Bobby Bonilla's Deferred Payment Annuity Contract with New York Mets

An Analysis using
What If Financial Pro 2025 from App Store
by Cassiopeia Technology

Outline

- **Background**

- **Deferred Annuity Contract's Two Phases**
  - **Accumulation Phase**
  - **Annuitization Phase**

- **'What If Financial' App to Compute the Accumulation Phase**

- **'What If Financial' App to Compute the Annuitization Phase**

Background

- Bobby Bonilla will collect a check for $1,193,248.20 from the New York Mets, as he has and will every July 1st from 2011 through 2035

- This in-total $29,831,205 payout originated from $5.9 million, left-over of a Mets contract when he was released in 2000

- Bonilla's agent, Denny Gilbert, negotiated this annuity contract for 8% interest rate and deferred for 10 years

- We can use **What If Financial Pro 2025 from App Store** to analyze this contract

Deferred Annuity Contract's Two Phases

- **Accumulation Phase**
  - This is the initial phase where the annuitant makes contributions to the annuity. These contributions can be made as a lump sum or through periodic payments over time.
  - Mets held on to Bonilla's $5.9 million contract in 2000. **Essentially Bobby Bonilla made a lump-sum $5.9 million contribution to Mets and bought an annuity**.
  - His accumulation phase lasted for 10 years with 8% interest rate.

- **Annuitization Phase**
  - This phase begins when the annuitant starts receiving regular payments from the annuity. It converts the accumulated investment into a stream of income.
  - Bonilla started to receive a fixed $1.2 million annuity per year in 2011 for 25 years. **Essentially Mets pays Bonilla back on a 25-year fixed-payment loan, no different from paying a mortgage.**

'What If Financial' App to Compute the Accumulation Phase

- The accumulation phase is a simple compound growth process.

