



13 THINGS I WISH I KNEW BEFORE I RECEIVED MY NIL PAYMENT

NIL & Tax Education Workshop 1

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PROS NEED PROS

- Many of you *want* to go pro. Some of us already *did*...
- We went “pro” in the tax and investment fields
- **HIRE A PRO!**



WHO WE ARE



- We are the *Proud Tax Planning Partner of Memphis Athletics*
- College athletics has changed. Student-athletes are now making financial decisions that can have real tax and long-term financial consequences.
- That's why Pickler Accounting partnered with Memphis Athletics.
- **Our goal is simple:** to be your personal coach when it comes to taxes and personal finance
- Have a Game Plan!

WINNING GOES BEYOND THE GAME





TRIVIA

WHAT FINALLY SENT AL CAPONE TO PRISON?

THIS CAPONE

NOT THIS KAPONE



ITALIAN-AMERICAN GANGSTER



MEMPHIS RAPPER

WHAT FINALLY SENT AL CAPONE TO PRISON?

- A. Bootlegging
- B. Organized crime
- C. Tax evasion
- D. Robbery

C. Tax evasion

- Capone was convicted of federal income tax evasion.
- Making money is exciting!
- Ignoring the taxes is not.





QUICK TAX FACTS

TAX FACTS: KNOW THE PLAY!

- Tax Day is **April 15**
- The tax year runs from January 1 through December 31, and your federal individual tax return is generally due April 15 of the following year.
- So, if you make money during 2026, you will generally deal with that income on your 2026 tax return filed in 2027.
- Filing your taxes is non-negotiable!





Rule #1
YOUR NIL MONEY
IS INCOME

YOUR NIL MONEY IS INCOME

- First things first: What are taxes?
- Income tax is simply a tax on money you earn.
- And NIL compensation is generally taxable income.
 - Being a student doesn't automatically make your income tax-free.
 - Being young doesn't make it tax-free.
 - Your parents claiming you as a dependent doesn't automatically make it tax-free either.
- If you make money, start thinking about taxes.





Rule #2
KNOW HOW YOU'RE
GETTING PAID

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- As a student-athlete, you may be dealing with two different types of payments:

1. REVENUE SHARE

- Money you receive through the university's revenue-sharing arrangement.

2. NIL / INDEPENDENT CONTRACTOR INCOME

- Money you earn from businesses, appearances, endorsements, social media, camps, autographs, etc.
- Many traditional NIL arrangements treat you more like a self-employed individual or independent contractor than an employee.
- **Independent contractor income can come with self-employment tax, too. The check may be yours, but don't assume every dollar is yours to spend.**
- Know what the payment is before you spend it.



Rule #3
**YOUR CHECK IS GROSS,
NOT NET**

YOUR CHECK IS GROSS, NOT NET

YOU AGREE TO AN NIL DEAL FOR:

\$10,000

YOU RECEIVE:

\$10,000

- There *may* be **NO TAXES TAKEN OUT**.
- That is very different from a traditional paycheck, where taxes may already be withheld.
- So, when \$10,000 hits your account do not automatically assume you have \$10,000 to spend.
- Just because taxes weren't withheld does not mean the income isn't taxable.



Rule #4
KNOW WHO IS
ACTUALLY GETTING PAID

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LLCs & S CORPS

- Before the money arrives, ask: Is the payment being made to ME? or Is the payment being made to an ENTITY I own?
- You may hear people talk about LLCs, S corporations, and other business structures.
- An LLC can be useful in the right circumstances, but forming an LLC does not automatically save you money on taxes.
- An LLC may elect to be taxed as an S corporation. In the right situation, an S corp may reduce the amount of income subject to self-employment/payroll taxes, but it also comes with additional rules, payroll, filings, and expenses.



KNOW WHO IS ACTUALLY GETTING PAID

LLCs & S CORPS

- Your NIL income is *earned* income. Ways that income is taxed can depend on how you receive it and how your business is structured.
- An LLC may also be subject to Tennessee franchise and excise taxes, business tax, and annual filing requirements. Other states may have their own rules depending on where you live and perform services.
- Don't create an LLC or make an S corp election just because a teammate, friend, TikTok video, or Instagram post told you to.
- Talk to a tax professional first.





Rule #5
**KEEP TRACK OF
EVERY DOLLAR**

KEEP TRACK OF EVERY DOLLAR

- Know the long game...
- When money comes in, know:
 1. Who paid me?
 2. How much did they pay me?
 3. Why did they pay me?
 4. Were any taxes withheld?
- And remember... NIL isn't always cash.
 - Depending on the arrangement, compensation could potentially include things like merchandise, gift cards, trips, tickets, products, services, or other benefits received in exchange for promoting a business.
- **If you're compensated for something, keep a record of it.**





Rule #6
KEEP TRACK OF
WHAT YOU SPEND, TOO

KEEP TRACK OF WHAT YOU SPEND, TOO

- Some legitimate business expenses may potentially reduce your taxable business income.
- Marketing + advertising, Business supplies, Professional fees, Business software, Certain travel costs, etc.
- But not everything you buy is a business expense.
- The key question is: “Did I spend this money because of my NIL/business activity?”
- And always keep the receipt.
- **DON'T WAIT UNTIL APRIL TO FIGURE THIS OUT.**



Rule #7

GROSS INCOME $\neq$ PROFIT

GROSS INCOME $\neq$ PROFIT

- **EXAMPLE:**
 - NIL Income: \$20,000
 - Eligible Business Expenses: \$4,000
 - Net Business Income: \$16,000
- Your tax situation may be based on much more than simply the amount of money deposited into your bank account.
- Read the defense!





