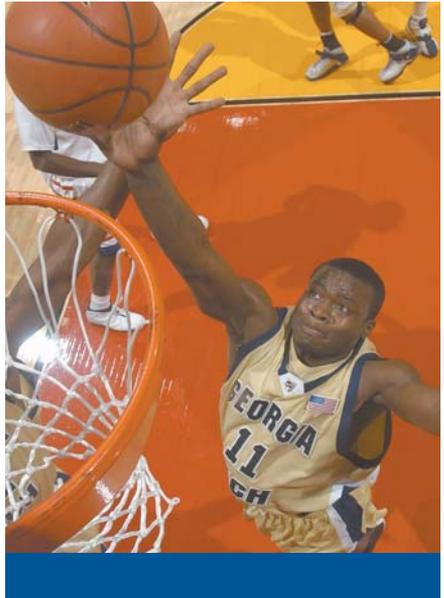
Sports Wagering – Don't Bet On It!

After all you have done to condition your body and mind to be a professional athlete, do not jeopardize your career by wagering on the outcome of a college or professional sports contest.

Sports wagering has the potential to undermine the integrity of sports contests, and jeopardizes the well-being of student-athletes and the inter-collegiate athletics community. Sports wagering demeans the competition and competitors alike by a message that is contrary to the purposes and meaning of “sport.” Sports competition should be appreciated for the inherent benefits related to participation of student-athletes, coaches and institutions in fair contests, not the amount of money wagered on the outcome of the competition.

Sports wagering places your career as a collegiate or professional athlete at great risk. It provides an instant way to lose money. It destroys personal relationships. Disclosure of your involvement in sports wagering will humiliate you and embarrass your teammates and your family. It may cost you an opportunity for future employment. Sports wagering places you at risk to be pressured by bookies and organized crime to shave points and throw games. It is a federal offense, punishable by substantial fine or imprisonment or both. In short, sports wagering destroys lives.

Sports wagering is not a victimless crime. Regardless of whether you see it, sports wagering often is backed by organized crime. Money skimmed from sports-betting schemes is used by these criminals to fund drug sales, to keep prostitution rings going, to bribe student-athletes, and to pay for many other illegal activities. Organized crime never plays by the rules. It plays to get rich — at any cost. When you bet, you risk becoming a partner in organized crime.



You should report to your coach or athletics administrator any contacts or pressure placed on you by anyone associated with sports wagering.

The NCAA prohibits sports wagering on intercollegiate and professional contests. Student-athletes found in violation may risk permanent ineligibility. The NBA, NFL, NHL and MLB all prohibit wagering on any team in that particular league and those who commit such infractions may be subject to a penalty of permanent disqualification.

The NCAA rules are clear. The minute you are discovered to have made a bet of any kind on any college or professional sport, or have given information to someone who does gamble, you are declared ineligible to compete in college sports. If you accept or place a bet on any college or professional team other than your own you will automatically be suspended one year. If you accept or place a bet on any team at your school you will be permanently ineligible. You also run the risk of being arrested and charged with a crime. That is because sports wagering is illegal in every state except Nevada. Sports bribery is illegal in every state. And even in Nevada, it is against NCAA rules for a student-athlete to make any wager on a sports event.



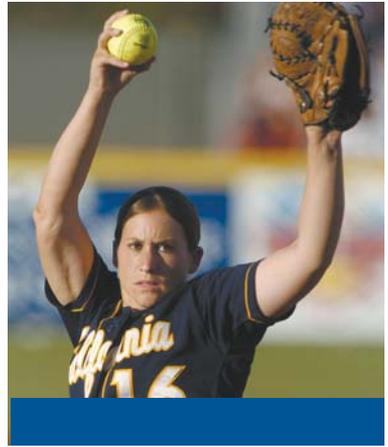
REMEMBER – Sports wagering can destroy your potential professional career, cause a financial disaster for you and ruin your life.

For more information on sports wagering refer to the Agent, Gambling and Amateurism Activities staff at 317/917-6222 or by contacting the 24-Hour Confidential Nationwide Helpline 1-800/522-4700.

Chapter 8

The Top 10 Things to Know Concerning A Career In Professional Athletics

1. Signing a professional contract normally terminates eligibility for an athletics scholarship in any sport.
2. You are ineligible in a sport if you have agreed (orally or in writing) to be represented by an agent for the purpose of marketing your athletics ability or reputation in that sport.
3. Disability insurance is an insurance policy that provides financial protection against the loss of future earnings as a professional athlete due to a disabling injury.
4. A study by a professional players' association shows, with few exceptions, that athletes with degrees have longer playing careers and earn greater salaries.
5. You can request information from a professional team about your market value and utilize your institution's professional sports counseling panel or head coach to contact agents, professional sports teams or professional sports organizations
6. It is not recommended that you sign power of attorney over to the agent and/or financial advisor inasmuch as he or she can then spend your money without your knowledge.
7. The NCAA and most professional sport leagues prohibit sports wagering on intercollegiate and professional contests. Student-athletes found in violation of these rules may risk permanent ineligibility.
8. Be aware there are many restrictions and consequences concerning substance abuse for each of the professional leagues.
9. Your institution may cancel your athletics financial aid if you reach an agreement with an agent.
10. If you have any questions regarding information found in this guide, please contact your institution's compliance office representative or the NCAA Agent, Gambling and Amateurism Activities staff at 317/917-6222.



