

Ahead of NHL draft, athlete advisor talks HNW planning, insurance needs and the perils of gambling

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Elite rookie hockey players – such as the ones eligible for the 2026 NHL draft in Buffalo on June 26-27 – may earn great wealth over their careers, but they also face heightened financial risks, such as bad investments, scams, career-ending injuries and lifestyle expense inflation.

Globe Advisor caught up with Matthew Bacchiochi, senior portfolio manager and president of Cardinal Point Athlete Advisors in Toronto, recently to ask about helping young hockey players manage their finances.

What is the least appreciated risk young athletes face when managing their money?

All the characteristics [players] have that make them a successful athlete are not the same attributes you need to be a successful investor – or, for that matter, just financially disciplined. Athletes need to have a strong ego [and] self-belief because that fuels their performance and their resiliency, [but] investing and portfolio management requires a lot more humility. In sports, conviction and speed are advantages, but in investing, you need patience and restraint.

Are young players open to the need for a financial plan?

It depends on their environment. [For example], you now have the influence of gambling – the lines between investing and gambling have been blurred. If they're exposed to that type of environment, they have to remove themselves from that to change their habits. That's why we put so much emphasis on the financial planning process. If we can get them to reflect back on the financial plan, use the financial plan to help improve their judgment and their decision-making, and do that constantly, then repetition creates good behaviours.

Describe your financial planning approach.

We always have a target for what they should be saving this year [and] an [asset] target for what they need to achieve before the end of their career, but also all the different milestones along the way. Each time you can hit those milestones, the more rewarding it becomes. Athletes are very goal-oriented.

You mentioned gambling. NHL players are expressly prohibited from betting on league games, but not on other sports or events. Is it more likely that rookies today gamble?

That's probably one of the biggest differences today relative to players in the past. Players who are getting drafted have been exposed to the opportunity to gamble for several years now and it's become a hobby or a habit.

In our financial literacy talks now, we're including the risks and perils of gambling, helping them understand that the math works against them. There's an illusion of control [with gambling], but an opportunity cost [associated with] losing a dollar on a sports bet that can compound to something much, much larger down the road.

What's your approach to insurance?

[NHL players] have an amazing group health insurance program, so they never have to worry about that. They get good disability insurance coverage, too, but we're usually trying to supplement that because you want to make sure you're protecting not only your current earnings, but your future earnings as well.

Through the financial planning process, we might say, 'Hey, you need to save \$6-million before you retire.' If a player has a couple million dollars saved, then we want to make sure he has enough disability insurance to bridge the gap, so that's a big function of what we do as well.

Then, on the life insurance side, the players get \$1-million of group term insurance, their spouses get \$250,000, so we're usually trying to supplement that with either some term [insurance] at an earlier age or, depending on how their career evolves, permanent [life] insurance.

What about managing a rookie client's tax and other expenses?

We [all] want to make sure we have the most, the highest, net amount of dollars in our pockets. So, that's our first motivation: if I'm making X million dollars, how much will I have available to spend? How much is actually in my pocket?

Then it becomes a function of the cost of living to determine how much you're going to be able to save. We want to try to limit what they're spending – their more frivolous outflows.

But if you're making league minimum in Winnipeg, for example, it's going to go a lot further than league minimum in New York City.

Are taxes a factor in terms of where a player will sign a contract?

If a player has the opportunity to determine their own destiny, tax becomes part of the equation. But for a lot of players, depending on how far along they are in their career, the motivation just may be 'I want to win. I'm at this point in my career at which I don't care how much tax I'm paying.'

Other players who have less control over their destination just want to be in the best situation to get the most playing time and have the best on-ice performance so they can get the next contract.

It's a slimmer minority of [clients] who are making decisions exclusively because of taxes, because there [are] few players who have the latitude and the flexibility to choose their [team].

This interview has been edited and condensed.