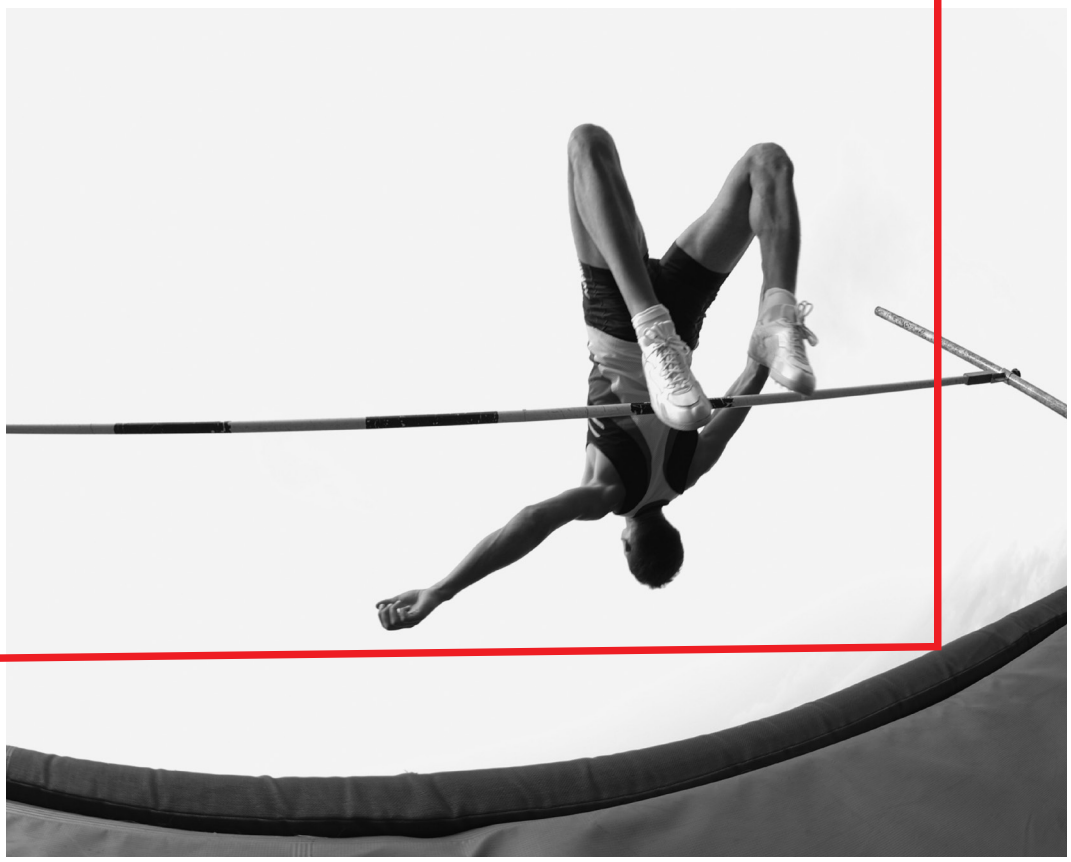
UBS

Sudden wealth

How athletes and entertainers overcome financial survivor's guilt



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Once the initial shock and elation of a financial windfall wears off, athletes and entertainers who find themselves earning multi-million dollar contracts are often overwhelmed with guilt.

Financial survivor's guilt is a common issue for athletes and entertainers. Altruism and a desire to give back to their families, friends and communities are primary motivators for most athletes and entertainers. Those who grew up in adverse environments themselves may feel especially obligated to help family and friends. However, setting clear limits on financial assistance and gifts is key to maintaining and growing their own wealth. By managing their wealth wisely, athletes and entertainers are able to provide greater good over the long term.

Survivor's guilt

When Super Bowl Champion Ben Coates started receiving pay checks in amounts his parents didn't make in an entire year, the then 21-year-old NFL player was hit by what might be a surprising emotion: guilt. Ben is not alone in his experience. Once the initial shock and elation of a financial windfall wears off, athletes and entertainers who find themselves earning multi-million dollar contracts are often overwhelmed with guilt. Finding positive ways to deal with these feelings can help preserve and grow their wealth for the long term.

Guilt can be good and bad

Guilt is an emotion that individuals feel when they believe they have caused harm to others. Guilt can be healthy and beneficial when it keeps us from committing hurtful behavior, or prompts us to make amends for our mistakes. Individuals who care deeply for others are prone to feel guilt more acutely—in fact, the absence of guilt is a hallmark of psychopathy. However, excessive guilt, especially for perceived rather than actual wrongdoing, can lead to unnecessary self-punishment and poor decisions.

Why me?

Professional athletes and entertainers spend countless hours fine-tuning their craft and endure untold setbacks and rejection. While their financial success is well-deserved, some suffer from "survivor's guilt." Similarly to accident survivors who question why their lives were spared, athletes and entertainers can feel guilty about their good fortune. They may feel undeserving of being blessed with their talent and physical attributes, or wonder why they evaded career-ending injuries when others did not. Individuals from wealthy families may have their own version of guilt for being born into money when they see many others struggling. Regardless of the source of wealth, this guilt can lead to detrimental financial behaviors.

Guilt over money is amplified when individuals come from lower socioeconomic backgrounds.

Poverty amplifies guilt

Guilt over money is amplified when individuals come from lower socioeconomic backgrounds. Growing up in inner-city Houston, musician and entrepreneur Chamillionaire ("Cham") recalls the many sacrifices his mother made for their cash-strapped family. "I remember my mom eating cereal for dinner." When Cham became a chart-topping rap artist, he felt the expectation "to be the breadwinner for family and friends." Cham was one of the few in his community to escape poverty. Being connected to many people with dire financial needs weighed heavily on his conscience.

