



NIL HANDBOOK

MAXIMIZING OPPORTUNITIES FOR STUDENT ATHLETES



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RESEARCH

The purpose of this handbook was to equip student athletes with the necessary information to assist in pursuing NIL opportunities. With the newness of NIL comes a lack of direction. My objective was to gather information on the areas of NIL that needed the most clarity. Through conversations with industry professionals, information has been gathered and placed in the NIL handbook to provide clarity that student-athletes may need.



RESEARCH METHODOLOGY

Qualitative data was used via interviews to gather information on the most relevant topics in NIL. The industry professionals consisted of:

1. Will McGuffey: AWM Capital – Private wealth manager who specializes in athlete wealth management.
2. Mackenzie Mulvey: Spyre Sports Group – Univ. of Tennessee's NIL Collective, the number one ranked collective in the Country.
3. Mackenzie Tole: Tole Sports Management – Specializing in helping student-athletes reach NIL opportunities.
4. Jacob Lille: Corporate Contracts Attorney – Provides expertise on NIL contracts.



FINDINGS

With this project being in handbook format, it was necessary to narrow it down to the most important topics. Findings showed that these five areas needed the most clarity: State and University guidelines, NIL Collectives, NIL ideas, Contracts, and Wealth Management. These topics were covered through informational interviews and resulted in the formulation of the NIL Handbook.



DEFINING NIL

*Name, Image and
Likeness*

NIL

- Name, Image and Likeness make up the acronym (NIL).
- Anytime an athlete's NIL is used, they immediately become eligible for compensation.
- Compensation can come in many forms: cash, discounts, gift cards, product, etc.

- Opportunities can only be capped by your State and University guidelines.
- Before entering an NIL deal it is a necessity to consult your school's compliance office to ensure that you are not breaking your State or University guidelines. If these guidelines are broken you place yourself at risk of ineligibility.

What can you do?

**ENDLESS
OPPORTUNITIES**



WHERE WE STAND TODAY

There have been 32 States that have passed NIL legislation to date. This number is bound to change as there are 10 States waiting on legislation to be passed and the remaining States are in the process of putting legislation in place. The California, "Fair Pay to Play Act" has often been used as the framework for States when forming their legislation. California's Act made it illegal for Universities to deny the athlete to be compensated for the use of their NIL as long as the athlete was following the State guidelines.



GUIDELINES

Before entering an NIL deal there are two sets of guidelines that you need to ensure you are following: State and University. There is an attached link below that outlines the restrictions each State has in place. The athlete will find the recurring theme of the outlaw of the use of University logos in NIL deals. For example, a University may prohibit the athlete to use their logo when filming a commercial. The best way to keep up to date on these restrictions is through consulting an NIL expert or working directly with your University's compliance office.

NIL COLLECTIVES

What are they?

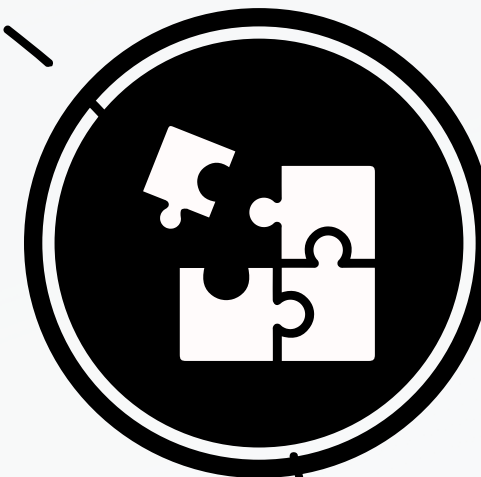
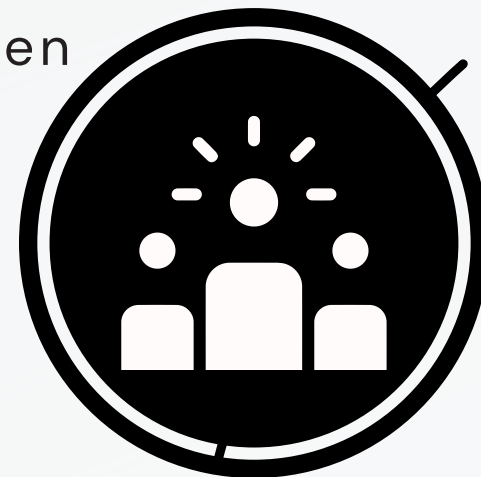
NIL Collectives are an entity separate of the University. As of now, they are not directly affiliated with the University but new legislation has been introduced, suggesting the Collective be directly correlated. This has not been passed.

Funding

Collectives are funded by boosters and businesses. Those who donate can submit one-time payments or subscribe to the Collective.

Deliverables

The funds from the Collectives are distributed to the Student-Athletes in return for deliverables. A deliverable is an act that the athlete performs in return for compensation. For example, University B may provide Player A \$2,000 to make an Instagram post in support of the Collective. The Instagram post would be an example of a deliverable.



NIL Collective: Pros

01

FINANCIAL & LEGAL ADVICE

Those without an NIL expert can utilize their Collective's legal advice to ensure they are not breaking any State or University guidelines.

