

## Shohei Ohtani to defer \$68 million per year in unusual arrangement with Dodgers: Sources

Fabian Ardaya :: 12/12/2023

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[Shohei Ohtani](#)'s record-setting 10-year, \$700 million deal includes a series of unprecedented deferrals, a person briefed on the terms told *The Athletic* on Monday.

In an effort to enable the [Los Angeles Dodgers](#) to continue spending around stars Ohtani, [Mookie Betts](#) and [Freddie Freeman](#), Ohtani agreed to defer all but \$2 million of his annual salary — \$68 million of his \$70 million per year — until after the completion of the contract. The deferred money is to be paid out without interest from 2034 to 2043.

The previously unreported deferrals were said to be suggested by Ohtani himself as the negotiations vaulted the figure towards \$700 million, the person briefed on the terms told *The Athletic*. The deal is expected to soon be finalized.

The unusual structure is intended to provide the Dodgers additional cash flow and payroll flexibility. In the meantime, Ohtani continues to bring in big dollars elsewhere from endorsements and off-the-field ventures. [Ohtani](#) is believed to make \$50 million per year annually away from the diamond, the person briefed on the terms told *The Athletic*.

The deferrals also give Dodgers extra freedom navigating the competitive balance tax, or luxury tax as it's called. For CBT purposes, the expected average annual value on the contract is said to be about \$46 million per year, people briefed on the terms said. The \$46 million average annual value is still the highest in [MLB](#) history, topping the \$43.3 million average annual value [Max Scherzer](#) received in agreeing to a three-year deal with the [New York Mets](#) in 2021.

Baseball's collective bargaining agreement makes clear that there is no limit on how much salary a player and team can agree to defer. The CBA also includes a net-present-value calculation for luxury-tax purposes — a calculation that estimates the value of a player's contract on a season-by-season basis. That's how the \$46 million figure is determined.

For the 10 years that he is to play for the Dodgers, then, Ohtani's deal could be thought of as being worth \$46 million on average every year. But over the full 20-year lifespan of the deal — including the following 10 years when the deferrals are paid out, a time when Ohtani is no longer under contract with the team — he is to make a total of \$700 million.

The payments will be even throughout the two 10-year periods, meaning Ohtani will make \$2 million each year from 2024 to 2033, then \$68 million each year from 2034 to 2043.

The Dodgers remain in the mix at the top of the market, particularly for pitching, with free-agent Japanese right-hander Yoshinobu Yamamoto and [Tampa Bay Rays](#) right-hander [Tyler Glasnow](#) among their targets.

Ohtani's contract went well past the \$426.5 million his former [Angels](#) teammate, [Mike Trout](#), received in the previous record deal. Ohtani's agent at Creative Artists Agency, Nez Balelo, hinted at the deferral arrangement when Ohtani's decision to join the Dodgers was announced.

"He is excited to begin this partnership, and he structured his contract to reflect a true commitment from both sides to long-term success," Balelo said in a statement at the time.

***Evan Drellich of The Athletic contributed to this report.***