You can't save everyone

Songwriter and producer Rico Love wanted to share the wealth from his $10 million publishing deal with family and friends. "I'm a giver. It feels good to share. It hurts my heart when someone I love doesn't have. I just want to relieve them of the burden," explains Rico. The earnings of athletes and entertainers are often public knowledge, making it even more difficult to say no to family, friends and even acquaintances who ask for help. Rico paid a friend's rent for an entire year without a second thought. Despite earning millions of dollars, his boundless generosity and missteps with his finances eventually led to bankruptcy. In hindsight, Rico learned that he "can't save everyone. Now I just take care of my immediate family."

One doesn't have to choose between helping loved ones and protecting their significant wealth.

Don't make these mistakes

Fortunately, one doesn't have to choose between helping loved ones and protecting their significant wealth. Although it may seem counterintuitive, providing financial help freely can do more harm in the long run. Athletes and entertainers miss out on the opportunity to invest their considerable wealth, and their loved ones become financially dependent with little incentive to empower themselves. Ben Coates realized this near the end of his NFL career. By then, he had spent the bulk of his fortune supporting a wide circle of extended family members and friends. Ben was everyone's safety net, but his money was quickly disappearing.

Looking back, Ben sees that guilt clouded his decisions. Growing up in rural South Carolina, his family of 10 shared a three-bedroom home and had little money. As New England Patriots quarterback Drew Bledsoe's go-to receiver, he became one of the highest paid players in the NFL. Ben struggled with the guilt of having so much wealth when family and friends had so little. His unchecked generosity, from supporting entire families to writing ten-thousand dollar checks to college friends, helped ease his guilt at the high cost of his own financial well-being. "The younger players now are getting paid so much. I hope they don't make the same mistakes I made. There's no reason they shouldn't be set for life after football."

By ensuring their own financial well-being—and following the right path to sustain it—athletes, entertainers or anyone who finds themselves thrust into wealth can build an enduring legacy and continue their influence beyond the playing field, court or stage.

Playing on borrowed time

Pro Football Hall of Famer Edgerrin James was well aware that his generous compensation was a temporary, once-in-a-lifetime opportunity. "If you look at the statistics, you know football is a short-term career. I took a business approach from day one of my football career. Everything I did, I had an end goal in mind." Edgerrin had experienced poverty firsthand and was determined to set himself up in the best position to give back to others. He was motivated not by guilt, but a sense of great responsibility for his substantial wealth and ability to effect change for those most in need. Careful stewardship of his finances allowed him to establish the Edgerrin James Foundation, which has empowered thousands of children to make positive contributions to their communities.

Setting boundaries

As a member of Destiny's Child, one of the best-selling female recording groups of all time, Michelle Williams understands when stars feel guilty about their wealth. "You look at your record label contract and it's worth literally what most people will make in a lifetime." She found that setting limits on who to help is a must. "Some people might think you're being selfish, but you have to save your nest egg. Someone else's emergency is not your responsibility." For Michelle, she always felt that her parents "are the only people that I'm financially responsible for." Her steadfastness makes it possible for her to give back to the community through providing financial support for at-risk inner-city youth.

A strategic game plan

Two-time Super Bowl Champion Osi Umenyiora wouldn't think of stepping into a stadium without a solid game plan. He took the same strategic approach to his own finances. Osi started his career with the end in mind. "Once I retired from football, I wanted the option of never having to work again, unless I chose to." Ensuring his immediate family was well-cared for and supporting charitable causes was top of mind for Osi. His plan was to invest for the long term and live off the income from his investment portfolio.

Osi learned from his earlier financial mistakes, from buying a massive mansion that turned into a money pit to trying to keep up with the lavish spending habits of fellow celebrities. He had experienced wide swings in fortune from a very comfortable upbringing in Nigeria to moving to America with no money at age 14. These perspectives helped Osi empathize with those less fortunate and motivated him to be intentional with his giving. The financial plan Osi put in place affords him the means to endow scholarships for children in Nigeria and pursue other philanthropic endeavors.

Road to financial success

Experiencing guilt over the sizable income earned in the sports and entertainment world is natural and universal. Our research shows that financially successful athletes and entertainers deal with feelings of guilt constructively and practice financial self-care. These stars put substantial amounts of money to work early on and adhere to core tenets that help them stay on course:

Understand that careers in sports and entertainment are generally short-lived and income must last a lifetime

Set boundaries on who to be financially responsible for, prioritizing and supporting only parents and immediate family

Take responsibility for your own wealth and partner with trusted financial advisors who are well-versed in navigating the unique and complex needs and considerations of athletes and entertainers

Develop a financial plan focused on preserving and growing your wealth

Give back to the community in an intentional and rewarding way that empowers others

A plan for all your worth

Wale Ogunleye, Head of Sports and Entertainment at UBS, also played in the NFL for 11 seasons before earning an M.B.A. There was a time where he faced the guilt of acquiring sudden wealth himself, noting that "many athletes and entertainers truly want to give back to their communities when they earn substantial wealth, but unfortunately, they lack the financial literacy necessary to do so effectively. I realized that throwing a bunch of money at an issue is not a smart, nor sustainable solution. We need to ensure we're pushing our money to flow forward toward future generations as much as possible, rather than feeding it 'backwards'—and we ultimately obtain this mindset through sound financial planning and responsibly managing our emotional debt."

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