

Kovalchuk Deal Will Alter Future NHL Stars' Contracts

Written by Matthew Collier
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I know what you're thinking: "Whew! It's finally over." Yes, the summer-long saga that was superstar forward Ilya Kovalchuk's contract has come to an end. But, the NHL's approval of the agreement between the New Jersey Devils and Kovalchuk worth \$100 million over 15 years did not come without caveat.

The old system of determining cap hit was to take the average salary throughout the duration of the contract. Just reading those words you can see what NHL officials didn't: teams will sign long-term deals to reduce cap hits. And, though there was nothing in the Collective Bargaining Agreement against the original 17-year, \$102 million deal, the NHL rejected it and had their rejection upheld.

As we know, Kovy and the Devils aren't the first to give this a go. The Chicago Blackhawks' forward Marian Hossa, the Vancouver Canucks' goalie Roberto Luongo and the Boston Bruins' forward Marc Savard all signed deals they never intended on playing out.

After the rejection of Kovalchuk's first deal, we thought it would have two effects: ending future long-term, front-loaded deals and putting those of Hossa, Luongo etc. in jeopardy. It had neither effect. First, the Hossa-like deals will be grandfathered in. Second, When the NHL finally approved the new 15-year, \$100 million deal, they came out with new guidelines for long-term deals. Those guidelines according to the Associated Press are:

The compensation for all seasons that do not include or succeed the player's 41st birthday will be totaled and divided by the number of those seasons to determine the annual average value. In all subsequent seasons, the team's cap charge will be the actual compensation paid to the player in either that season or seasons.

For any long-term contract that averages more than \$5.75 million for the three highest-compensation seasons, the salary cap value for any season in which the player is age 36, 37, 38, 39 and/or 40 shall be a minimum of \$1 million.

Considering Kovalchuk's contract was only different by two years and \$2 million, it's hard to see those rules doing a whole lot of deterring of front-loaded long-term deals for players pre-30, but

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post-30 players may have it tough. We'll use two 2011 free agents as examples to demonstrate how the new rules affect superstars:

D Zdeno Chara – 33-years old – Chara may have taken the biggest hit. Chara is currently is making \$7.5 million. Under the old system, he could have signed a deal that would have taken him into his mid-40s and topped out in the \$10 million range in the first few years of the deal. Now, the Bruins won't bother to sign him past 40, they'll likely take him to 40 with a 6-year deal at \$1 million for the final year or two of the deal. Six years isn't bad for a current 33-year old, but since the team can't stretch the deal out to lower the cap hit, he's not going to see quite the pay day as he would have before.

F Alexander Semin – 26-years old – Semin may not be seen as quite the caliber of Kovalchuk, but he already makes \$6 million and will be looking to be locked up for life. Whatever team signs Semin will stick to signing him until the age of 40 as it is no longer beneficial to sign past that age. That leaves said team with 13 years. If you sign him for the minimum final four years of \$1 million, he could easily sign for \$100 million and make \$96 of that in the first nine years. That would make his salary in the first nine years at \$10.7 million but cap hit in the \$7.7 million range. I'm not saying Semin is worth \$100 million over 13 years, but you can see how teams can still reduce their cap hit but not by as much.

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