02

COMPLIANCE

NIL Collectives can help ensure that you are covered from a compliance perspective ultimately helping preserve your eligibility.

03

MARKETING

Social media is your resume when it comes to NIL. Collectives can help boost your social media presence by marketing you via their social media outlets.

04

COMMUNITY

Oftentimes the Collectives are very involved in your University's community. They can help assist with immersing you in the community and grow your presence.

NIL Collective: Cons

01

CONFLICT OF INTEREST

Athletes need to be aware that at times the Collectives can place their interest above the athlete's. For example, if you sign with your Collective and they ask you to be in an Ad of a brand you may not support, you will still have to partake in the Ad.

02

CONTROL

When entering a Collective contract, the athlete oftentimes loses control of what they can and cannot do. The expectations in the contract must be clearly understood before deciding whether or not the Player wishes to join.

03

EXPLOITATION

Collectives may take advantage of student-athletes lack of knowledge in marketing and contract negotiation. The athlete should utilize an NIL expert to ensure that the details of the contract are clearly understood.

04

DURATION OF CONTRACT

Before entering a Collective deal, the athlete must be aware of the duration of the contract in making sure it does not contract them past their College career.



COLLECTIVES: WHAT TO LOOK FOR

When looking through your contract, be aware of the word “exclusive” before agreeing to join your University’s Collective. The player must beware of the level of “exclusivity” that the Collective has in regards to their NIL. Oftentimes the Collective is fully exclusive which eliminates the ability to pursue opportunities outside of the Collective. This can be negotiated.



SHOULD I JOIN MY COLLECTIVE?

The answer to this question is very subjective. For student-athletes with a large social media following it is recommended for them to not join their University's Collective *unless* the Collective agrees to work with the athlete on the extent of the "exclusivity" that the Collective has. For example, if the Collective agrees to allow the athlete to pursue NIL deals outside of what the Collective provides, then the recommendation would be to join, but if the Collective requires full exclusivity from the athlete then it must be re-assessed. On the other hand, if you are an athlete struggling to reach NIL deals due to the lack of social media presence then the recommendation would be to join your Collective. This will ease the process of finding deals as oftentimes the Collective will find the deal, create the contract, and come up with the deliverable. A deliverable is what the athlete does in return for compensation. For example, if the athlete is given \$1,000 (compensation) then they must provide a deliverable such as a social media post, commercial, etc.

Player Checklist

01

TERMS

The player must understand the terms of an agreement before entering a deal. Here are some examples of questions to ask:

1. Autographs: How many items am I signing?
2. Autographs: What is the price per autograph?

02

TERMS

3. Appearances: How many appearances? Duration of each appearance?
4. Appearances: Am I responsible for my own travel costs?
5. Ads: What is the length of the ad?
6. Ads: How many times will I be expected to record?

03

TERMS

7. Social Media: How many posts am I expected to make?
8. Social Media: What social media platform am I posting on (Instagram, X, TikTok, etc)?
9. Social Media: What type of post (static or story)?

Player Checklist

01

AVAILABILITY

The player must assess their availability before entering an agreement.

Once you sign a contract you are legally bound to complete its requirements. The athlete must determine whether or not they will have the time to complete the contract's components.

02

CONTRACT EXPIRATION

The athlete must ensure they are aware of when the contract ends. Here are some phrases to look for in the contract:

1. "When out of eligibility"
2. "For the school year"
3. "One year"

03

IDENTIFY YOUR NEEDS AND WANTS

Do not contract yourself into a product that you don't align yourself with.

Athletes must realize that if they sign a contract with a company then they will be expected to not use rival company's products.

04

UTILIZE LOCAL COMPANIES

Local companies are constantly looking to support their University's student-athletes. Reaching out to local businesses is a great outlet for athletes to not only receive compensation but become more connected with their community as well.

ESTABLISHING PRICE POINTS

Determining how much the athlete should be looking for is extremely subjective and can best be summed up in the phrase: “you determine your value” (i.e. if \$1,000 is too little for you to make an appearance then say no). Here are a few tools to help assist in determining value.

With NIL, Social Media is your resume. The more followers you have, the more of an audience a company reaches, ultimately making you more attractive.

SOCIAL MEDIA PRESENCE

Engaging with your community is another way to open doors in NIL. For example, Athlete A loves to eat at a local burger joint and he/she asks if they would be willing to collaborate for an NIL opportunity.

COMMUNITY PRESENCE

An opportunity that may seem meaningless now, can hold great weight down the road. You never know if the small business owner that DM'ed you will one day get hired to be a major CEO. Treat everyone with the same respect.

ANSWER ALL INQUIRIES

PROVIDING NIL IDEAS

01

AUTOGRAPHS

Establish the price per item and have a signature minimum. For example, \$17 standard items (balls, photos, cards), \$20 premium items (jerseys, bats, helmets) and \$5 added for inscriptions.

02

APPEARANCES

Establish the max time for an appearance, how many you are supposed to make, the dates you are supposed to make them on and the location you are to appear at.

03

VOICE

You can use your voice for a radio show, podcast, etc. Establish how many times you are expected to record, the duration of the recording, location of the recording, and the topic of discussion to ensure you don't contract yourself into controversial topics.

