

# FORUM

*Advancing Academic Discourse*

## Making the First Step the Right Step

With additional support and understanding, Strayer University instructors can help inexperienced students gain confidence in the subject matter and logistics of a university course while developing their potential. *page 4*



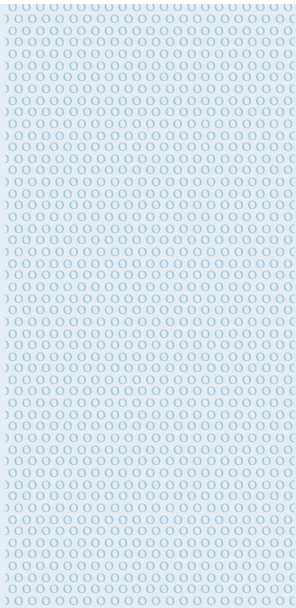
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## Retired National Football League Players' Perceptions of Financial Decisions Made: A Phenomenological Study



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Professional athletes make a lot of money, but they are far from financially secure. According to the NFL, the minimum annual salary for National Football League players was \$325,000 in 2010, and per USA Today, the median annual salary for all players in 2009 was more than \$790,000. Yet according to Barnes, “professional athletes are probably the most financially vulnerable persons of our times.” And at least monthly, new stories are published about former athletes who are now destitute.

Consider these facts: According to Gamesover.org, approximately one quarter of NFL players report financial difficulties in the first year after retirement. Bodipo-Memba reports that within two years removed from their last game, 78% of all NFL players are divorced, bankrupt or unemployed. Divorce, in particular, has a disastrous effect on the financial well-being of professional athletes.

Many NFL players are ill-equipped to face the unique financial challenges that come from life as professional athletes, and they make poor financial decisions that lead to running out of money soon after their playing careers have ended.

### The Study

To combat the problem that professional athletes are ill-equipped to face their unique financial challenges, a qualitative phenomenological research study was performed—the first of its kind in professional sports. The study examined the actual experiences and perceptions of 25 former NFL players regarding the financial decisions they made as active players for information that could lead to an appropriate model for making good financial decisions.

Volunteers for the study were solicited from the ranks of retired NFL players in Virginia and North Carolina with the assistance of the NFL Players

Association. Of these volunteers, 25 participated in one-on-one interviews with the researcher. To protect participant anonymity, each respondent’s interview transcript was assigned an identifier, NFL-01 through NFL-25. The data from the transcripts were coded, grouped into themes and formed the basis of various findings and recommendations.

### Recommendations for Leadership

Leaders in the National Football League, NFL Players Association and NFL Teams need information about the influential factors that may increase NFL player awareness about making better financial decisions. This research study is important to NFL leadership, particularly in the framework of gaining a stronger understanding of the influential factors that contribute to the financial decisions of NFL players. The 25 former NFL players’ perceptions and insights about influential factors that contributed to their financial decisions provided input on what these players would have liked to have implemented at the league, team or union level. Recommendations for NFL leaders revolve around the categories of (1) disabilities and injuries, (2) NFL pensions, (3) careers after football, and (4) financial education.

**Disabilities and Injuries.** Disabilities and injuries have taken their toll on former NFL players, with 65% of them leaving the game with permanent injuries and high instances of depression. Medical assistance and disability payments for retired players need better funding, especially for those with football-related disabilities and injuries. Former NFL players who earned four credited seasons post-1998 will receive \$1,880 per month at age 55. Players before the recent era received much less in postretirement benefits. NFL-20 reported, “I wish we had better pensions. We were the backbone, the people, the

foundation of the league, and my pension is \$1,247 a month for 13 years in that league.”

**NFL Pensions.** The benefits package for NFL retirees should be improved, even at the expense of reducing the salaries of current and future players. The current pension benefit should be increased from its current rate of \$470 per month per credited season. The four-credited-season minimum that is required before a player is vested needs to be decreased. Given that only half of all NFL players have careers of more than three years, most retired NFL players do not earn enough credited seasons to become vested in the pension. For the retired players who do earn a pension, waiting until age 55 to receive the benefit does not help them given that they retire in their mid-20s and may enter the postplaying phase of their careers with few marketable skills outside of professional sports.

**Careers After Football.** The NFL and the NFL Players Association are currently engaged in contract renegotiations due to the expiration of the NFL Collective Bargaining Agreement. Leaders could modify the payment structure of salaries to players by implementing a deferred compensation plan, which would lower players’ overall tax burden by deferring income to later years when players would be in a lower marginal tax bracket. The shifting of compensation to after the playing career would also be beneficial to players by providing for income after their careers are over.

NFL player contracts could also be restructured to assist players with their annual cash flows. Currently, players receive their NFL salaries during the 17-week season, bonuses during the playoffs, and performance and other bonuses in March after the conclusion of the season. One modification to the compensation system would be to modify contracts to pay NFL players year-round.

**Financial Education.** Despite the great earnings potential of NFL players during their playing careers, life after football spans a much longer period than the playing career, and NFL players need to be prepared for the next phase of their working careers. NFL-08 reported, “As I got out of football, I had this

grandiose idea of being a corporate executive...I think the biggest thing that the guys need to be educated on is later-in-life needs.”

Steps have been taken in recent years to educate NFL players about money. The financial education programs that rookie NFL players attend should continually be improved, results monitored and the education expanded to all players, not just rookies. League leadership should strive to improve the financial well-being of its players and not lose focus on the importance of financial education of its players. NFL-24 reported, “I truly believe that part of the rookie NFL experience should be financial planning. Bring in the simplest, most rudimentary kind of guy that can walk them through it. Make it mandatory to have them go to seminars instead of handing them a \$3 million check and letting them think they are investment gurus.”

### Conclusion

NFL leaders should ensure that players are encouraged to partake in quality educational seminars, the educational offerings should be provided at times and locations convenient to the players and such programs should be presented as mandatory for all players, not just for rookies. In a society where NFL players appear ill-equipped to face the unique financial challenges that come from life as professional athletes, they need an appropriate model for making good financial decisions.

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References available upon request.

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Strayer University partnered with former Washington Redskins head coach Joe Gibbs to deliver a financial planning seminar to current and veteran players of the team. Designed and taught by Strayer University faculty over a two-day period, the free course provided players the basic principles of managing money during and after their professional athletic careers.