Appendix **A**

Directory Of Professional Sports Organizations

BASEBALL

Leagues

Major League Baseball

Office of the Commissioner
245 Park Avenue, 31st Floor
New York, New York 10167
212/931-7800
www.mlb.com

Minor League Baseball

201 Bayshore Drive S.E.
P.O. Box A
St. Petersburg, Florida 33731
727/822-6937
www.minorleaguebaseball.com

Major League Baseball Players Association

12 East 49 St.
24th Floor
New York, New York 10022
212/826-0808
www.bigleaguers.com

BASKETBALL

Leagues

National Basketball Association

645 Fifth Avenue
New York, New York 10022
212/826-7000
www.nba.com

Women's National Basketball Association

645 Fifth Avenue
New York, New York 10022
212/407-8000
www.wnba.com

Continental Basketball Association

1412 W. Idaho St., Suite 235
Boise, ID 83702
208/429-0101
www.cbahoopsonline.com

Organizations

USA Basketball

5465 Mark Dabbling Boulevard
Colorado Springs, Colorado 80918-3842
719/590-4800
www.usabasketball.com

Women's Basketball Coaches Association

4646 B Lawrenceville Highway
Lilburn, Georgia 30247
770/279-8027
www.wbca.org

National Basketball Players Association

2 Penn Plaza, Suite 2430
New York, New York 10121
212/655-0880
www.nbpca.com

FOOTBALL

Leagues

Arena Football

Office of the Commissioner
105 Madison Avenue, 9th Floor
New York, NY 10016
212/252-8100
www.arenafootball.com

Canadian Football League

50 Wellington St. E
3rd Floor
Toronto, Ontario, Canada M5E 1C8
416/322-9650
www.cfl.ca

National Football League

410 Park Avenue
New York, New York 10022
212/450-2000
www.nfl.com

Players' Associations
Canadian Football League Players Association

603 Argus Road
Suite 207
Oakville, ON L6J 6G6
905/844-7852
www.clfpa.com

National Football League Players Association

2021 L Street N.W.
Suite 600
Washington D.C. 20036
202/463-2200
www.nflpa.org

GOLF

Ladies Professional Golf Association

100 International Golf Drive
Daytona Beach, Florida 32124-1092
904/274-6200
www.lpga.com

Professional Golfers' Association Tour

112 PGA Tour Boulevard, Sawgrass
Ponte Vedra Beach, Florida 32082
904/285-3700
www.pgatour.com

Professional Golfers' Association of America

100 Avenue of the Champions
P.O. Box 109601
Palm Beach, Florida 33410
561/624-8400
www.pga.com

ICE HOCKEY

Leagues

National Hockey League

1251 Avenue of the Americas
47th Floor
New York, New York 10020-1198
212/789-2000
and
75 International Boulevard, Suite 300
Rexdale, Ontario, Canada M9W 6L9

416/798-0809
www.nhl.com

American Hockey League

One Monarch Place
Springfield, Massachusetts 01144
413/781-2030
www.theahl.com

East Coast Hockey League

103 Main Street, Suite 300
Princeton, NJ 08540
609/452-0770
www.echl.org

Central Hockey League

4909 East McDowell, Suite 104
Phoenix, Arizona 85008
480/949-8600
www.centralhockeyleague.com

United Hockey League

1831 Lake St. Louis Blvd.
Lake St. Louis, Missouri 63367
636/625-6011
www.theuhl.com

National Hockey League Players Association

777 Bay Street, Suite 2400
Toronto, Ontario, Canada M5G 2C8
416/408-4040
www.nhlpa.com

SOCCER

Major League Soccer

110 East 42nd Street
10th Floor
New York, New York 10017
212/450-1200
www.mlssnet.com

United States Soccer Federation

1801 South Prairie Avenue
Chicago, Illinois 60616
312/808-1300
www.ussoccer.com

Women's United Soccer Association

6205 Peachtree Dunwoody Road
 15th Floor
 Atlanta, GA 30328
www.wusa.com

WTA Tour

One Progress Plaza
 Suite 1500
 St. Petersburg, FL 33701
 727/895-5000
www.wtatour.com

SOFTBALL**National Pro Fastpitch**

90 Madison St., Suite 200
 Denver, CO 80203
 303/316-7800
www.profastpitch.com

TENNIS**Association of Tennis Professionals**

201 ATP Tour Boulevard
 Ponte Vedra Beach, Florida 32082
 904/285-8000
www.atptennis.com

International Tennis Federation

Bank Lane
 Roehampton
 London
 SW15 5XZ
 United Kingdom
 +44 (0)20 8878 6464
www.itftennis.com

