

Financial Success

By Chris Gillette

Financial Success

Table of Contents

What is Financial Success and how do you achieve it?

I am including here a few of the best ideas about it. There are also many books that can set you on the path; I will recommend some that I think are great. Also, how do we measure success; this is a great debate but I think that “cash flow”, “net worth”, “time” and “unearned income” should be part of any measure of financial success.

Included Information:

1. “Financial Success: The 10,000’ View”: How we define Financial Success and what does it mean to you. Also, what are the main reasons why people fail financially?
2. “Financial Fundamentals”: If you go snow skiing each ski area will supply you with a “trail map” showing all of the ski runs divided into (basically) three levels of difficulties (Easy=Green, Intermediate=Blue and Advanced=Black). Achieving Financial Success can be thought of that way as well.
3. “The Quick Reference Guide to Wealth” by Alan Jacques. This is an excellent chart showing how the way you *think* about financial success can affect you when you are trying to achieve it.
4. Case studies on why what you earn is not important, what you *save* is:
 - a) The Story of Jack Whittaker (largest US lottery winner ever)
 - b) Bird and Opera Lover leaves \$16MM to charity from modest income
 - c) Mary Gillette (my mom) lives great life from no earned income
 - d) How can NFL/NBA/MLB players make so much money and have nothing when they retire?
 - e) Rich People Gone Broke
5. Cigarette Fund Calculator or How to get rich by NOT smoking (or also known as the latte-factor, that daily trip to Starbucks).
6. Why Real Estate? We summarize here some important reasons why real estate should be included in your investment plan.
7. Financial Success Questionnaire: take this five question questionnaire and find out if you are “thumbs up” or “thumbs down” for Financial Success.
8. Critical Books to Read – Reading List

Extra Reading if you are interested: For more lottery winners use Google to search for Michael Carroll (English winner), or Abraham Lee Shakespeare (found dead under a concrete slab), or Viv Nicholson (also an English winner).

Financial Success: The 10,000' view

What is Financial Success? It might not be the same for everyone. Some people might live in a multimillion dollar home on the intracoastal waterway that is rented and they want to live on Palm Beach (I know some of these). Some people might already live in huge, beautiful homes and own new cars, a plane, a helicopter, send their kids to private schools, take dream-like vacations and still not be satisfied (I know some of these, too). Some people might want to provide for their families, send their kids to college, have money for a nice retirement and nice vacations and have all of their bills paid, with little to no debt, and have money in the bank in case their car needs new brakes, and leave a modest estate to their heirs.

Here is my conclusion: I think that what people define financial success to be is a *moving target* for them (most of them), and is not related to reality. It is shaped by how much they want to impress other people about how well they are doing, and it helps them to feel better about themselves.




What it should be: A reflection of what you and your family want to achieve financially as a result of all of your hard work and always remember that financial success is only one part of living a great life.



Why do people fail financially? I feel that there are three common things that happen that cause most people to fail financially (these three things are destroyers of financial success). If you can avoid these, you can increase your chances of success:

1. Failure to **CREATE** a financial plan, **MONITOR** it on a regular basis (you must have a **written plan** even if it is on a plain piece of paper, in pencil) and **CHANGE** it when your situations changes, and
2. Failure to **SAVE** on a regular basis, and
3. **LIVE** within your means (a bigger picture item than #2 but critically important; this is all about how to prioritize properly, or how not to have a \$900/month pet bill).

Financial Fundamentals Being a Good Financial Skier

	Goals	Skills + Tactics
 EASIEST	Live within your means and within guidelines ¹ • Saving at least 10% of gross family income • Prepare Financial Goals in writing and keep it updated • Pay all bills on time • Monitor your credit rating and keep it high • Basic insurance (auto, health, liability) • Minimize uncollateralized debt	Balance all checkbooks regularly • Know how to use ATMs and online bank access • Basic recordkeeping and filing • File taxes annually • Basic computer skills (accounting, websites, email, backups) • Preparing and monitoring your Net Worth Statement <i>Reading Musts: “The Richest Man in Babylon”, “Think and Grow Rich”</i>
 INTERMEDIATE	Own your own home • Understanding taxes and how they affect your long-term goals • Minimizing purchases of high-depreciating assets (cars, boats, furniture, etc.) • Invest in 401(k), or other retirement instruments • Become an “expert” negotiator • Insurance: Understand when and why to buy life insurance, other hazards insurance	Understanding tax consequences of “pre-tax investments”, “deductible expenses”, “tax exclusions”, “tax credits”, “child care deductions” • Intermediate recordkeeping (computer records) • Intermediate computer skills (word processing, calendaring, spreadsheets, contact management) • Fundamental accounting/tax knowhow • Time Management Techniques <i>Reading Musts: “The Millionaire Next Door”, “Rich Dad, Poor Dad”, “The Art of Negotiation”</i>
 ADVANCED	Build your Wealth Team (Banking, CPA, insurance, real estate, stocks, legal, etc.) • Own your corporation • Understand unearned income • Asset Protection: liability, corporate structures and how to own property • Own stocks, bonds, real estate and other income-producing assets • Advanced insurance (umbrella, flood, loss of business, loss of income) • Estate Planning	Advanced recordkeeping (articles with important information, websites) • Advanced computer skills (presentations) • Basic legal skills (contracts, how the court system works) • Hiring an attorney (or attorneys), CPA, and insurance brokers • Successful vendor management/wealth team building • Reading financial reports and stock prospectuses <i>Reading Musts: “Own your own Corporation”, “Cash Flow Quadrant”, “Real Estate Riches”</i>

How good of a financial skier are you? An Advanced skier can go from the top of a mountain (11,000') to the bottom (6,000') in minutes. If you aren't even a Green run skier, you would walk and it would take hours. Ski resorts use this same rating system to grade the difficulty of each ski run. You should note that almost all mountains have at least some way to get from the top of a mountain, to the bottom using only green runs. If you just learn how to achieve the GREEN level (“easiest”) you will be able to live and retire comfortably. If you can progress to the higher levels (blue and black) you will do better than almost all of your contemporaries.

¹ Quick guidelines review: Savings 10%, Housing 35%, Transportation 20%, Debt Payments (not including mortgages) 15%, and Other 20%.

The Quick Reference Guide to Wealth

by Alan Jacques*, Inspired by Robert Kiyosaki

	Broke Masses	Successful Middle Class Investor	Rich
1. Who	Employees	Employees & self-employed	Business owners & investors
2. Education	High school or college graduate	<ul style="list-style-type: none"> Values education, often college graduate Attends course & seminars on investing 	Values only "street smart" education, often acquired from peers and/or self-learned
3. Major financial goal	To survive until next payday	To build up a significant net worth by age 55 – 65	Freedom
4. Focus	Salary or hourly wage	Net worth	Cash flow
5. Cash Flow Management (CFM)	"How much do I have in my wallet?"	Understands the value of CFM	Understands that CFM is the foundation to all wealth
6. Definition of an asset	A 6-pack in the fridge	Anything that has market value	Anything that produces positive cash flow
7. Home	Would like to own one	One of their most important assets	A home is a liability, not an asset
8. Investment vehicles	<ul style="list-style-type: none"> Government pension Lotteries 	<ul style="list-style-type: none"> mutual funds blue chip stocks real estate: condos, houses & duplexes 	<ul style="list-style-type: none"> stocks: IPOs as investors and/or key shareholders real estate: larger projects businesses
9. Investment sources	The government	Invests in financial products created by others	Create products and services to sell to the Middle Class and the masses
10. Investment systems	<ul style="list-style-type: none"> Hope 	<ul style="list-style-type: none"> dollar cost averaging (DCA) low down real estate systems 	<ul style="list-style-type: none"> Create their own and/or modify others Often learn from other rich investors who are their peers
11. Expected rate of return	Get rich quick	12% to 30%	50% to 500%+++
12. Risk	Has no idea how to evaluate	Accepts moderate risk	Most investments are low or very low risk
13. What Works	If it doesn't work, keep doing it.	Learn what works and keep doing it no matter what	Keep learning and innovate, innovate, innovate
14. Time horizon	Next payday	Long term	Tailored to each goal and/or investment
15. Real Estate	Would like some	Buy & hold, waits for it to go up in value	"You make money when you buy, not when you sell."
16. Most valuable resource	Paycheck	Investments	Time
17. Why work?	Work for the weekend	Work for money of which 10 – 20% goes to investments	Money works so they don't have to
18. Advisors	Broke friends & family	Financial planners, accountants	Themselves, each other, coaches, selected professionals
19. Resources	<ul style="list-style-type: none"> TV 	<ul style="list-style-type: none"> <i>The Millionaire Next Door</i> <i>The Wealthy Barber</i> 	<ul style="list-style-type: none"> <i>Rich Dad/Poor Dad</i> <i>The CASHFLOW Quadrant</i> <i>The CASHFLOW Game</i> Robert Kiyosaki tape sets
20. Key indicator event	Savings account with \$100 in it	\$1 million in net worth	Passive income exceeds expenses
21. Questions & Answers	Don't really understand the distinction	Asks questions and seeks the right answer	Knows there are many answers
22. Delegation	"If you want it done right, you have to do it yourself."	"You can delegate what you don't know."	"If you don't know the fundamentals, you can get slaughtered!"

*Alan Jacques is presi... f a successful consulting company in Canada. He is a great teacher of money. wealth.

Jack Whittaker (lottery winner)

From Wikipedia, the free encyclopedia

Andrew Jackson “Jack” Whittaker, Jr. (born c. 1947 in Jumping Branch, Summers County, West Virginia) is a West Virginia businessman who became famous when he won US\$314.9 million in the Powerball multi-state lottery. At the time it was the largest jackpot ever won by a single winning ticket in the history of American lottery. He has garnered even more publicity since his win due to several well-publicized brushes with the law as well as personal tragedies.