- Enter numbers to 'What If Financial' app's simple compound growth calculator

  - 5.9 to represent $5.9 million

  - 8 for yearly interest rate

  - 10 for accumulation years

- See next slides for the final accumulation of $12.74 million

'What If Financial' App to Compute the Accumulation Phase
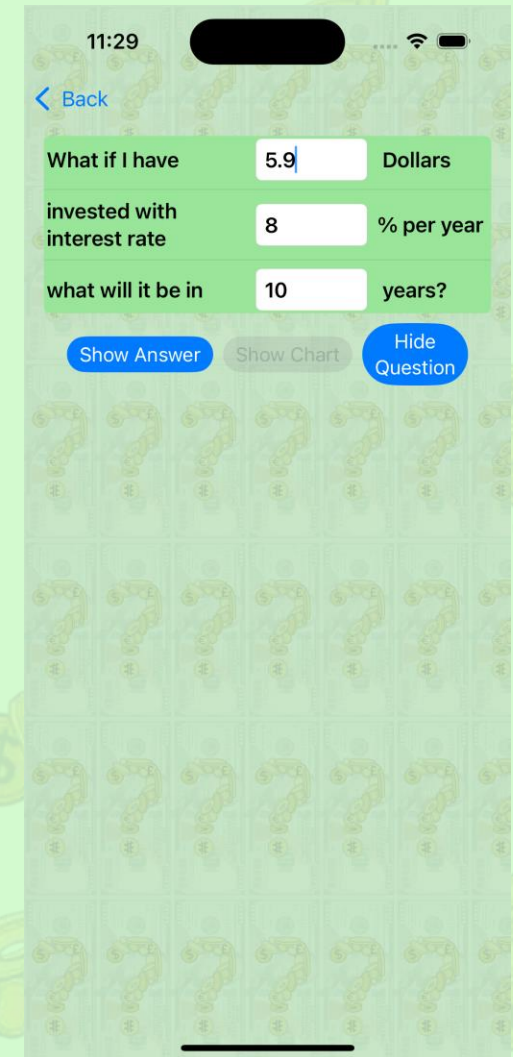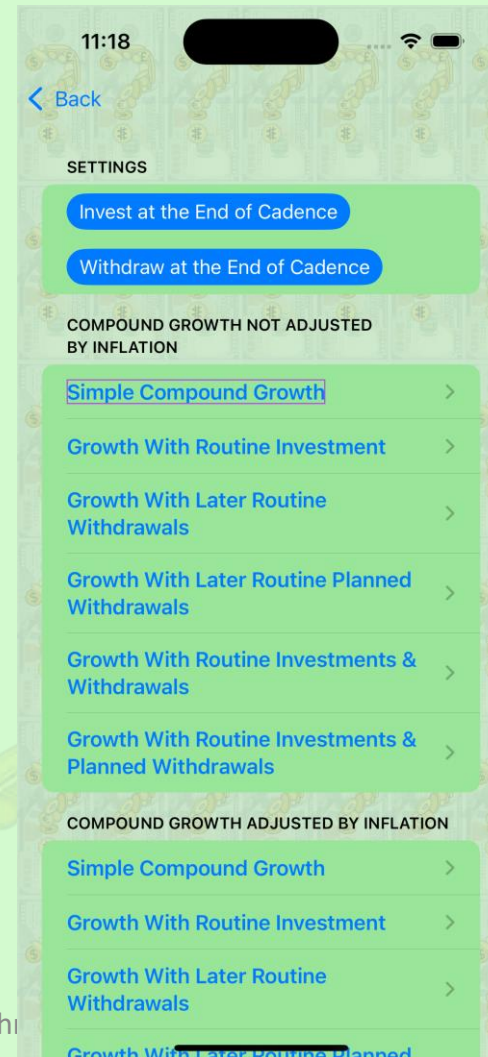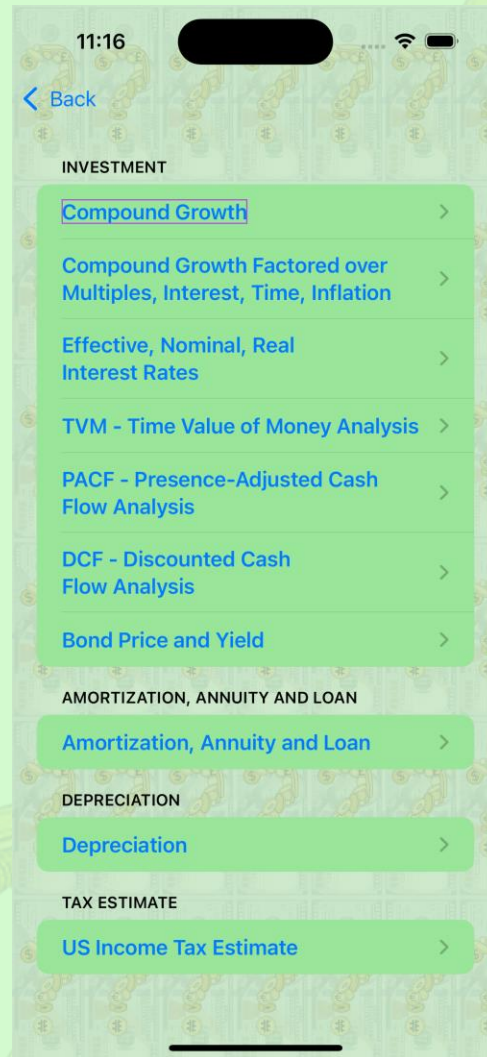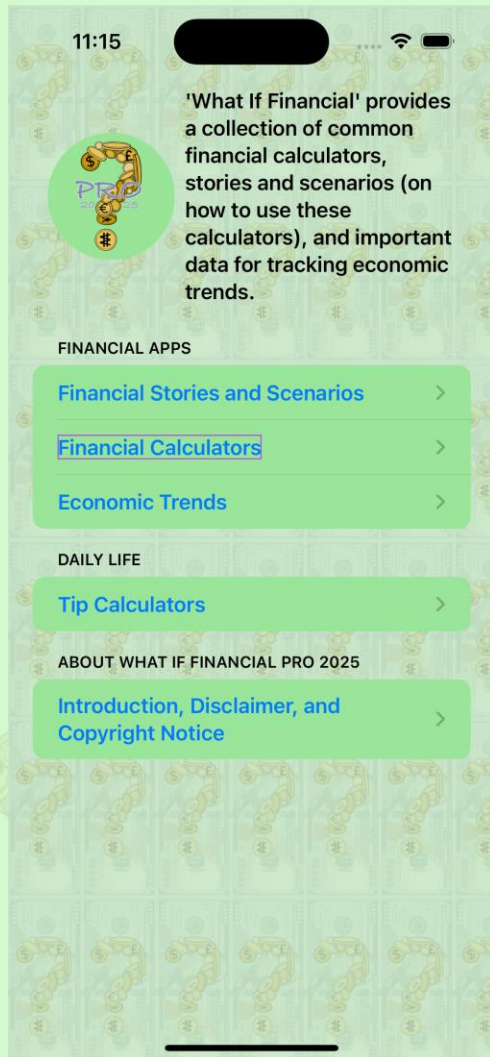
'What If Financial' App to Compute the Accumulation Phase