U.S. Professional Tennis Association

USPTA World Headquarters
 3535 Briarpark Drive, Suite One
 Houston, TX 77042
 713/978-7782
www.uspta.org

U.S. Tennis Association

70 West Red Oak Lane
 White Plains, New York 10604
 914/696-7000
www.usta.com

TRACK AND FIELD**USA Track and Field**

One RCA Dome
 Suite 140
 Indianapolis, Indiana 46225
 317/261-0500
www.usatf.org

OTHER**National Collegiate Athletic Association**

P.O. Box 6222
 Indianapolis, Indiana 46206-6222
 317/917-6222
www.ncaa.org

Certified Financial Planner Board of Standards

1700 Broadway, Suite 2100
 Denver, Colorado 80290-2101
 888/237-6275
www.cfp-board.org

National Fraud Exchange

Mortgage Asset Research Institute
 12020 Sunrise Valley Drive, Suite 360
 Reston, Virginia 20191
 800/822-0416

(Note: A one-stop background check on stockbrokers, financial planners, real estate agents, trust advisors, mortgage officers.)

Appendix B

Glossary of Terms

Agent: A person authorized to act for another; one entrusted with negotiating another's professional sports contract.

Asset: Anything owned that has value.

Bonded: A form of insurance that provides financial protection for clients if an agent mishandles the client's funds. Some states require agents to be bonded.

Bonus: Money paid to an athlete for signing a contract or achieving specified performance standards.

Budget: A plan or schedule that designates expenses against a specific income during a defined period of time.

Capital: Money or property capable of being used for investment or operating a business.

Collective bargaining agreement: An arrangement negotiated between the players' union and the owners in a particular league that sets forth the rights and obligations of the players, the teams and the league.

Contract: Any agreement creating an obligation between two or more persons to do or not do something.

Deferred compensation: Money owed to an athlete for services performed, but payable to the athlete during a later time period.

Disability benefits: Payments made by an insurance company for a covered disabling injury.

Disability insurance: An agreement by an insurance company (upon payment of premiums) to provide benefits to a person should he/she sustain a disabling injury or illness.

Draft: An organized selection process used by professional teams for choosing athletes for their rosters.

Drug-testing policies: Specific policies and procedures (corrective and punitive) issued by professional leagues for addressing occurrences of drug abuse.



Eligibility: A person's status that permits him or her, according to a set of rules, to participate in a particular activity.

Financial advisor: A person entrusted with handling another's financial affairs.

Free agent: An amateur athlete who was not selected in a professional draft, or a veteran athlete whose contract has expired or who has been released from his or her contract.

Guaranteed contract: A contract that pays an athlete whether or not he or she makes the team or performs at a certain level.

Insurance broker/agent: One authorized to negotiate and sell insurance on behalf of a particular insurance company.

Insurance premium: An amount paid in one sum or periodically for an insurance policy.

Liability: Anything that is legally owed to another (debt).

Liquid asset: An asset in the form of cash or readily convertible to cash (e.g., savings account).

Long-term contract: A contract that pays an athlete for a period longer than one year.

No-cut contract: A contract that assures an athlete a spot on a team's roster.

Players' association: A union of players in a particular professional sport that represents its collective views to ownership and management.

Power of attorney: A written document legally authorizing a person to act for another.

Principal: An amount of debt or investment without accrued interest.

Professional sports counseling panel: A group appointed by an institution's chief executive officer (or designee) to advise and assist student-athletes in preparing for professional athletics careers.

Runner: An individual who recruits athletes for a sports agent and receives a "finder's fee." Some runners are "independent contractors" who "sell" an athlete to the highest-bidding agent.

Salary cap: A maximum dollar amount of aggregate compensation that individual teams may pay their players during a specific time period.

Standard players' contract (uniform contract): A league employment contract reflecting the collective bargaining agreement provisions. Bonuses and salary are the major items not established as part of the uniform contract.

Appendix C

Estimated Probability of Competing in Athletics Beyond the High-School Interscholastic Level

Student-Athletes	Men's Basketball	Women's Basketball	Football	Baseball	Men's Ice Hockey	Men's Soccer
High-School Student-Athletes	549,500	456,900	983,600	455,300	29,900	321,400
High-School Senior Student-Athletes	157,000	130,500	281,000	130,100	8,500	91,800
NCAA Student-Athletes	15,700	14,400	56,500	25,700	3,700	18,200
NCAA Freshman Roster Positions	4,500	4,100	16,200	7,300	1,100	5,200
NCAA Senior Student-Athletes	3,500	3,200	12,600	5,700	800	4,100
NCAA Student-Athletes Drafted	44	32	250	600	33	76
Percent High School to NCAA	2.9	3.1	5.8	5.6	12.9	5.7
Percent NCAA to Professional	1.3	1.0	2.0	10.5	4.1	1.9
Percent High School to Professional	0.03	0.02	0.09	0.5	0.4	0.08

Note: These percentages are based on estimated data and should be considered approximations of the actual percentages.





National Collegiate Athletic Association