Contents

- 1 Powerball win
- 2 Philanthropy
- 3 Legal / personal problems
- 4 References
- 5 External links

Powerball win

Whittaker was the 55-year-old president of Diversified Enterprises Construction, a successful contracting firm in Putnam County, West Virginia, when he chose the correct numbers for the December 25, 2002 drawing. Whittaker had a net worth of over US\$17 million before his Powerball windfall. Whittaker purchased the winning Powerball ticket at a supermarket in Hurricane, West Virginia, where he had stopped for a deli breakfast sandwich and to get fuel for his Lincoln Navigator.

The jackpot that day was a US\$314.9 million annuity or US\$170 million cash. Whittaker chose the cash option and received a check for approximately US\$114 million^{[1][2]} after tax withholdings.

Philanthropy

Whittaker pledged 10% of his winnings to Christian charities—including several churches affiliated with the Church of God—in southern West Virginia. One of the beneficiary congregations constructed a multi-million dollar church in Hurricane. He also donated \$14 million to establish the Jack Whittaker Foundation, a non-profit organization that provides food and clothing to low-income families in rural West Virginia. Furthermore, he tipped the woman who worked the biscuit counter at the convenience store where he bought the winning ticket by buying her a \$123,000 house, a new Dodge Ram Truck and giving her \$50,000 cash.

Legal / personal problems

On August 5, 2003, thieves broke into his car while it was parked at the Pink Pony, a strip club in Cross Lanes,

West Virginia. The thieves went away with \$545,000 in cash.^[3] Two employees at the club, namely, the general manager and dancer manager, who were romantically linked, were later arrested and charged with a plot to put drugs in Whittaker's drinks and then rob him.^[4] On January 25, 2004, thieves once again broke into his car, this time making off with an estimated \$200,000 in cash that was later recovered.

On September 17 2004, Jesse Tribble, an 18-year-old on-and-off-again boyfriend of Jack's granddaughter Brandi Bragg, was found dead in Whittaker's home in Teays Valley, West Virginia. A coroner's report indicated that he died from overdosing on a combination of oxycodone, methadone, meperidine and cocaine.

On December 20 2004, Brandi, 17, was found dead on the property of one of her male friends after being reported missing on December 9. Her body was wrapped inside a plastic tarp and dumped behind a junked van. No-one was charged with a crime and the death was ruled an overdose.^[4]

At an October 11, 2005 hearing related to his January 2003 DUI, a visibly shaken Whittaker lashed out at area law enforcement agencies for focusing on his troubles while failing to arrest anyone in relation to his granddaughter's death,^[5]

“ Go after whoever killed my granddaughter with as much zealous [*sic*] as these butt holes are trying to convict me of something I didn't do. ”

Whittaker is also being sued by Caesars Atlantic City casino for bouncing \$1.5 million worth of checks to cover gambling losses. Whittaker is also countersuing them, claiming that his losses were supposed to be credited due to a slot machine he developed and that they in fact owe him money.^[6]

On January 11, 2007, a legal complaint against Whittaker alleged he claimed that on September 11, 2006, thieves took all of his money.^[7] The thieves, according to the account, went to 12 branches of the City National Bank and cashed 12 checks. The incident came to light because Whittaker had not been paying money to a woman who had previously sued him. Kitti French filed the complaint earlier in the week, requesting court costs and money from Whittaker.

On July 5, 2009, Ginger Whittaker Bragg, Jack's daughter and the mother of Brandi Bragg, was found dead in Daniels, Raleigh County, West Virginia. Foul play is not suspected, but toxicology tests are expected.^[8]

References

- [^] "One wild ride for jackpot winner" (http://www.usatoday.com/news/nation/2004-02-12-lottery-winner_x.htm) , *USA Today*, Feb. 12, 2004.
- [^] "Estranged Wife of Jack Whittaker Contends Part Ownership in Over 25 Companies; Companies Contend Jewell Whittaker's Filing Has Cut Off Their Credit" (<http://www.hintonnews.net/state/060904-rutheford-whitteker.html>) , Hintonnews.net, Sep. 4, 2006.
- [^] "Lottery Winner: Thieves "Got All My Money" (<http://www.cbsnews.com/stories/2007/01/12/national/main2357053.shtml>) , CBS News, Jan. 12, 2007 (accessed Apr. 8, 2007)

4. [^] *a b* "Rich Man, Poor Man" (<http://www.washingtonpost.com/ac2/wp-dyn/A36338-2005Jan25?language=printer>) , *Washington Post*, Jan. 30, 2005.
5. [^] *West Virginia Metro News* (http://wvmetronews.com/index_forsub.cfm?func=displayfullstory&storyid=13162) , Oct. 11, 2005.
6. [^] "Largest Single Powerball Winner in US History" (http://hosted.ap.org/dynamic/stories/P/POWERBALL_WINNER_CASINO?SITE=FLTAM&SECTION=US)
7. [^] "Powerball Winner Jack Whittaker Claims He's Broke" (<http://www.wsaz.com/news/headlines/5158837.html>) , WSAZ News Channel 3, Jan. 11, 2007 (accessed Apr. 8, 2007)
8. [^] "UPDATE: Jack Whittaker's Daughter Found Dead" (<http://www.statejournal.com/story.cfm?func=viewstory&storyid=62261>) . *The State Journal*. July 6, 2009. <http://www.statejournal.com/story.cfm?func=viewstory&storyid=62261>. Retrieved 2010-05-13.

External links

- CNN "Talkback Live" (<http://www-cgi.cnn.com/TRANSCRIPTS/0212/26/tl.00.html>) Transcript: "\$300 Million Powerball Winner Revealed; Should Torture be an Option for U.S. Government?" (show aired December 26, 2002)
- "No fairy tale life for lottery winner" (http://www.usatoday.com/news/nation/2004-12-22-lottery-tragedy_x.htm) , Rick Hampson, *USA Today*, Dec. 12, 2004.
- "More Sad but True Lottery Winners Stories" (<http://www.lottoreport.com/Sadbuttrue1.htm>) , *The Lotto Report*; originally posted Dec. 10, 2004, revised Feb. 27, 2005.
- "Jack Whittaker: un-luckiest lottery winner ever" (<http://www.lotterypost.com/news/148710>) , *Lottery Post*, Jan. 12, 2007.
- "Powerball Win: Fantasy or Nightmare?" (<http://www.chicagotribune.com/search/sns-ap-powerball-nightmare,0,6083674.story>) . *Chicago Tribune*; September 14, 2007.
- "Powerball Winner Wins Again" (<http://www.wvmetronews.com/index.cfm?func=displayfullstory&storyid=24128>) . *West Virginia MetroNews*. March 24, 2008. <http://www.wvmetronews.com/index.cfm?func=displayfullstory&storyid=24128>. Retrieved 2010-05-13.

Retrieved from "[http://en.wikipedia.org/wiki/Jack_Whittaker_\(lottery_winner\)](http://en.wikipedia.org/wiki/Jack_Whittaker_(lottery_winner))"

Categories: 1947 births | Living people | Lottery winners | People from Putnam County, West Virginia

- This page was last modified on 15 July 2011 at 18:24.
 - Text is available under the Creative Commons Attribution-ShareAlike License; additional terms may apply. See Terms of use for details.
- Wikipedia® is a registered trademark of the Wikimedia Foundation, Inc., a non-profit organization.



Advertise on NYTimes.com

Lover of Birds and Opera Leaves Millions to Both

By DANIEL J. WAKIN
Published: November 10, 2009

Mona Webster, a lighthouse keeper's daughter who lived in Edinburgh and died in August at 96, had a love of birds, and warblers in particular — of the human kind. She demonstrated that affection by leaving most of her fortune to the [Metropolitan Opera](#) and a nature charity in Britain.

[Enlarge This Image](#)



Collect Picture/The Scotsman Publications

Mona Webster bequeathed \$7.5 million to the Metropolitan Opera.

English and Scottish newspapers said Ms. Webster had bequeathed the Met \$7.5 million. The Wildfowl and Wetlands Trust received a similar amount. While the Met confirmed on Tuesday that Ms. Webster had long promised a big gift on her death, it said it was still waiting to find out the exact amount.

[Peter Gelb](#), the company's general manager, said Ms. Webster had fallen in love with the Met through its Saturday radio broadcasts. She was last at the house for a performance on opening night in 2000. "She said it was the most wonderful night of her life," he said.

The Met's fund-raising office had kept in touch with Ms. Webster since then. It sent her books about the birds of Central Park; a volume called "Red-Tails in Love: A Wildlife Drama in Central Park"; and tomes about Met history, which appealed to her love of data, according to Gail Chesler, the Met's director of planned and special gifts.

"She just thought they were the cat's meow," Ms. Chesler said. Ms. Chesler said the Met had also sent LP recordings of its operas because Ms. Webster did not own a CD or DVD player.

Ms. Webster was born on Jan. 13, 1913, on the Isle of Man, where her father kept the Douglas Head lighthouse, her obituaries said. She moved to Orkney in Scotland as a girl and discovered a love for birds. She joined the tax office as a clerk and lived in London during the blitz. She moved to Edinburgh and in 1942 married an investment manager, Ted Webster. He died in 1981. The couple had no children.

