

Estate Planning for Professional Athletes

Pepper Hamilton's Trusts and Estates Group has considerable experience counseling professional athletes with their estate plans and has built a strong reputation as a productive and cooperative member of an athlete's team of professional advisors. Clients include well-known members of the National Basketball Association, the National Football League and the National Hockey League.

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

Special estate planning concerns of professional athletes include:

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

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

- gifting programs involving transfers of such unique assets as trade names, the athlete's likeness and endorsement contracts
- revocable trusts to address privacy concerns and the complexity of probate proceedings in multiple jurisdictions
- irrevocable trusts with long-term generation-skipping planning to provide a tax-efficient source of wealth for the athlete's family
- private split-dollar arrangements to enable the athlete to better employ insurance to protect the family in case of an early death, while providing a tax-deferred investment vehicle available to the athlete after retirement.

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