'What If Financial' App to Compute the Annuitization Phase

- The annuitization phase is exactly like Mets paying a mortgage to Bonilla, the bank.

- Use "What If Financial' app's 'Amortization, Annuity and Loan' calculator

- Select the first payment date, July 1, 2011

- Enter 12.74, representing $12.74 million accumulated over 10 years

- Enter 25 for the annuity paying years

- See next slides for the annual payment calculation of $1.19 million

'What If Financial' App to Compute the Annuitization Phase
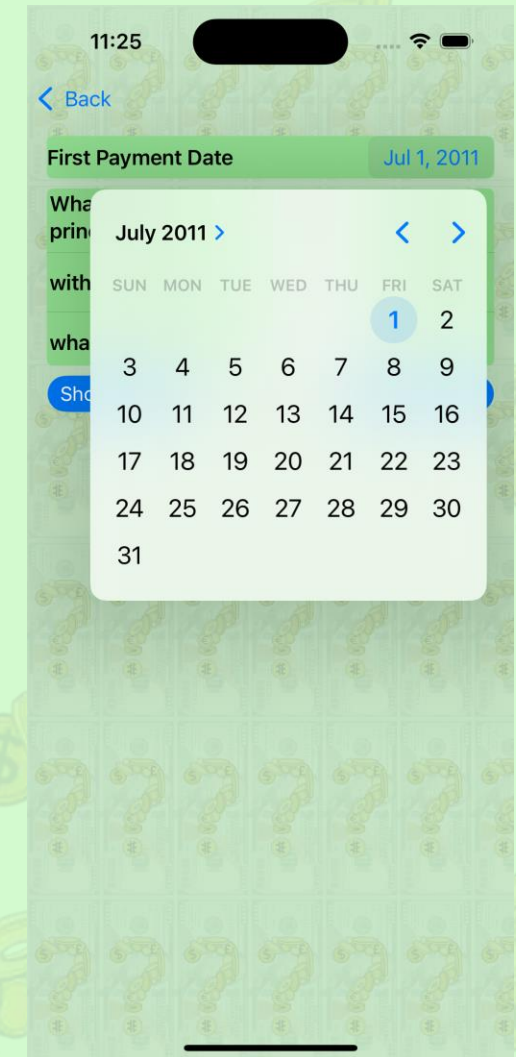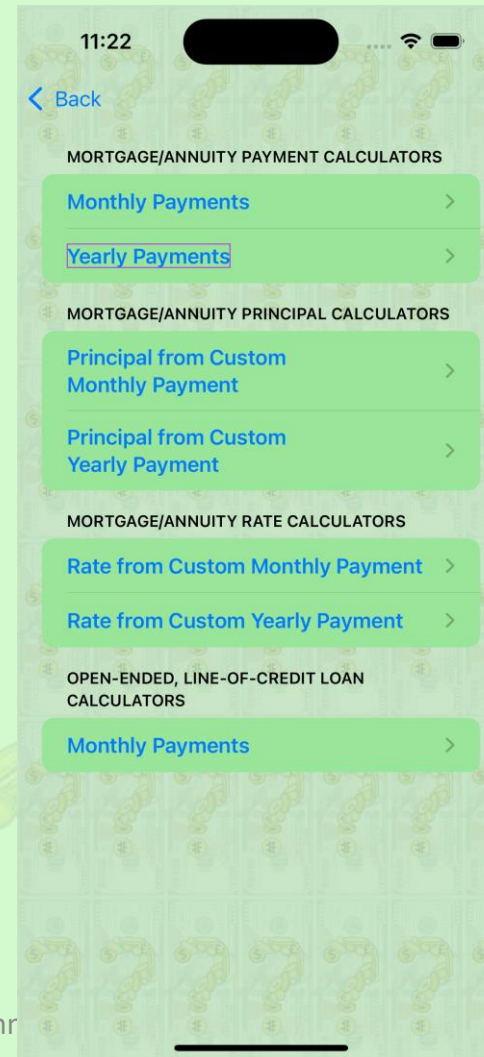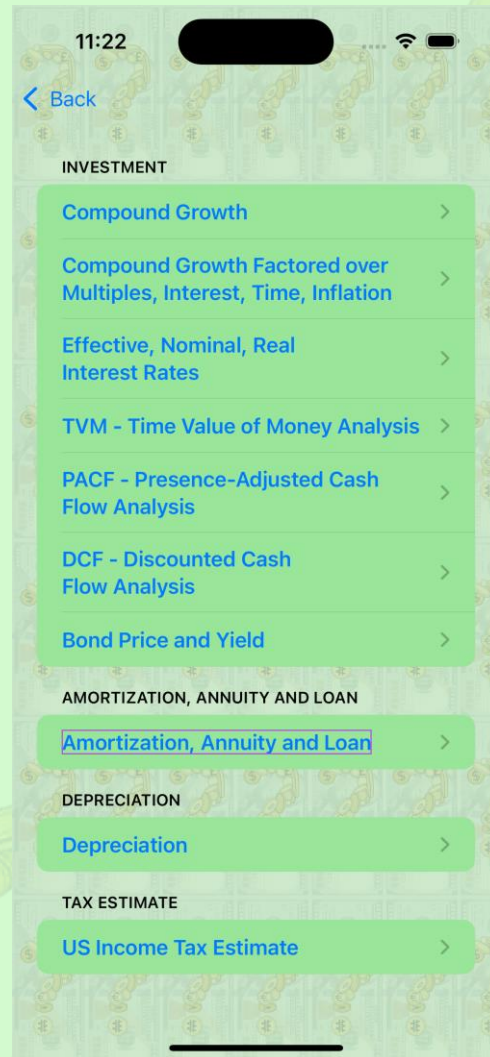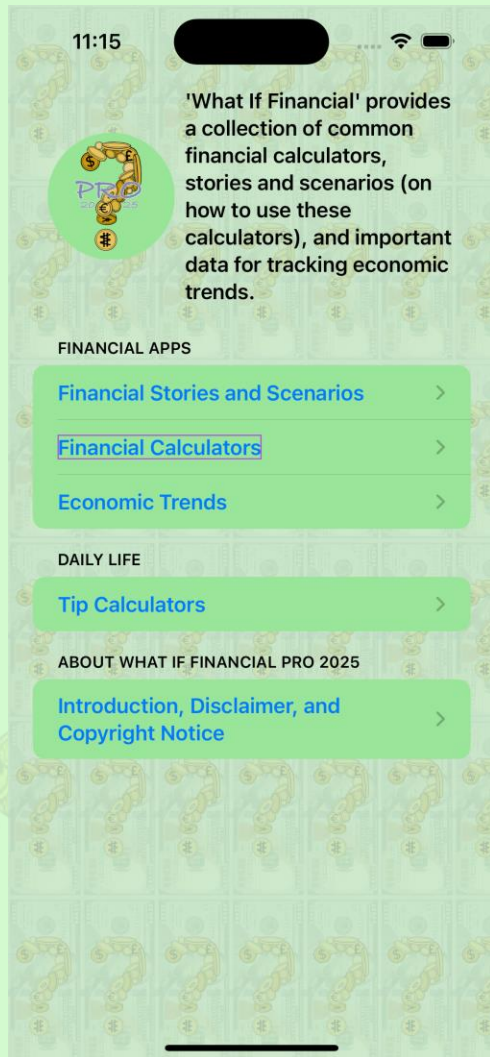
'What If Financial' App to Compute the Annuitization Phase

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First Payment Date	Jul 1, 2011

What if loan principal is **12.74** dollars

with interest rate **8** % per year

what will it be in **25** years

Show Answer | Show Table | Hide Question

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First Payment Date	Jul 1, 2011