TWITTER

LINKEDIN

SIGN IN TO E-MAIL

PRINT

REPRINTS

SHARE



More Articles in Arts »

Get the TimesLimited E-Mail



Privacy Policy

Sign Up



\$119 Sterling silver pendant



Buy it now at our online store and get this free iPhone case

May 13th • Mother's Day

TOUS

Related

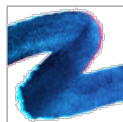
Times Topics: [Metropolitan Opera](#)

Blog

ArtsBeat

The latest on the arts, coverage of live events, critical reviews, multimedia extravaganzas and much more. [Join the discussion.](#)

[More Arts News](#)



MOST POPULAR

E-MAILED BLOGGED SEARCHED VIEWED

1. Harvard and M.I.T. Team Up to Offer Free Online Courses
2. Nicholas D. Kristof: How Chemicals Affect Us
3. The Money Issue: The Purpose of Spectacular Wealth, According to a Spectacularly Wealthy Guy
4. Well: Mixing Weight Training and Aerobics
5. Well: Making Progress Against Clutter
6. 'The Scream' Is Auctioned for a Record \$119.9 Million
7. Op-Ed Contributor: Death of a Salesman's Dreams
8. The New Old Age: In the Backyard, Grandma's New Apartment
9. How to Muddy Your Tracks on the Internet
10. Profiles in Science | Elizabeth S. Spelke: Insights From the Youngest Minds

[Go to Complete List »](#)

After Mr. Webster's death, Ms. Webster traveled the world on bird-watching expeditions, recording more than 5,500 species. Her other love was [opera](#), especially the Met Saturday afternoon broadcasts, which she heard hours later because of the time difference. "Saturday nights were sacred," Ms. Chesler said, adding that Ms. Webster recalled a radio broadcast from as far back as 1939.

Ms. Webster died on Aug. 27, and details of her will were made public on Monday, the British reports said. Her fortune amounted to \$16.3 million, much of it produced by shrewd investments in the stock market, according to [HeraldScotland.com](#).

Surprisingly, Ms. Webster left only \$167,000 to the Royal Opera Trust, which benefits the house in Covent Garden in London, much closer to home. Met officials said Ms. Webster had complained about the Royal Opera.

"She would tell me things that she didn't like that Covent Garden was doing, and she just loved the Met," Ms. Chesler said. "It was all over the place — casting, productions, management."

Elizabeth Bell, a Royal Opera spokeswoman, said in an e-mail message that Ms. Webster last attended a performance there about seven years ago "and is remembered as a very interesting, proud lady and someone who was deeply interested in the music." She said the Royal Opera was "most grateful for her very generous donation."

Ms. Webster had attended the Met frequently before 2000, but usually came as part of an opera tour group and thus did not come onto the Met's radar until 2000, when she made a large gift and was invited to opening night, Ms. Chesler said.




Ms. Chesler said she had been in regular correspondence with Ms. Webster and stopped by to visit while on vacation this summer just four days before she died.

"We talked about everything," she said, describing Ms. Webster as mentally sharp to the end. "During that last visit she was also telling us about her investments. She had been telling me all along that the Met would be taken care of after she passed. She said that in every conversation. We knew it was going to be substantial. We assumed it would be a seven-figure gift, but we had no idea of the actual amount, and the truth is, we still don't."


The only less-than-cheery thought, Ms. Chesler said, was that the Met would have to pay taxes on the gift in Britain. "That's 40 percent," she said.

A version of this article appeared in print on November 11, 2009, on page C1 of the New York edition.

[More Articles in Arts »](#)

-  [SIGN IN TO E-MAIL](#)
-  [PRINT](#)
-  [REPRINTS](#)


 [Get 50% Off The New York Times & Free All Digital Access.](#)



Snapshot: Nicole Ari Parker
 ALSO IN THEATER »
 • Sneaky preacher, without a prayer
 • Broadway Show appetizers

nytimes.com THEATER

ADVERTISEMENTS



[Introducing Business Day Live - Watch Now!](#)

WIN TWO TICKETS TO THE OFFICIAL DRESS REHEARSAL OF THE TONY AWARDS

THE NEW YORK TIMES DAILY THEATER QUIZ [nytimes.com/theater](#)

Ads by Google [what's this?](#)

[Facts About Pink Slime](#)
 Learn What Scientists And Consumer Advocates Say About Pink Slime
[www.BeeffisBeef.com](#)

Ads by Google [what's this?](#)

[Traditional Jewish Casket](#)
 By Star of David Chapel serving the Long Island / entire New York area.

jewish-funeral-home.com

Related Searches

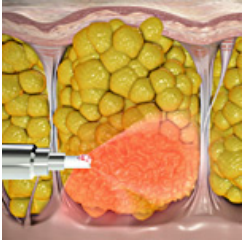
- Opera
- Metropolitan Opera
- Gelb, Peter
- Philanthropy

- + Get E-Mail Alerts
- + Get E-Mail Alerts
- + Get E-Mail Alerts
- + Get E-Mail Alerts

INSIDE NYTIMES.COM



FASHION & STYLE »



Zeroing in on Cellulite

BUSINESS »



Trapped in the Middle Seat

OPINION »

Room for Debate: A Cold War With China?
 Do recent headlines point to a larger conflict on the horizon?

MAGAZINE »



Romney's Former Partner Makes Case for Inequality

OPINION »



BILL BALLANTINE'S CLOWN SHOES

Jason Polan: Things I Saw — No. 8

HOME & GARDEN »



A House Tour: Yes, That House

[Home](#) | [World](#) | [U.S.](#) | [N.Y. / Region](#) | [Business](#) | [Technology](#) | [Science](#) | [Health](#) | [Sports](#) | [Opinion](#) | [Arts](#) | [Style](#) | [Travel](#) | [Jobs](#) | [Real Estate](#) | [Automobiles](#) | [Back to Top](#)

Copyright 2009 The New York Times Company | [Privacy Policy](#) | [Terms of Service](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)

Mary Gillette



Personal History:

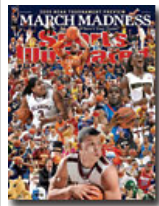
- Born in Schenectady, NY 1914
- At age of 10 was injured in left eye and lost sight in that eye for remainder of life
- High School Education at Mount Pleasant High School, NY, Class of 1932
- Moved to Florida in 1948 with her father Biagio Saviano, a millwright, who worked for Thomas Edison's company (GE) in NY
- Toured Europe extensively with her son visiting ten countries including her ancestral home of Italy
- Died in Florida in 2008 at age 93. Her only surgery was hip replacement.

Work History / Financial History:

- Never held a job in 93 years; no W2's; no paychecks. Paid all her taxes.
- Owned and managed her own real estate investments with a high school education and self-taught.
- Made one Wall Street investment in Wang Computer Systems at the insistence of her son in the late 60s. She sold the investment a few years later at a small profit. Other than that she shunned all investments in Wall Street as too risky and invested ONLY in CDs and Savings Accounts and Real Estate and small businesses.
- She and her husband Wesley owned a Gulf Oil gas station in Miami and a small gift store in Hialeah, Florida.
- Real Estate Holdings since arriving in Florida included a "Tourist Home" that she managed with her father in the 50s, various lots held in Miami and in Palm Beach County, a four unit apartment building in Miami, a combination duplex and single-family home in Miami, a twelve unit apartment building in Miami, a duplex in Miami and condominium apartments in both Hollywood, Florida and West Palm Beach, Florida
- Sent her son to a private university (all paid with cash; no student debt).
- As a single mom supported her son from the age of 13 on just a small social security payment (from her dead husband) and the rental and CD incomes.
- Died with NO DEBT and somehow managed to have a \$146.32 check sent to her son four months AFTER she died. I can show you the check. Had a modest estate of a few hundred thousand dollars. Owned all of her real estate free-and-clear when she sold it.
- Was NOT cheap. She was extremely CAREFUL with her money – there is a difference.



▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

What the hell happened here? Seven floors above the iced-over Dallas North Tollway, Raghib (Rocket) Ismail is revisiting the question. It's December, and Ismail is sitting in the boardroom of Chapwood Investments, a wealth management firm, his white Notre Dame snow hat pulled down to his furrowed brow.

In 1991 Ismail, a junior wide receiver for the Fighting Irish, was the presumptive No. 1 pick in the NFL draft. Instead he signed with the CFL's Toronto Argonauts for a guaranteed \$18.2 million over four years, then the richest contract in football history. But today, at a private session on financial planning attended by eight other current or onetime pro athletes, Ismail, 39, indulges in a luxury he didn't enjoy as a young VIP: hindsight.

"I once had a meeting with J.P. Morgan," he tells the group, "and it was literally like listening to Charlie Brown's teacher." The men surrounding Ismail at the conference table include Angels outfielder Torii Hunter, Cowboys wideout Isaiah Stanback and six former pros: NFL cornerback Ray Mickens and fullback Jerald Sowell (both of whom retired in 2006), major league outfielder Ben Grieve and NBA guard Erick Strickland ('05), and linebackers Winfred Tubbs ('00) and Eugene Lockhart ('92). Ismail ('02) cackles ruefully. "I was so busy focusing on football that the first year was suddenly over," he says. "I'd started with this \$4 million base salary, but then I looked at my bank statement, and I just went, What the...?"

Before Ismail can elaborate on his bewilderment—over the complexity of that statement and the amount of money he had already lost—eight heads are nodding, eight faces smiling in sympathy. Hunter chimes in, "Once you get into the financial stuff, and it sounds like Japanese, guys are just like, 'I ain't going back.' They're lost."

At the front of the room Ed Butowsky also does a bobblehead nod. Stout, besuited and silver-haired, Butowsky, 47, is a managing partner at Chapwood and a former senior vice president at Morgan Stanley. His bailiwick as a money manager has long been billionaires, hundred-millionaires and CEOs—a club that, the Steinbrenners' pen be damned, still doesn't include many athletes. But one afternoon six years ago Butowsky was chatting with Tubbs, his neighbor in the Dallas suburb of Plano, and the onetime Pro Bowl player casually described how money spills through athletes' fingers. Tubbs explained how and when they begin earning income (often in school, through illicit payments from agents); how their pro salaries are invested (blindly); and when the millions evaporate (before they know it).