Rule #8

DON'T IGNORE THE IRS!

GET A COACH ASAP

DON'T IGNORE THE IRS

- You may receive a **1099** reporting compensation you received.
- **A 1099 IS NOT A TAX BILL.**
- It's a document reporting income that was paid to you and reported to the IRS.
- Keep every tax document you receive.
- Hire a professional to do your taxes and avoid the penalty!

1099-NEC

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Business Company 1234 Long Street Bigtown, US State, 12345		OMB No. 1545-0116 2021 Form 1099-NEC	Nonemployee Compensation Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
PAYER'S TIN 12-3456789	RECIPIENT'S TIN 123-45-6789	1 Nonemployee compensation \$ 12,345.00	
RECIPIENT'S name Peter Payer Street address (including apt. no.) 5678 Short Ave. City or town, state or province, country, and ZIP or foreign postal code Littleville, US State, 67890		2 Payer made direct sales totaling \$5,000 or more of consumer products to recipient for resale ☐ 3 4 Federal income tax withheld \$	
Account number (see instructions) X		5 State tax withheld \$ 6 State/Payer's state no. ST 123456 7 State income \$ 12,345.00	

Form **1099-NEC** (keep for your records) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

 the balance



Rule #9

**TAXES AREN'T JUST
AN APRIL PROBLEM**

TAXES AREN'T JUST AN APRIL PROBLEM

- When do I file?
 - The tax year generally runs January 1 → December 31
 - Federal individual income tax returns are generally due APRIL 15 of the following year.
- But you need to think about taxes before April.
 - You may need to make **estimated tax payments** during the year.
- Think of estimated payments as paying *some* of your expected tax bill along the way instead of waiting until the end.





Rule #10

**YOU DON'T HAVE TO
FIGURE THIS OUT ALONE**

YOU DON'T HAVE TO FIGURE THIS OUT ALONE

- You don't need to become a CPA but you do need to know when to ask for help.
 - Before you sign something you don't understand...
 - Before you set up an LLC/Sub S...
 - Before you spend an entire NIL payment...
 - Before tax season...
- **ASK!**
- When in doubt, call your tax professional.





Rule #11
AGENT FEES
STAY IN BOUNDS

AGENT FEES

- **NIL / BUSINESS INCOME:** Fees or commissions paid to an agent for negotiating or managing your NIL deals may generally be deductible as a business expense.
- **PERSONAL OR NON-BUSINESS SERVICES:** Just because you paid an agent doesn't automatically make the entire fee deductible. Personal expenses generally are not business deductions.
- **MIXED SERVICES:** If your agent handles multiple things for you, the fee may need to be separated based on what services were actually provided.
- **KEEP THE RECEIPTS:** Save your agent agreement, invoices, payment records, and documentation showing what the fee was for.
- A deduction reduces the income you're taxed on. It does NOT mean you get the entire expense back.

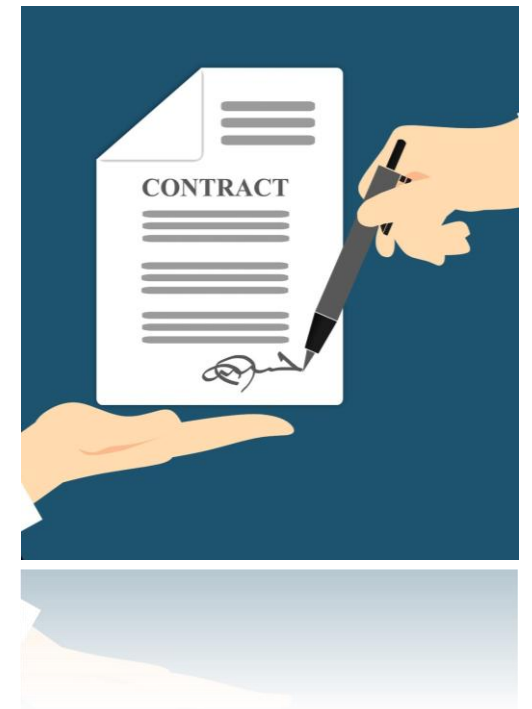


Rule #12
BEFORE YOU SIGN
CALL A PRO

BEFORE YOU SIGN, CALL A PRO

A contract can affect more than just how much you get paid.

- Know exactly what you're agreeing to before you sign.
- Understand how much you'll be paid, when you'll be paid, and who is paying you.
- Look for fees, commissions, exclusivity, renewal terms, and cancellation provisions.
- Make sure you understand what is expected of you in return.
- A contract could have tax, legal, and financial consequences you may not see coming.
- Have a pro review it first!





Rule #13

POSSES ARE EXPENSIVE

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Success often means more people want to be on your team.

- Agents, managers, trainers, attorneys, accountants, advisors, assistants, friends and family can all come with a cost.
- A percentage here and a fee there can add up quickly.
- Know who you're paying, how much you're paying, and what you're paying them for.
- Not every person around you needs to be on your payroll.
- Surround yourself with people who protect your future, not just enjoy your success.
- **BUILD YOUR TEAM. DON'T FUND AN ENTOURAGE.**



KEY TAKEAWAYS

KEY TAKEAWAYS

1. **LOG** what you earn
2. **TRACK** what you spend
3. **SAVE** for taxes
4. **ASK** questions early
5. **DON'T** ignore the IRS
6. **HIRE** a pro and protect the pocket!



NEXT SESSION:
SAVING, INVESTING,
AND BUILDING WEALTH
OCTOBER 13



Q&A

GO TIGERS GO!



THANK YOU