What if loan principal is **12.74** dollars

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Yearly mortgage payment is **$1.19** dollars.
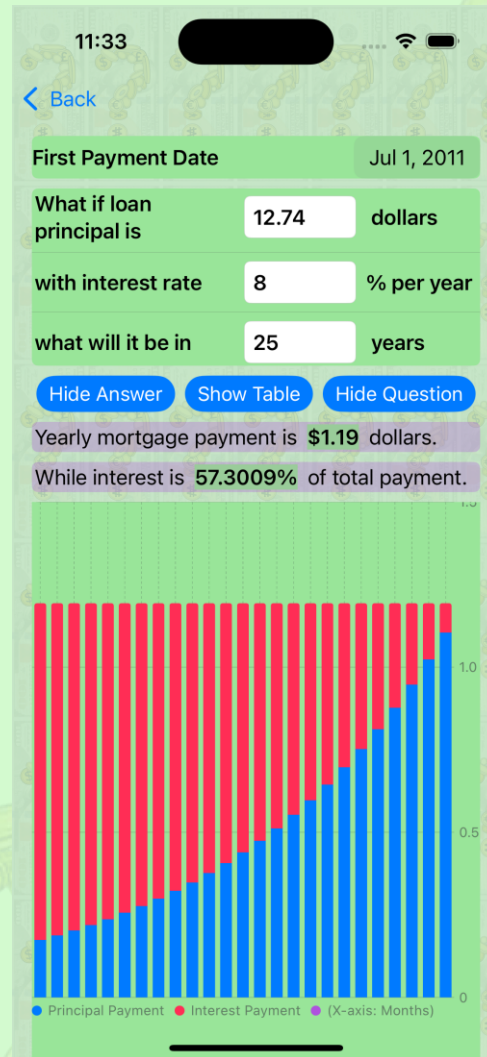
While interest is **57.3009%** of total payment.

Principal Payment | Interest Payment | (X-axis: Months)

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What if loan principal is **12.74** dollars

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Hide Answer | Show Chart | Hide Question

Yearly mortgage payment is **$1.19** dollars.

While interest is **57.3009%** of total payment.

Payment Date	Principal Payment	Interest Payment	Cumulative Interest
07/01/2011	$0.17	$1.02	$1.02
07/01/2012	$0.19	$1.01	$2.02
07/01/2013	$0.20	$0.99	$3.01
07/01/2014	$0.22	$0.97	$3.99
07/01/2015	$0.24	$0.96	$4.94
07/01/2016	$0.26	$0.94	$5.88
07/01/2017	$0.28	$0.92	$6.80
07/01/2018	$0.30	$0.89	$7.69
07/01/2019	$0.32	$0.87	$8.57
07/01/2020	$0.35	$0.85	$9.41
07/01/2021	$0.38	$0.82	$10.23
07/01/2022	$0.41	$0.79	$11.01
07/01/2023	$0.44	$0.75	$11.77
07/01/2024	$0.47	$0.72	$12.49
07/01/2025	$0.51	$0.68	$13.17
07/01/2026	$0.55	$0.64	$13.81
07/01/2027	$0.60	$0.60	$14.41
07/01/2028	$0.64	$0.55	$14.96
07/01/2029	$0.70	$0.50	$15.45
07/01/2030	$0.75	$0.44	$15.89
07/01/2031	$0.81	$0.38	$16.28

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Yearly mortgage payment is **$1.19** dollars.

While interest is **57.3009%** of total payment.

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07/01/2030	$0.75	$0.44	$15.89
07/01/2031	$0.81	$0.38	$16.28
07/01/2032	$0.88	$0.32	$16.59
07/01/2033	$0.95	$0.25	$16.84
07/01/2034	$1.02	$0.17	$17.01
07/01/2035	$1.11	$0.09	$17.10

- In total, Bobby Bonilla will get paid $1.19 million * 25 = $29.75 million

Relevant News links

- [Bobby Bonilla Day explained - Why the Mets still pay him $1.19M today and every July 1 – ESPN](#)

- [Happy Bobby Bonilla Day 2025: What is it? When does his MLB Mets' contract end?](#)

- [Who was Bobby Bonilla's agent Dennis Gilbert? All about the mastermind behind Bobby Bonilla Day](#)