"The details were mind-boggling," recalls Butowsky, who would later hire Tubbs to work in business development at Chapwood. "I couldn't believe what I was hearing."

What happens to many athletes and their money is indeed hard to believe. In this month alone Saints alltime leading rusher Deuce McAllister filed for bankruptcy protection for the Jackson, Miss., car dealership he owns; Panthers receiver Muhsin Muhammad put his mansion in Charlotte up for sale on eBay a month after news broke that his entertainment company was being sued by Wachovia Bank for overdue credit-card payments; and penniless former NFL running back Travis Henry was jailed for nonpayment of child support.

In a less public way, other athletes from the nation's three biggest and most profitable leagues—the NBA, NFL and Major League Baseball—are suffering from a financial pandemic. Although salaries have risen steadily during the last three decades, reports from a host of sources (athletes, players' associations, agents and financial advisers) indicate that:

- By the time they have been retired for two years, 78% of former NFL players have gone bankrupt or are under financial stress because of joblessness or divorce.
- Within five years of retirement, an estimated 60% of former NBA players are broke.



\$277.83

Request a Kit

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.

Most Popular

Stories

TOP PLAYERS

Offense
PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. BasketballKala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



The Card Sleeve
OUR SLIMMEST WALLET YET

bellroy

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

• Numerous retired MLB players have been similarly ruined, and the current economic crisis is taking a toll on some active players as well. Last month 10 current and former big leaguers—including outfielders Johnny Damon of the Yankees and Jacoby Ellsbury of the Red Sox and pitchers Mike Pelfrey of the Mets and Scott Eyre of the Phillies—discovered that at least some of their money is tied up in the \$8 billion fraud allegedly perpetrated by Texas financier Robert Allen Stanford. Pelfrey told the New York Post that 99% of his fortune is frozen; Eyre admitted last month that he was broke, and the team quickly agreed to advance a portion of his \$2 million salary.

The Wall Street meltdown is only the latest threat to athletes' financial health. "Athletes have a different set of challenges from, say, entertainers," says money manager Michael Seymour, the founder of Philadelphia-based UNI Private Wealth Strategies. "There's a far shorter peak earnings period [in sports] than in any other profession, and in many cases they lack the time and desire to understand and monitor their investments."

In 2005 Butowsky began inviting sports figures—some well off, some not—to what he calls his financial "boot camps," elementary sessions that go from defining a bond to explaining a diversified portfolio as the equivalent of a balanced meal. There is no charge for the sessions or pressure to sign up with Chapwood, according to Butowsky, who calls this service his "mitzvah to sports." The financial adviser, who helps counsel Thunder forward Kevin Durant pro bono, hopes merely that the sessions will reflect well upon Chapwood. Such goodwill is easy to earn: The bar for radically improving the financial habits of pro athletes, Butowsky acknowledges, is low enough for a toddler to trip over.

"Oh, I've seen it all," says veteran agent Bill Duffy, whose clients include Suns guard Steve Nash and Nuggets forward Carmelo Anthony. "A pro athlete's money is supposed to outlive his career. Most players never get that."

Why? Where do they go wrong?

I. THE LURE OF THE TANGIBLE

OVER THE YEARS Rocket Ismail's portfolio has contained a passel of dubious inventions and risky investments. After mentioning that he once poured money into a religious movie, the gregarious father of four goes uncharacteristically mum about the details. "I don't really want to go over that agony," he says, smiling thinly.

Ismail played two years in Canada and 10 in the NFL, estimating that he earned \$18 million to \$20 million in salary alone. He made an abortive NFL comeback attempt in 2006, never getting beyond workouts with the Redskins, and then navigated the reality-TV circuit (*Pros vs. Joes*, *Ty Murray's Celebrity Bull Riding Challenge*). Today he does a Cowboys postgame show on Fox Sports Net. As cautionary tales go, Ismail's could've been worse: He has his Notre Dame degree, and he never filed for bankruptcy, had legal trouble or got divorced. Yet he lost several million dollars, he admits, through "total ignorance."

It began in the winter of 1991 when he sank \$300,000 into the Rock N' Roll Café, a theme restaurant in New England designed to ride the wave of the Hard Rock Cafe and Planet Hollywood franchises. One of his advisers pitched the idea as "fail-proof, with no downsides," Ismail recalls. He never recouped his money and has no idea what became of the restaurant.

Lesson learned? If only. After that Ismail squandered a fortune funding not only that inspirational movie but also the music label COZ Records ("The guy was a real good talker," says Rocket); a cosmetics procedure whereby oxygen was absorbed into the skin ("We were not prepared for the sharks in the beauty industry"); a plan to create nationwide phone-card dispensers ("When I was in college, phone cards were a big deal"); and, recently, three shoes dubbed 'The

SellYourGold.com
The Precious Metal Exchange



\$277.83

Request a Kit

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.

Most Popular

Stories

TOP PLAYERS

Offense

PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS

June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. BasketballKala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...

June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



phone card dispensers (when I was in college, phone cards were a big deal), and, recently, three shops dubbed it s in the Name, where tourists could buy framed calligraphy of names or proverbs of their choice ("The main store opened up in New Orleans, but doggone Hurricane Katrina came two months later"). The shops no longer exist.

CONTINUE STORY

- 1 2 3 4 5 6 7 8

TOP OF STORY | SI VAULT HOME

RELATED ARTICLES

ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials

▶ **ADVANCED SEARCH**



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), [your California privacy rights](#), and [ad choices](#)

[SI Vault Feedback](#)





SellYourGold.com
The Precious Metal Exchange
www.sellyourgold.com

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.



\$277.83

[Request a Kit](#)

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

1 2 3 4 5 6 7 8

You might say Ismail had a run of terrible luck, but the odds were never close to being in his favor. Industry experts estimate that only one in 30 of the highest-caliber private investment deals works out as advertised. "Chronic overallocation into real estate and bad private equity is the Number 1 problem [for athletes] in terms of a financial meltdown," Butowsky says. "And I've never seen more people come to me about raising money for those kinds of deals than athletes."

For the risk-averse investor, an adviser such as Butowsky would suggest allocating 5% to private equity, 7%--12% to real estate, 50%--65% to a mix of public securities (stocks, mutual funds and the like) and the rest to alternatives such as gold and hedge funds. Yet with athletes, who are often uninterested in either conservative spending or the stock market, those percentages are frequently flipped. Securities are invisible, after all, and if you don't study them, they're unintelligible. Not to mention boring. Inventions, nightclubs, car dealerships and T-shirt companies have an advantage: the thrill of tangibility.

Many players, consequently, are financial prey. "Disreputable people see athletes' money as very easy to get to," says Steven Baker, an agent who represents 20 NFL players. In May 2007 former quarterbacks Drew Bledsoe and Rick Mirer and five other NFL retirees invested at least \$100,000 apiece in a now-defunct start-up called Pay By Touch—which touted "biometric authentication" technology that would help replace credit cards with fingerprints—even as the company was wracked by lawsuits and internal dissent. (The players later sued the financial-services firm UBS, which had encouraged its clients to invest in Pay By Touch, for allegedly withholding information about the company founder's criminal history and drug use.)

About five years ago, Hunter says, he invested almost \$70,000 in an invention: an inflatable raft that would sit under furniture. The pitch was that when high-rainfall areas were flooded, consumers could pump up the device, allowing a sofa to float and remain dry. "The guy I invested with came back and wanted me to put in more, about \$500,000," Hunter says. "Then I met [Butowsky], who just said, *Hell no!* I wound up never seeing that guy—or any of my money—again."

Hunter, who in November 2007 signed a five-year, \$90 million contract, has been able to absorb the loss. But innumerable other athletes have not been so lucky. Former (and perhaps future) NFL quarterback Michael Vick filed for Chapter 11 bankruptcy last July and recently put his mansion in suburban Atlanta on the market. That's partly because he is unable to repay about \$6 million in bank loans that he put toward a car-rental franchise in Indiana, real estate in Canada and a wine shop in Georgia. "It's always so predictable," Butowsky says. "Everyone wants to be the next Magic Johnson."

But Johnson is the rare, luminous exception of tangibility gone right. In 1994 he started a chain of inner-city movie theaters and diligently built a business empire. Today Magic Johnson Enterprises includes partnerships with Starbucks, 24 Hour Fitness, Aetna and Best Buy, and its capital management division has invested over a billion dollars in urban communities.

The rule, unfortunately, is a mogul manqué like McAllister. According to a civil suit filed on Feb. 20 by Nissan, the running back owes the car company more than \$6.6 million plus almost \$300,000 in interest on his car dealership. Or Muhammad, whose Cleveland music company, Baylo Entertainment, is being sued by Wachovia for allegedly failing to pay back \$24,603.24 on a Visa Business Rewards credit card. Muhammad's 8,200-square-foot lakeside estate, which boasts a custom spa and the "largest residential aquarium in the Southeast," can now be had on eBay for \$1.95

4 Ways to Avoid Running Out of Money During Retirement

If you have a \$500,000 portfolio, download the guide by *Forbes* columnist Ken Fisher's firm. Even if you have something else in place, this must-read guide includes research and analysis you can use right now. Don't miss it!

[Click Here to Download Your Guide!](#)

FISHER INVESTMENTS

Most Popular

Stories

TOP PLAYERS

Offense

PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. BasketballKala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



million, \$800,000 less than he initially asked for.

