

By Jaime Levy Pessin

A Dow Jones Newswires Column

NEW YORK (Dow Jones)--Tony Shalhoub's current job is costing him money. Shalhoub, star of the television show "Monk," is appearing in an off-Broadway play at a nonprofit theater in New York. His performance in "The Scene" has gotten excellent reviews, and the project is one he considers to be an investment in his career. But the living expenses he's paid for the show aren't enough for the 53-year-old to rent a two-bedroom apartment that would allow his family to visit him during the stint, so he's had to "subsidize the subsidy," in his words.

Financial advisors working with actors and actresses must direct their clients' often-complex financial pictures. But whether those clients are waiting tables or posing for magazine covers, one theme emerges: Artistic freedom often requires financial freedom.

Shalhoub said his financial advisor "really talks about how you want to be able to have something put away so when the project comes along that doesn't really pay, you have the freedom to do it." He's referring to Drew McCoy, his longtime friend and Los Angeles-based financial advisor.

An actor's paychecks and career span can be iffy. While a doctor can reasonably expect a stable monthly income, and a professional baseball player can expect his athletic career to end before he hits 40, actors often can't predict how much and how long they'll be working.

"It's very difficult to have any predictability beyond a year or two," said Mitchell Freedman, an investment advisor and certified public accountant in Los Angeles. "While they may have the potential to earn vast sums of money, their careers might be highly condensed. The money they've earned has to last them the rest of their life."

Or, as McCoy puts it: "A 23-year-old can be as close to retirement as a 65-year-old working at the Chrysler plant."

With the prospect of an unanticipated - and perhaps unwelcome - retirement lurking, financial advisors to actors often emphasize the importance of paying off debt and building up reserves before doing anything else. New York financial planner John Deyeso advises actors to build two contingency funds - one for emergencies ("not that pair of shoes you MUST have") and another to cover times between gigs.

To work around those down times and uncertainties, FAs who work with actors often peddle conservatism - both in saving and spending. But that can be a tough sell, considering the realities of an actor's life.

For example, things that might be perceived as luxuries - hair coloring or manicures - can be job necessities for people whose looks can sway an audition said Amanda Clayman, a social worker and financial wellness specialist at The Actors' Fund of America, a nonprofit organization that provides those working in the entertainment industry with "safety net" services.

"Even when you don't have money, you need to look like you do," she said. "You are your own visible product in a way that people in other professions aren't."

Often, Freedman said, "the artist doesn't understand that the first dollar they're making isn't available for them to spend." Say an actress gets a \$100,000 paycheck for a role. After taxes, she must pay people like her agent, entertainment lawyer, publicist and business or personal manager. Before the actress has spent a dime on anything personal, her paycheck may be half gone.

Add to that the actor's temptation to splurge a bit after spending time living hand-to-mouth, and financial advisors often have to steer their clients away from potential disasters.

"There's a tremendous temptation, if they've gone from zero to 60, to dramatically increase their cost of living because there are a lot of forces in place telling you how great you are and how it's never going to stop," McCoy said, describing a "perfect storm where people are spending the paycheck before it comes in."

"They feel 'I deserved it, I earned it. I'm not worried about it because the spigot's open and never going to turn off,'" he said.

McCoy, chairman of the Wealth Advisor Institute's Advisory Council, describes an actress who had been getting buzz as the result of a hot, yet still new and unproven, television show. She came to him as a potential client, and discussed McCoy's philosophy about conservative spending. Soon after, the potential client bought a new house, against McCoy's advice. Although the show turned out to be a hit, his concern was that the actress' upgrade in lifestyle was coming too soon, and would be hard to sustain if the television show flopped. He did not continue to work with her.

Actors who spend too much too fast "have financial desperation," McCoy said. "They can't do that off-Broadway play because they can't afford to. They have to do that (undesirable) movie-of-the-week shooting in Vancouver."

Shalhoub, whose wife is an actress, acknowledged that sometimes a large paycheck is a motivating factor for taking a job, but financial stability allows him to avoid jobs that are "terribly embarrassing or detrimental to my spirit or career."

He recalled that during the dot-com boom of the late 1990s, he was eager to invest in hot technology stocks. "Especially with his show business clients, (McCoy) put a bit in our mouths to keep us back," he said. "We were really on safe ground."

Although many actors and actresses have access to pension plans through their unions, it's still critical for them to save. After all, their most recent job "may be the last job they ever have," Freedman said.

That can be a hard point to get across because, unlike people who look forward to spending their 60s at the golf course, many actors would like to work until the final curtain falls.

Framing the conversation in terms of creative freedom can help actors and actresses understand what's at stake.

For Shalhoub, the costs he's incurring by performing in "The Scene" are worth it. "It's so restorative," he said. "I want to be able to make my choices. With Drew's help, I've earned the right to do that."

-By Jaime Levy Pessin, Dow Jones Newswires, 201-938-4546;  
[jpessin@dowjones.com](mailto:jpessin@dowjones.com)

(END) Dow Jones Newswires