

Estate Planning for Athletes Part 2: Notable Real-Life Examples

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Proper estate planning does much more than address what happens to your assets and property at death. It starts with taking control over your assets and well-being. Your estate plan must consider all aspects of your life and protect your assets and property so that you receive the maximum use and enjoyment during your life and preserve whatever you choose to leave to your loved ones upon your death.

For many people, a trust is the correct estate planning strategy to provide this protection - especially athletes and others with high-risk occupations. In its basic form, a trust is a formal relationship in which someone (the Grantor) appoints someone else (the Trustee) to hold title to and manage the trust accounts and property for the benefit of one or more people (the Beneficiaries). Often, when people refer to a trust, they are usually referring to the legal document that outlines the trust's details. There are different types of trusts that can achieve various objectives - such as protecting the Grantor's accounts and property from the Grantor's creditors, divorcing spouses, and lawsuits, or providing for the Grantor's family if the Grantor passes away.

If you are an adult and you own something, then you need an estate plan and could possibly benefit from the use of a trust as part of that plan. The following are some notable athletes who have used trusts to protect themselves and their loved ones.

Allen Iverson

Allen Iverson, also known as "The Answer," played professional basketball from 1996 until his official retirement in 2013. During his career, he played for numerous NBA teams, including the Philadelphia 76ers, Denver Nuggets, Detroit Pistons, and Memphis Grizzlies. Commentators estimate that Iverson earned over \$200 million (including contracts and endorsements) over the course of his career. In 2012, however, rumors circulated that Iverson was experiencing financial troubles due to an outstanding creditor issue.

However, there is a bright side for Iverson. As part of a deal he signed with a shoe company, Reebok, in 2001, Iverson currently receives \$800,000 per year. In addition, Reebok placed a lump sum of \$32 million into a trust, which Iverson will be able to access when he turns fifty-five (55) years old in 2030. Now, this strategic planning has protected a large part of the Reebok contract for Iverson's future use and enjoyment. ([Click here](#) for Bloomberg article. [Click here](#) for Business Insider article.)

***Lesson:** Saving money for a rainy day is an excellent strategy, and using a trust can be a perfect way to set aside money or property for a future date. It is never too late to get a proper estate plan in place. Depending on his current legal situation and the terms of the existing trust with Reebok, Iverson should probably consult with an experienced attorney and financial advisor to develop an asset protection strategy for this money before the first disbursement is made in 2030. Through proper planning, this money should be able to go a long way toward ensuring a comfortable retirement.*

Michael Carter-Williams

Currently playing for the Orlando Magic, Michael Carter-Williams made headlines in 2013 when he announced that he would place the entire salary that he received from the Philadelphia 76ers into an irrevocable trust managed by his mother and a close family friend. Instead of living off his high salary, he chose to live off his endorsement deals. Per the terms of the trust, Carter-Williams would not have access to the money for three years.

Using a trust in this manner was unique because Carter-Williams was relatively young (22 years old at the time), did not have a family of his own to support, and did not have any known creditor issues. This strategy was a forward-thinking financial decision in light of what was happening in the industry at the time. Today, little is known about the status of the trust, but with proper oversight by his trusted advisors, this shrewd planning should offer him a source of income whenever he may need it. ([Click here](#) for ABC News article. [Click here](#) for CBS Sports article.)

***Lesson:** An estate plan is not a one-size-fits-all product. With the multitude of planning strategies available, an experienced attorney can design a plan that will provide what you need for today and the future. During the estate planning process, it is important to consider your priorities. Are you looking to avoid a potentially large tax burden; protect your accounts and property from lawsuits, creditors, or a future divorcing spouse; or protect the inheritance you are leaving your loved ones after you have died?*

Kobe Bryant

The legendary professional basketball player Kobe Bryant, his daughter, and a few others died tragically on January 26, 2020, in a helicopter accident. With an estate worth over \$600 million, proper estate planning was crucial to ensure that his assets and property were protected for his wife and children.

There are few details about the extent of Bryant's estate planning for one very good reason: he had an estate plan! The only apparent misstep in the estate planning process was Bryant's failure to update the Kobe Bryant Trust upon the birth of his youngest child. According to court documents filed by his wife, the trust had been amended each time one of his children was born, but because his youngest child was born in June 2019, Bryant had not yet amended his documents as he had done in the past prior to his death. ([Click here](#) for Forbes article.)

***Lesson:** Estate planning is not a one-and-done task. Your estate plan documents must be up to date to ensure that your wishes are followed in the best possible way. Once you have signed your estate planning documents, we encourage you to review them every year or two. You should ask yourself the following questions often and act accordingly:*

- *Have there been any marriages, divorces, births, or deaths that might affect my estate plan?*
- *Are the individuals I have chosen as my trustee, executor, guardian for my minor child, agent under a power of attorney, or healthcare decision-maker still the individuals I want?*
- *Do I want to change the types of items or amount of money that I am leaving to my beneficiaries?*

MM&C Is Here to Help

Estate planning can be a difficult and intimidating process for many people. It forces you to evaluate aspects of your life that may not be ideal. However, by diving in and addressing these concerns, we can help you design a unique estate plan that will protect you during your lifetime and provide for your loved ones upon your death. Give us a call today to schedule your in-person or virtual consultation.

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