"Without question, this recession is increasing the velocity of what's taking place with athletes," Butowsky says. "They're suffering tremendously." Retired NBA forward Vin Baker's seafood restaurant in Old Saybrook, Conn., was foreclosed on in February 2008 due to nearly \$900,000 in unpaid loans. (It has since reopened with help from an anonymous investor.) And former major league infielder Junior Spivey's portfolio of real estate has lately assumed the form of a sinkhole. "I'm taking a huge hit," says Spivey, who has been buying homes to sell and rent since 2001. (He won't say how many properties he owns.) "It's very tough, especially for someone like me who's not playing."

Then there are the unnamed athletes and team personnel who pawned 400 title rings to the online reseller championship-rings.net over the past three months, a spike of about 33% from the same period last year. (A 2008 Giants Super Bowl ring was among them.) "It's mostly younger players who've been selling," says Tim Robins, the site's owner. "It's the economy. Selling these items is always embarrassing, a last resort."

II. MISPLACED TRUST

CONTINUE STORY

1 2 3 4 5 6 7 8

[TOP OF STORY](#) | [SI VAULT HOME](#)

RELATED ARTICLES

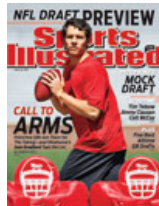
ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)

[▶ ADVANCED SEARCH](#)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), [your California privacy rights](#), and [ad choices](#).

[SI Vault Feedback](#)





SellYourGold.com
The Precious Metal Exchange
www.sellyourgold.com

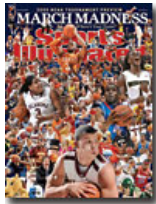
"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.



\$277.83

Request a Kit

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

SALARY ASIDE, the closest analogue to a pro athlete is not a white-collar executive. It's a lottery winner—who's often in his early twenties. "With athletes, there's an extraordinary metamorphosis of financial challenge," says agent Leigh Steinberg, who has represented the NFL's No. 1 pick a record eight times. "Coming off college scholarships, they probably haven't even learned the basics of budgeting or keeping receipts." Which then triggers two fatal mistakes: hiring the wrong people as advisers, and trusting them far too much.

"That's the killer," Magic Johnson says. Johnson started out by admitting he knew nothing about business and seeking counsel from the power brokers who sat courtside at the old L.A. Forum, men such as Hollywood agent Michael Ovitz and Sony Pictures CEO Peter Guber. Now, Johnson says, he gets calls from star players "every day"—Alex Rodriguez, Shaquille O'Neal, Dwyane Wade, Plaxico Burress—and cuts them short if they propose relying on friends and family. "It won't even be a conversation," says Johnson. "They hire these people not because of expertise but because they're friends. Well, they'll fail."

Says Hunter, "They'll say, 'I got this guy, a cousin who's an accountant.' But he's usually an accountant *in the 'hood*. You hire him, you're doing *him* a favor."

Strickland realized that all too late. In 2001, when a "friend of a close friend" of the nine-year NBA vet proposed a real-estate deal in Georgia, Strickland turned to his business manager: his dad, Matthew, a retired lieutenant colonel in the Air Force. The paperwork on the plot of land, which was on sale for \$1.8 million but supposedly had been appraised at as much as \$3 million, appeared legitimate, and Strickland bought it. "I trusted my father to help look it over for me because I was hooping and didn't have time," Erick says. "He checked it out. But he didn't go that extra length."

The land wasn't worth anything close to what Strickland was told. "I had to take that hit," he says. "I wish my dad hadn't been put in that position. He just didn't have the knowledge." As for his close friend? Strickland says the man secretly got a cut of the deal, and the conflict caused a permanent "falling out" between them.

Relatives are not the only ones foolishly trusted with athletes' money. One up-and-coming guard in the NBA allows his entire fortune to be managed by his former AAU coach, who has the player's power of attorney. In a meeting with Butowsky in December, the guard's dad admitted that he has no idea who the son's accountant is and said he wanted a financial "intervention."

The NBA player's ignorance of his own affairs is not unique. According to Bob Young, the managing director of Apex Wealth Management in Doylestown, Pa., "You'll say to a player, 'How are you doing?' A lot of the time they'll respond, 'I have no idea.' All the bills are paid by someone else, and none of the statements go to [the athlete]."

In fact, according to the NFL Players Association, at least 78 players lost a total of more than \$42 million between 1999 and 2002 because they trusted money to financial advisers with questionable backgrounds. In this rogues' gallery Robert Allen Stanford looks almost presidential—and shows that even when athletes trust financiers of high repute, things can go disastrously wrong. The dubious advisers included Luigi DiFonzo—a former felon who claimed he was an Italian count and defrauded players such as Hall of Fame running back Eric Dickerson before committing suicide in August 2000—and disgraced agent William (Tank) Black, who built a pyramid scheme that took a total of about \$15 million from at least a dozen players, including Patriots running back Fred Taylor.

Just last May, Atlanta hedge fund manager Kirk Wright was convicted on 47 counts of fraud and money laundering in a



Most Popular

Stories

TOP PLAYERS

Offense

PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. BasketballKala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



Just last May, Atlanta hedge fund manager Kirk Wright was convicted on 47 counts of fraud and money laundering in a scheme involving more than \$150 million. His client list included at least eight NFL players; former safeties Blaine Bishop (who lost \$4 million, according to court documents) and Steve Atwater (who lost \$2.7 million) had recruited former Broncos stars Terrell Davis and Rod Smith to Wright's firm, unwittingly making them victims too. Soon after his conviction Wright committed suicide in prison.

In October, Atwater himself received an investment pitch from a fellow athlete. Former quarterback Jeff Blake sent 102 other retired players an e-mail on behalf of Triton Financial, an investment firm in Austin, whose "athlete services" department Blake directs along with three other ex-QBs: Chris Weinke and the brothers Detmer, Ty and Koy. In the e-mail, a copy of which was obtained by SI, Blake claimed without caveat that "Triton is averaging 32% annualized return on its investments within the past five years."

CONTINUE STORY

1 2 3 4 5 6 7 8

[TOP OF STORY](#) | [SI VAULT HOME](#)

RELATED ARTICLES

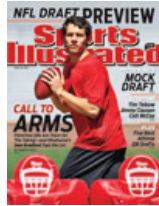
ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials

[▶ ADVANCED SEARCH](#)



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), your [California privacy rights](#), and [ad choices](#)

[SI Vault Feedback](#)





SellYourGold.com
The Precious Metal Exchange
www.sellyourgold.com

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.



\$277.83

[Request a Kit](#)

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

Triton is an official partner of the Heisman Trophy Trust and the sponsor of the Triton Financial Classic, a PGA senior tour event. Its CEO, Kurt Barton, told SI that the firm manages "about \$300 million" in assets, and he claimed that Triton registered with the SEC (as is required by law of investment adviser firms with at least \$25 million in assets under management) "roughly six months ago, around October." But the Texas State Securities Board and Triton chief compliance officer David Tuckfield said that the company has not, in fact, done so. "Right now, we're only registered with Texas," Tuckfield said. "But we're passing the [assets] threshold, and we're confident that we'll need to file this year."

Says Paul Cohen, a real estate investor who owns properties in Austin, "In this economy, especially in real estate, anything you bought in the last two years is deeply underwater. I guess what [Triton is] saying could happen. But then again, I could target the moon with my rifle and shoot, but I ain't gonna hit it." (Barton did not dispute the e-mail's 32% figure, but he and Tuckfield admitted to SI that Blake should not have sent it out. Barton also conceded that Triton was "not supposed to publish specific numbers about past performance" without significant disclaimers, including a disclosure of what the company had invested in.)

On a much smaller scale, Torii Hunter and Astros pitcher LaTroy Hawkins recall the story of a former major leaguer from the Dominican Republic whose adviser took care of all his financial matters. One day the player's mail came to the clubhouse and Hunter playfully asked to see it. "It turns out he was paying this guy \$5,000 a month on insurance for two cars in the Dominican Republic," Hunter says. "I got three cars, and I only pay \$250 a month. He'd been with and trusted this guy [for almost 18 years]!"

Advisers warn that such overcharging is the most common form of financial bloodletting for athletes. "It's basically large-scale shoplifting," Butowsky says. "Athletes don't know industry standards, so virtually every one of them is being robbed." Brokers will encourage them to buy bonds with longer maturities because the commissions on them are often larger. Or they'll overcharge on portfolios—2% or 3% instead of the customary 1%.

A few years ago, Butowsky recalls, he met with a former high-round NFL pick whose adviser, also a former player, said that he couldn't reveal how much he was charging to manage the athlete's tax-exempt municipal bonds "because of the Patriot Act." According to Butowsky, he was taking \$146,000 every year.

III. FAMILY MATTERS

IN 1996, when Panthers owner Jerry Richardson—a former NFL flanker turned businessman—addressed his players, one of them asked, "What's the most dangerous thing that could happen to us financially?" "Without blinking an eye," Ismail recalls, "Mr. Richardson said, 'Divorce.'"

Players today would not disagree. In a survey reported by the financial-services firm Rothstein Kass in December, more than 80% of the 178 athletes polled—each with a minimum net worth of \$5 million and two thirds under the age of 30—said they were "concerned about being involved in unjust lawsuits and/or divorce proceedings." By common estimates among athletes and agents, the divorce rate for pro athletes ranges from 60% to 80%.

In divorce proceedings, of course, husbands routinely lose half of their net worth. But for athletes there is an aggravating factor: when the divorce happens. Most splits occur in retirement, when the player's peak earnings period is long over and making a comparable living is virtually impossible. Such timing is no accident. "There's this huge lifestyle change," says former NBA center Mark West, a licensed stockbroker who is now the Suns' vice president of

Get a Free Investment Plan

Compare Your Investment Options



CLICK HERE TO GET STARTED >>

Most Popular

Stories

TOP PLAYERS

Offense
PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. Basketball Kala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



player programs. "You and your wife are suddenly always at home, bugging each other. Before, you'd always say, 'I gotta go to practice.' Now you don't have to practice. You have to finish conversations."

