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MARKET MATTERS: Super Bowl winnings highlight need for a plan

New England Patriots player Tom Brady raises his arms after a touchdown, during the second half of the NFL Super Bowl 51 football game against the Atlanta Falcons Feb. 5 in Houston. *Darron Cummings — The Associated Press*


Joseph Matthews

With 111.3 million viewers, and even more during Lady Gaga's halftime show, this 51st Super Bowl can highlight something personal for us all, in addition to marking the Patriots' ninth Big Game appearance and fifth title.

As a result of their win, each Patriot player will take home a tidy $107,000 ... but the Falcons will not go home empty-handed, either: each member of the losing team will be awarded $53,000 for a game well played.

Both amounts are sizable windfalls that the players must now manage prudently, but in truth, they may be only drops in the so-called bucket of athletes' annual earnings; the NFL's largest salaries reach more than $20 million, and even rookies start at nearly a half-million dollars. Whether the Super Bowl payouts go toward an immediate purchase — such as an exotic vacation and a chance to soak away football bruises in thermal waters — the prizes may not make much of a dent in many of the top players' bank accounts.

For the rest of us, though, a $100,000 or even a $50,000 check might have a different impact. In receiving an unexpected sum of money, there are a few things to keep in mind. For example, we'd likely want to consult a tax attorney: taxes can snag a chunk of earnings from a large windfall, up to the highest federal rate of 39.6 percent. And hopefully we'd have a professional team already in place, including accountants and a financial adviser. And chances are that a lavish holiday or shopping spree would not rank high in their advice to us.

Instead, for the average Connecticut resident, perhaps such winnings would best be used to pay off debt. Most financial advisers would say that the first step any individual should take when they have come into a financial windfall, be it an inheritance or a bonus from work, would be paying down credit card or any other high-interest debt. It would be ironic to burn through winnings and end up with the same mortgage, lease, or credit card debt we started with.

And unlike NFL players who largely exist in the public eye of sportscasts and social media, we might not want to publicize our windfall, lest family members or friends appear, looking for a loan or gift.

If our debts are paid off and our investments and retirement funds already are in good shape, maybe we'll consider charitable donations, just as so many NFL players have.

One NFL wide receiver and his wife co-founded a registered 501(c)(3) nonprofit to promote awareness of mental health issues and raise funds for treatment.

Many athletes give back to their college athletic programs, while others support a variety of other charitable organizations, focusing on issues from child development, cancer, and diabetes to religious programs and veterans' affairs. And players' wives have stepped up as philanthropists in their own right, offering significant funds to combat autism, anemia, and homelessness, among other challenges.

As we follow suit, it's critical to vet the beneficiary of our generosity before giving. Obtain proof of an organization's 501(c)(3) status and confirm that donations will be used as intended. Meeting with the organization's leadership beforehand ensures open lines of communication and may set a foundation for a future partnership.

Whether we make a one-time gift to our favorite charity or set up a program for disbursements, charitable giving, strategically executed, can not only help the organizations we choose, but also can generate personal tax benefits and advance our overall wealth management plan.

Private family foundations, charitable remainder trusts, charitable lead trusts, charitable gift annuities, pooled-income and donor-advised funds all must be taken into consideration as the best vehicles to meet our goals — or our touchdowns, as the case may be.

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