04

SOCIAL MEDIA

What is the type of post you are making (story or static)? What platform will you post on (IG, X, TikTok)? How many posts are you expected to make? What will the post look like?

CONTRACTS

01

PARTIES

The Parties clearly define who is involved in the deal. Defining the parties will clarify who will be providing the deliverable and who will be providing the payment. Most important note when reviewing the Parties is that Universities cannot be a Party in the contract.

02

OBLIGATIONS

Obligations define what each party must do in order for the contract to be fulfilled. So, for example, if Party A (athlete) agrees to appear at the local pub for 2 hours on Friday, January 5, 2024, from 5:00 PM – 7:00 PM, then Party A must show up on that date and appear for that time. On the contrary, if Party B (pub) agrees to pay \$1,000 for the appearance then they must fulfill that payment.

03

PAYMENT

Payment can come in many forms: merchandise, gift cards, cash, discount codes, etc. Refer to slide 12 for questions to ask in regards to different types of opportunities,

04

STATE LAWS

The contract must align with the State's NIL laws resulting in the necessity for clear writing regarding which State the deal is bound to. Ignorance is not a defense in these cases so the athlete must be sure that they are abiding by their State guidelines. The best way to do this is by including the following phrase "This agreement is governed by, construed, and enforced in accordance with the Laws of the State of X,..."

WEALTH MANAGEMENT: W-2 V. 1099

W-2 tax forms are issued to employees on a company payroll. On the contrary, 1099 forms are provided to independent contractors.

NIL contracts will most often be reported via 1099 forms. The first \$600 you make from an NIL deal is allowed to go un-taxed but any dollar past the \$600 threshold must be reported.



1040 TAX

A 1040 is a U.S. Individual Income Tax Return Form that U.S. residents utilize when filing their taxes. The form is meant to calculate the taxable income of the taxpayer and determines how much is to be paid or refunded by the government. In the case of NIL, the IRS taxes NIL income at the self-employment rate of 15.3%. This does not include the State returns that the NIL deal is bound to. For example, Player A is from California and goes to play College baseball in Texas. The player must pay the California income tax rate unless they proactively change their residence to Texas.



TAX DEDUCTIONS

If you are required to travel for an NIL opportunity then you can deduct expenses as long as it is directly related to the 1099 income. Some deductions include: hotels, airfare, mileage, rental cars and agent fees. If you pay a fee to your Agent for an NIL opportunity as an independent contractor then you are able to deduct that agent fee against your 1099 income.

NET INCOME



The amount of money that goes toward outlets such as: rent, eating out, entertainment, etc.

SPEND



The amount of money that you are putting away to grow over time. This money can be invested into public and private markets.

SAVE



The amount of money you plan to disperse to family, friends, or charities. This is more applicable to higher earning NIL athletes and is dependent on the player's situation.

SHARE

INCOME TRACKING

01

OPEN AN ACCOUNT

Before entering into any NIL deals you should open a new account that is meant solely for NIL. This eases the ability to track what comes in and goes out as well as easing the tax return process.

02

INCOME PROJECTIONS

Projecting income begins with evaluating deals you have already completed. Step 2 is to evaluate the taxes that need to be paid for the deal. Step 3 is to project how much you will have remaining.

03

TAX PROJECTIONS

Tax projections are completed based on the total not on the individual contract. Example: 5 contracts x 20k each = 100k total. The 100k is the number you use for your tax projection.

04

PAYMENT TRACKING

The most efficient way for payment tracking and reconciliation is to obtain a ledger from your NIL provider. This will tell you when to expect your payments to be fully paid out.

INCOME TRACKING

01

CASH FLOW

Your cash flow is your after tax number.
Example: You receive 100k, were taxed 15k and put 30k into a retirement account.
 $100k - 15k - 30k = 55k$ left to spend.

02

EIN

Your employer identification number (EIN) can be established in order to comply with certain IRS rules. An individual may or may not need to apply for an EIN based on their situation.

03

EMAIL

Set up a business email account to organize any opportunity that comes your way. This will ease the process of tracking down past conversations.

04

DOCUMENT VAULT

Open a Google Drive folder or something similar where you can store all contracts, tax return, expenses, etc.



TRANSFER PORTAL

With the transfer portal being more prominent than ever it is important that athletes are not contracting themselves into deals that will bind them to the school they are attending. On3 sports published an article that looked into whether or not athletes could be sued by their current school's collective if they decide to leave via the transfer portal. They were able to find that an athlete can be sued by their University's collective for breach of contract. With some NIL agreements requiring a certain amount of deliverables this requires the athlete to fulfill them before leaving. If an athlete leaves via the portal before fulfilling these deliverables then they could be sued for "breach of contract". This provides a necessity for termination language to be implemented into each contract in order to protect the athlete from being sued upon departure. Ayden Syal, the Co-founder of MOGL, a leading NIL operations software provider has said, "Athletes must pay specific attention to exclusivity clauses that could prohibit their future earning potential and ensure that scenarios for contract termination – such as transferring schools – are clearly detailed in the contract and understood by all parties."