Which often involve an incendiary subject: infidelity. "A friend of mine is a football player, and I asked him why he cheated on his wife," says Anita Hawkins, LaTroy's wife of 11 years. "He just said, 'I love her dearly, but I feel like I got married too early and didn't get to do what I wanted to do when I was young.'"

CONTINUE STORY

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

[TOP OF STORY](#) | [SI VAULT HOME](#)

RELATED ARTICLES

ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials

[▶ ADVANCED SEARCH](#)



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), [your California privacy rights](#), and [ad choices](#) ▶

[SI Vault Feedback](#)



ARTICLES

SI COVERS

PHOTO GALLERIES

SWIMSUIT COLLECTION



SellYourGold.com
The Precious Metal Exchange
www.sellyourgold.com

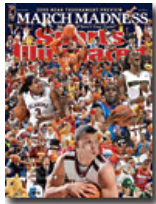
"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.



\$277.83

[Request a Kit](#)

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

1 2 3 4 5 6 7 8

Given all the pressures on a pro athlete's marriage, one safety valve might be the prenuptial agreement—something "very strongly" recommended by agent David Falk, who surged to prominence representing Michael Jordan (who did not have one). "The percentage of prenups amongst athletes is appreciably lower compared with nonathletes at the same economic level," says celebrity divorce lawyer Raoul Felder, who has represented the ex-wives of Patrick Ewing, Jason Kidd and Mike Tyson.

In 1994, when NBA center Dikembe Mutombo was engaged to Michelle Roberts, a med student, Roberts refused to sign a premarital contract the day before the wedding. Five hundred guests—including a large party from Mutombo's native Democratic Republic of Congo—had begun flying in to Washington. "[Roberts] never signed," Falk says, "and Mutombo never married the girl." Calling off the nuptials reportedly cost him \$250,000.

It's no coincidence that the woman a pro athlete often chooses to marry—and often at a young age—is his hometown sweetheart. For that reason he can't envision a ruinous divorce. "That was how you could tell if she really liked you, if she knew you before you made it," says West. But when a player does make it? "The question [for the athlete] becomes, When you get off the farm and see Paris, so to speak, can you really go back to the farm?"

Children almost always complicate the issue. How to limit paternity obligations is a challenge for pro athletes. Former NBA forward Shawn Kemp (who has at least seven children by six women) and, more recently, Travis Henry (nine by nine) have seen their fortunes sapped by monthly child-support payments in the tens of thousands of dollars. Last month Henry, who reportedly earned almost \$11 million over seven years in the NFL, tried and failed to temporarily reduce one of his nine child-support payments by arguing that he could no longer afford the \$3,000 every month. Two weeks later he was jailed for falling \$16,600 behind in payments for his child in Frostproof, Fla.

An aversion to family planning goes hand in hand with neglect of other forms of financial foresight, which can affect what happens to athletes' fortunes even after they die. Hall of Fame linebacker Derrick Thomas, who died at 33 following a January 2000 car crash, had ignored the urging of his financial adviser to make a will, and his entire estate was left for the court to divide, touching off a legal battle among the five mothers of his seven children. (Of the estimated \$30 million Thomas had earned in the NFL, he had only \$1.16 million in valued assets at the time of his death.)

"Derrick didn't care about meeting with his planner, and we tried to set him up to do it 10 times," says Steinberg, who was his agent. "The sad truth is that there was a certain group of athletes who actually believed that if they ever sat down to write their wills, they were going to die."

IV. GREAT EXPECTATIONS

THE THORNIEST question for a pro athlete, however, isn't how he handles himself and those closest to him. It's "how you handle the new people suddenly emerging in your life," says Richard Lapchick, director of the University of Central Florida's DeVos Sport Business Management program. "They'll be expecting help or money or jobs. Often players don't know how to say no."

It's all part of that ossified notion of how a pro athlete should live and provide for those around him. If he isn't consuming conspicuously, then he hasn't made it. "When I was a young buck," says Hawkins, "I was trying to spend all my money. Now I try to preach to young guys in the clubhouse who are like that. I've got all this stuff from 10 years ago—jewelry, rims—that I think, Why the f--- did I even buy this?"



FREE
Pride Scooter
Gift Packs

Up to \$200 worth of accessories

FREE Shipping on all scooters



[Shop Now](#)

Most Popular

Stories

TOP PLAYERS

Offense

PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. Basketball Kala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

[Subscribe to SI](#)

[Give the Gift of SI](#)

[SI Cover Collection](#)

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



years ago—jewelry, hats—that I think, why the hell did I even buy this:

Two years ago Rockets forward Ron Artest had a similar change of heart. He dismissed six friends who were involved with his record label and doing odd jobs for him while they lived in a house he was leasing for \$30,000 a year. This entourage's "level of helpfulness," said Artest's publicist, Heidi Buech, "was 50 percent." (The house they occupied had also been broken into while Artest was abroad.)

CONTINUE STORY

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

[TOP OF STORY](#) | [SI VAULT HOME](#)

RELATED ARTICLES

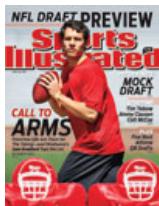
ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)

[▶ ADVANCED SEARCH](#)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), [your California privacy rights](#), and [ad choices](#) ▶

[SI Vault Feedback](#)



Help kill 99.9% of germs... here, there & everywhere.*



AVAILABLE AT TARGET
get 50¢ off now

click for coupon

*on hard non porous surfaces

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

1 2 3 4 5 6 7 8

As soon as an athlete goes pro, people in search of handouts tend to stretch the definitions of *family* and *friends*. When Hunter went to his hometown of Pine Bluff, Ark., for his grandmother's funeral last August, he found Old St. James Baptist Church packed, the line of cars outside stretching for blocks. "But my grandma didn't know *anybody*," Hunter says. "She just lived at home." When he stepped outside the church, people "came running, all dressed up, chasing after me," Hunter says. "They were throwing CDs, projects, letters.... They were yelling, My sister's brother went to school with you!"

A different but equally potent pressure operates in the workplace—the clubhouse, the locker room and the team plane. "For rookies, it's like an unspoken initiation," says Strickland. "You're trying to get in good with the veterans, so you go beyond your means. You drive the nice car, splurge on a house."

The veterans don't mind giving explicit instructions. "I got ripped my first three years in the NFL, every day," says Tubbs. "I got on planes with a cassette player, and [a teammate] would tell me, 'They make CD players. You're in the NFL now.'"

Perhaps the upper limit on spending was set by the famously profligate Shaquille O'Neal, who—according to a document obtained by the *Palm Beach Post* during O'Neal's canceled divorce filing in January 2008—spends a total of \$875,015 each month, including \$26,500 for child care, \$24,300 for gas and \$17,220 for clothing. But O'Neal, who also has been known to fund charities anonymously and cover medical bills for complete strangers, has the wherewithal to remain solvent.

Imitators have been less fortunate. When former NBA guard Kenny Anderson filed for bankruptcy in October 2005, he detailed how the estimated \$60 million he earned in the league had dwindled to nothing. He bought eight cars and

rang up monthly expenses of \$41,000, including outlays for child support, his mother's mortgage and his own five-bedroom house in Beverly Hills, Calif.—not to mention \$10,000 in what he dubbed "hanging-out money." He also regularly handed out \$3,000 to \$5,000 to friends and relatives. (Along with Ismail, he enlisted as both a Slamball coach and a *Pros vs. Joes* participant last year.) Former big league slugger Jack Clark filed for bankruptcy in July 1992 *while still playing*, listing debts of \$6.7 million and ownership of 18 cars—17 of which still had outstanding payments.

Financial advisers have come to call it "the problem of the \$20,000 Rolex." If a 22-year-old spends \$20,000 on a watch or on a big night out at a nightclub, that money is either depreciating or gone. "But if they invested in a five percent, Triple A insured, tax-free municipal bond for a period of 30 years," money manager Seymour says, "that \$20,000 would be worth \$86,000 at that tax-free rate of return. And needless to say, they buy more than one \$20,000 Rolex."

Four years ago future NBA Hall of Famer Scottie Pippen unsuccessfully sued his former law firm for allegedly losing \$27 million of his money through poor investments. (He had earned about \$110 million in salary alone over a 17-year career.) In February 2007—around the same time as Pippen's failed NBA comeback attempt—the Missouri Court of Appeals upheld a ruling that the player owed U.S. Bank more than \$5 million in principal, interest and attorneys' fees from a dispute regarding a Grumman Gulfstream II corporate jet that he'd purchased in 2001.

In an era in which banks are lambasted for using taxpayers' money to fly their executives on luxury private planes, it's a smart bet for players not to use their own cash to do the same. "In this economy, especially, the goal shouldn't be living that kind of lifestyle or trying to get richer," says West. "It needs to be about trying to maintain the wealth."



\$277.83

Request a Kit

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.

Most Popular

Stories

TOP PLAYERS

Offense
PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS
June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. Basketball Kala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...
June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



SOMETIMES, THOUGH, a jock just can't shake the temptation to try to hit the jackpot. Butowsky believes that "there's something in an athlete's mentality" that drives him to swing for the fences financially—usually at his own peril. "The solution to the problem is, without a doubt, education," the adviser says. "Change won't happen until grown men start wanting to learn."

Old habits die hard. Despite all his dreadful experiences, and lessons absorbed the hard way, not even Ismail is done yet. This time around, the project in which he's invested \$250,000 is a special mouth guard—available online for \$79.95—that's designed to help the body "physiologically perform at the highest level," he says. The science behind it involves relieving pressure on the temporomandibular joint and holding the jaw in an "optimal" position. (Ismail made the investment before he began consulting with Butowsky.)

CONTINUE STORY

1 2 3 4 5 6 7 8

[TOP OF STORY](#) | [SI VAULT HOME](#)

RELATED ARTICLES

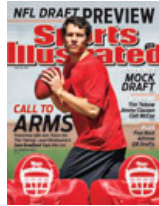
ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)



Athletes and Their Dogs



Rare shots: 1984 Olympic Basketball Trials

[▶ ADVANCED SEARCH](#)



TM & © 2014 Time Inc. A Time Warner Company. All Rights Reserved.

Terms under which this service is provided to you. Read our [privacy guidelines](#), your [California privacy rights](#), and [ad choices](#)

[SI Vault Feedback](#)



4 Ways to Avoid Running Out of Money During Retirement

If you have a \$500,000 portfolio, download the guide by *Forbes* columnist Ken Fisher's firm. Even if you have something else in place, this must-read guide includes research and analysis you can use right now. Don't miss it! [Download Your Report!](#)

FISHER INVESTMENTS*

▶ ADVANCED SEARCH



March 23, 2009

TEXT SIZE - +

How (and Why) Athletes Go Broke

Recession or no recession, many NFL, NBA and Major League Baseball players have a penchant for losing most or all of their money. It doesn't matter how much they make. And the ways they blow it are strikingly similar

PABLO S. TORRE

▶ VIEW COVER ▶ READ ALL ARTICLES

PRINT

EMAIL

MOST POPULAR

SHARE

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

It might sound familiar, Rocket admits, but there's at least one distinction between this and his previous six ventures: He didn't embark on it so blindly. He actually used the mouth guard during his playing career. He says he's close friends with the guy who designed it. ("He's my boy.") And, perhaps most important, Ismail saw the plan develop from the ground up.

Hours after Butowsky's boot camp in Dallas is over, Rocket calmly lays out his rationale: "You know that statistic we heard about how one in 30 private equity investments works?" He smiles broadly. "Well, Lord willing, this is going to be my one."

Somewhere heads are nodding.

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

TOP OF STORY | SI VAULT HOME

RELATED ARTICLES

ALSO IN THIS ARTICLE **NOW ON SI.COM:** BREAKING NEWS, REAL-TIME SCORES AND DAILY ANALYSIS - March 23, 2009

PRESENT AT THE RE-CREATION As Penn State coach Bill O'Brien begins a monumental rebuilding effort, he gave SI a... - August 27, 2012

The Cathedrals The stadiums of the Pac-12—the most worshipped spots on campus—blend tradition and scenery,... - August 22, 2012

RELATED TOPICS

	ARTICLES	GALLERIES	COVERS
College Football	12088	0	92
Ed Butowsky	1	0	0
National Basketball Association	8733	0	349
Raghib Ismail	30	0	2
College Basketball	6184	0	201



COVERS

College Football (92)



\$277.83

Request a Kit

"Thank you so much. What a great present. I sent my gold jewelry and never expected a \$471 check!!"
Charles S.

Most Popular

Stories

TOP PLAYERS

Offense

PABLO S. TORRE | August 20, 2012

TAMPA BAY buccaneers

ENEMY lines WHAT A RIVAL COACH SAYS

June 28, 2012

Faces in the Crowd

Kala Bowers, WOODWARD, OKLA. Basketball Kala, a senior forward at Woodward High, was named the Oklahoma girls' high school player of the year after...

June 11, 2001

Galleries



Cheerleader of the Week



Midwest Bracket Cheerleaders

Subscribe to SI

Give the Gift of SI

SI Cover Collection

More Stories

Stories

NFL treats Michael Sam like just another player on historic draft day

2014 NFL draft grades: Vikings, Packers and Raiders receive highest marks

Andray Blatche baffles Heat as Nets get creative in Game 3 to get back into series

Writers

Matt Brown gives a star-making performance with TKO of Erick Silva

NBA beginning to determine legal strategy in Donald Sterling case

Mannix: Indiana wins ugly in Game 3 over Washington

SI Photos



Rich People Gone Broke

SINGERS/ARTISTS:

Toni Braxton	Singer	25 MM albums sold	Bankrupt 1998
Marvin Gaye	Singer	40 top 41 hits	Bankrupt and murdered
MC Hammer	Singer	\$12MM home; 200 servants; 50 MM albums sold	Bankrupt 1996; \$13MM in back taxes to IRS
Billy Joel	Singer	150 MM albums sold!	Multiple bankruptcies \$30 MM "lost"
Willie Nelson	Singer	50+ platinum and gold records	\$32 MM in back taxes to IRS; Bankruptcy

TV/MOVIE STARS/RAP ARTISTS

50 cent	Singer	May 2015 Net Worth \$155 MM	Bankrupt and \$10-\$15MM in debt
David Cassidy	Singer	Popular singer late 1960s	2015 Bankruptcy; \$10 MM in debt; died broke in November 2017
Burt Reynolds	Actor	Several \$200 MM + movies ("Smokey and the Bandit")	Bankrupt 1996
Mickey Rooney	Actor	In over 300 films in 90 year career; Fortune of \$12 MM	Bankrupt in 1962; died broke at 93

ATHLETES

Vin Baker	Basketball	Earned \$100 MM in 13 NBA seasons	Manages a Starbucks
Mike Tyson	Boxing	Earned \$400 MM in career	Bankrupt in 2003
Allen Iverson	Basketball	Earned \$40 MM+	Bankrupt in 2012; at bankruptcy court: "I don't have enough money for a cheeseburger"
Antoine Walker	Basketball	Earned \$108 MM in 13 NBA seasons	Bankrupt 2010
Darren McCarty	Hockey	Earned \$15 MM in 15 NHL seasons	Bankrupt 2006
Terrell Owens	Football	Earned \$80 MM	Bankrupt 2012

CIGARETTE FUND CALCULATOR

PLAY with this by changing the numbers shown in GREEN.

Packs Per Day Smoked: 1
 Annual inflation in cigarette price: 2.50% Includes INFLATION of cigarette price + higher INFLATION of taxes paid on cigarettes.
 Cig start cost: \$ 3.50
 Annual Interest Rate: 11% Investment return if money is invested, and not up in smoke. 11% is stock market over (most) long periods.
 Retirement Age: 70 Assume 49 years of smoking; with no health benefits of smoking.
 Deposits Start at Age: 21 Must be at least 21.
TOTAL COST OF SMOKING OVER TIME: \$ 3,728,434.03

Age	Payment Number	Starting Balance	Yearly Investment Income	Deposit at End of Year	Ending Balance	Cost of Pack of Cigarettes	Consumption per Month	Cost per Month
19	1	\$ -	\$ -	\$ -	\$ -			
20	2	\$ -	\$ -	\$ -	\$ -			
21	3	\$ -	\$ -	\$ 1,277.50	\$ 1,277.50	3.50	30.42	106.46
22	4	\$ 1,277.50	\$ 140.53	\$ 1,309.44	\$ 2,727.46	3.59	30.42	109.12
23	5	\$ 2,727.46	\$ 300.02	\$ 1,342.17	\$ 4,369.66	3.68	30.42	111.85
24	6	\$ 4,369.66	\$ 480.66	\$ 1,375.73	\$ 6,226.05	3.77	30.42	114.64
25	7	\$ 6,226.05	\$ 684.87	\$ 1,410.12	\$ 8,321.03	3.86	30.42	117.51
26	8	\$ 8,321.03	\$ 915.31	\$ 1,445.37	\$ 10,681.72	3.96	30.42	120.45
27	9	\$ 10,681.72	\$ 1,174.99	\$ 1,481.51	\$ 13,338.22	4.06	30.42	123.46
28	10	\$ 13,338.22	\$ 1,467.20	\$ 1,518.55	\$ 16,323.97	4.16	30.42	126.55
29	11	\$ 16,323.97	\$ 1,795.64	\$ 1,556.51	\$ 19,676.11	4.26	30.42	129.71
30	12	\$ 19,676.11	\$ 2,164.37	\$ 1,595.42	\$ 23,435.91	4.37	30.42	132.95
31	13	\$ 23,435.91	\$ 2,577.95	\$ 1,635.31	\$ 27,649.17	4.48	30.42	136.28
32	14	\$ 27,649.17	\$ 3,041.41	\$ 1,676.19	\$ 32,366.77	4.59	30.42	139.68
33	15	\$ 32,366.77	\$ 3,560.34	\$ 1,718.10	\$ 37,645.21	4.71	30.42	143.17
33	16	\$ 37,645.21	\$ 4,140.97	\$ 1,761.05	\$ 43,547.23	4.82	30.42	146.75
34	17	\$ 43,547.23	\$ 4,790.19	\$ 1,805.07	\$ 50,142.50	4.95	30.42	150.42
35	18	\$ 50,142.50	\$ 5,515.67	\$ 1,850.20	\$ 57,508.37	5.07	30.42	154.18
36	19	\$ 57,508.37	\$ 6,325.92	\$ 1,896.46	\$ 65,730.75	5.20	30.42	158.04
37	20	\$ 65,730.75	\$ 7,230.38	\$ 1,943.87	\$ 74,905.00	5.33	30.42	161.99
38	21	\$ 74,905.00	\$ 8,239.55	\$ 1,992.46	\$ 85,137.01	5.46	30.42	166.04
39	22	\$ 85,137.01	\$ 9,365.07	\$ 2,042.28	\$ 96,544.36	5.60	30.42	170.19
40	23	\$ 96,544.36	\$ 10,619.88	\$ 2,093.33	\$ 109,257.57	5.74	30.42	174.44
41	24	\$ 109,257.57	\$ 12,018.33	\$ 2,145.67	\$ 123,421.57	5.88	30.42	178.81
42	25	\$ 123,421.57	\$ 13,576.37	\$ 2,199.31	\$ 139,197.25	6.03	30.42	183.28
43	26	\$ 139,197.25	\$ 15,311.70	\$ 2,254.29	\$ 156,763.24	6.18	30.42	187.86
44	27	\$ 156,763.24	\$ 17,243.96	\$ 2,310.65	\$ 176,317.84	6.33	30.42	192.55
45	28	\$ 176,317.84	\$ 19,394.96	\$ 2,368.41	\$ 198,081.22	6.49	30.42	197.37
46	29	\$ 198,081.22	\$ 21,788.93	\$ 2,427.62	\$ 222,297.77	6.65	30.42	202.30
47	30	\$ 222,297.77	\$ 24,452.76	\$ 2,488.31	\$ 249,238.84	6.82	30.42	207.36
48	31	\$ 249,238.84	\$ 27,416.27	\$ 2,550.52	\$ 279,205.64	6.99	30.42	212.54
49	32	\$ 279,205.64	\$ 30,712.62	\$ 2,614.29	\$ 312,532.54	7.16	30.42	217.86
50	33	\$ 312,532.54	\$ 34,378.58	\$ 2,679.64	\$ 349,590.77	7.34	30.42	223.30
51	34	\$ 349,590.77	\$ 38,454.98	\$ 2,746.63	\$ 390,792.39	7.53	30.42	228.89
52	35	\$ 390,792.39	\$ 42,987.16	\$ 2,815.30	\$ 436,594.85	7.71	30.42	234.61
53	36	\$ 436,594.85	\$ 48,025.43	\$ 2,885.68	\$ 487,505.96	7.91	30.42	240.47
54	37	\$ 487,505.96	\$ 53,625.66	\$ 2,957.82	\$ 544,089.44	8.10	30.42	246.49
55	38	\$ 544,089.44	\$ 59,849.84	\$ 3,031.77	\$ 606,971.05	8.31	30.42	252.65
56	39	\$ 606,971.05	\$ 66,766.82	\$ 3,107.56	\$ 676,845.43	8.51	30.42	258.96
57	40	\$ 676,845.43	\$ 74,453.00	\$ 3,185.25	\$ 754,483.68	8.73	30.42	265.44
58	41	\$ 754,483.68	\$ 82,993.20	\$ 3,264.88	\$ 840,741.77	8.94	30.42	272.07
59	42	\$ 840,741.77	\$ 92,481.59	\$ 3,346.51	\$ 936,569.87	9.17	30.42	278.88
60	43	\$ 936,569.87	\$ 103,022.69	\$ 3,430.17	\$ 1,043,022.72	9.40	30.42	285.85
61	44	\$ 1,043,022.72	\$ 114,732.50	\$ 3,515.92	\$ 1,161,271.15	9.63	30.42	292.99
62	45	\$ 1,161,271.15	\$ 127,739.83	\$ 3,603.82	\$ 1,292,614.80	9.87	30.42	300.32
63	46	\$ 1,292,614.80	\$ 142,187.63	\$ 3,693.92	\$ 1,438,496.34	10.12	30.42	307.83
64	47	\$ 1,438,496.34	\$ 158,234.60	\$ 3,786.26	\$ 1,600,517.20	10.37	30.42	315.52
65	48	\$ 1,600,517.20	\$ 176,056.89	\$ 3,880.92	\$ 1,780,455.02	10.63	30.42	323.41
66	49	\$ 1,780,455.02	\$ 195,850.05	\$ 3,977.94	\$ 1,980,283.01	10.90	30.42	331.50
67	50	\$ 1,980,283.01	\$ 217,831.13	\$ 4,077.39	\$ 2,202,191.54	11.17	30.42	339.78
68	51	\$ 2,202,191.54	\$ 242,241.07	\$ 4,179.33	\$ 2,448,611.93	11.45	30.42	348.28
69	52	\$ 2,448,611.93	\$ 269,347.31	\$ 4,283.81	\$ 2,722,243.06	11.74	30.42	356.98
70	53	\$ 2,722,243.06	\$ 299,446.74	\$ 4,390.91	\$ 3,026,080.70	12.03	30.42	365.91
71	54	\$ 3,026,080.70	\$ 332,868.88	\$ -	\$ 3,358,949.58	12.33	30.42	375.06
72	55	\$ 3,358,949.58	\$ 369,484.45	\$ -	\$ 3,728,434.03	12.64	30.42	384.43
TOTAL COST OF CIGARETTE SMOKING OVER ENTIRE LIFETIME					\$ 3,728,434.03			

This assumes that you make investments at the end of each year and that the income derived is TAX DEFERRED until the age of retirement when withdrawals can begin. This can be done with almost any BLUE CHIP single issue stock that does NOT pay dividends. If the stock pays dividends, the picture is even rosier.

Why Real Estate?

There are many reasons why Real Estate is an essential part of any person's investments:

SAFETY: Real Estate is a safe investment. This is primarily due to the fact that it always increases in value over time (there can be some short-term losses, however). Many other professionals will certify that your real estate investment is safe: title insurance, realtors, lawyers, surveyors, appraisers, insurance, and home inspectors. In many areas your home is also protected from lawsuits. Remember, your bank will probably not loan you money to buy stock in the bank, even if you agree to let the bank hold the stock certificates in their vault. They will, however, gladly loan you money for a home or investment property.

HIGHER DEMAND: Real estate is always increasing in value primarily due to the high demand that people place upon it. This is due to increasing populations.

TAX ADVANTAGES: The IRS code has many advantages built-in for property owners. For residential owners that live in their own properties (owner occupied) there are deductions for mortgage interest and real estate taxes and generous capital gains exclusions when a house is sold. In some areas, there are exemptions from real estate taxation (like in Florida) for a portion of your residential real estate. For investment properties, documented and valid expenses can be deducted from the income of the property along with generous non-cash deductions for depreciation of the property. Also, the IRS Section 1031 has a transfer method so that you can buy and sell investment property and completely defer the capital gains. Real estate income (rents, etc.) is not subject to social security or medicare taxes which are currently about 6%.

LEVERAGE: Real estate investments are leveraged. That means that you use Other People's Money (OPM) to fund part or the entire purchase price. This multiple affects the return on your investment:

Make an Investment:	Hold and Sell the Investment:
Investment "A": Buy a \$100,000 house for all cash, or buy a stock.	Hold the investment one year and sell it for \$110,000 (a \$10,000 profit). This is an unleveraged return of 10%.
Investment "B": Buy a \$100,000 house putting 20% down, the bank supplies the other 80%.	Hold the investment one year and sell it for \$110,000 (a \$10,000 profit). This is a leveraged return of 50%.

The bank does NOT participate in the increased value of the investment at the time of sale. But you should be aware that leveraged investments are "two-edged" swords. If the value of a leveraged investment falls, the multiplier works against you.

If you own an investment in real estate that is rented out, and you put 25% down on, in 30 years when the mortgage is paid off (assume no net cash flow from the house during those 30 years), you can sell the house for whatever it is worth (and just pay applicable taxes at that time). It's like someone else bought you a house and gave it to you as a present.

Financial Success Questionnaire

INSTRUCTIONS: For each question, mark the letter that corresponds to which of the two statements you agree with the most; ie, if you agree with the statement on the left strongly, mark "A". If you do not agree with either, mark "C". If you somewhat agree with the left statement, mark "B", and so on.

THINK and DO

1

Strongly Agree

(A) — (B) — (C) — (D) — (E) Strongly Agree

How much you save is the real indicator of future wealth.

How much you earn is the real indicator of future wealth.

2

Strongly Agree

(A) — (B) — (C) — (D) — (E) Strongly Agree

I am absolutely on-track for retirement.

I do not know, or I am not on-track for retirement.

3

Strongly Agree

(A) — (B) — (C) — (D) — (E) Strongly Agree

I keep accurate and updated financial records including a financial plan.

I do not even have time to balance my checkbook.

4

Strongly Agree

(A) — (B) — (C) — (D) — (E) Strongly Agree

We own our own home.

We rent and are waiting for mortgage rates and home prices to bottom out.

5

Strongly Agree

(A) — (B) — (C) — (D) — (E) Strongly Agree

We drive older cars and always have money in the bank for unexpected expenses.

We mostly have brand new cars and sometimes have cash flow "emergencies".

How to Score: For questions 1 and 5, score 5 for "A", score 4 for "B". For other questions, score 4 for "A" and score 3 for "B". Answers "C", "D" and "E" always score 0. Thumbs Up if your total is 18 or higher; thumbs down if less than 18.

CRITICAL BOOKS TO READ

(read in the order shown; if you can ONLY read one book you must read the first one)

The Richest Man in Babylon by George Clason

“Rules of the acquisition of wealth told in an entertaining way: two old friends, one struggling to make ends meet, works hard, consults his friend, TRMIB, as to how he did it since their origins were the same. Absolutely the first book to read (it is less than 150 pages).”

Think and Grow Rich by Napoleon Hill

“Shows why your greatest tool to wealth is your HEAD.”

The Millionaire Next Door by Thomas Stanley and William Danko

“Excellent and surprising study of the habits of millionaires. Don’t think like a poor person.”

Rich Dad, Poor Dad by Robert Kiyosaki

“Runaway bestseller, must read. Confronts many wealth myths and why most people do not achieve their financial goals.”

The Art of Negotiation by Gerard Nierenberg

“The father of Contemporary Negotiating.”

Own Your Own Corporation by Garrett Sutton

“The key to playing MONOPOLY in real life is knowing the rules.”

Real Estate Riches by Dolf DeRoos

“Why real estate is a neglected way to achieve wealth and why you shouldn’t neglect it.”

The Cash Flow Quadrant by Robert Kiyosaki

“Rich Dad, Poor Dad author delves more deeply into wealth and how to achieve it.”