Building Your Bench – Professional Advisors Become An Essential Part of Navigating New NIL Landscape for College Athletes

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It's a new day in college athletics as sweeping changes in law and the NCAA policy on an athlete's ability to receive compensation for their name, image and likeness (NIL) take effect across the nation. Universities are working quickly to draft and communicate their policies and athletes are chomping at the bit to take advantage of the new opportunities afforded to them under these changes. But, with excitement and new opportunities comes the risk of missteps, especially as all sides learn the new landscape at the same time.

Because college athletes are new to the business side of sports, education on the use and importance of professional advisors is going to be essential in protecting these students from making "rookie mistakes" that could really cost them. In addition to working with their coaches and athletic departments on compliance and reporting requirements, college athletes will also need the following professionals to help them navigate the financial and legal issues involved in NIL deals:

- **Attorneys** – At their core, NIL opportunities are an intersection of intellectual property rights (i.e. the right to publicity) and contract law, both of which are specialized areas of law that require careful consideration for those who wish to take advantage of these new opportunities. Unlike player contracts, there is no "standard" NIL contract. Every deal will be different, making it critical that athletes work with legal professionals to help them understand both the financial terms and the long-term implications of these contracts before they sign. Without this counsel up front, athletes could get stuck with deals that inhibit them from taking advantage of future opportunities, cost them financially, or put them at risk for liability – all of which can erode the very brand the athlete is trying to build. In addition, the creation of logos or other branding materials without consultation with a qualified intellectual property attorney can put an athlete at risk of being sued for trademark or copyright infringement, which can be devastating from both a financial and business perspective.
- **Financial Advisors** – Generally speaking, financial advisors help clients reach their financial goals by advising them on how to invest and manage their assets. This was not a service many college athletes needed when they only received scholarship dollars and earnings from short-term summer employment, but for those athletes who will now be earning additional compensation through NIL deals, good financial fitness will be essential to setting themselves up for the future. It is important for athletes to understand, however, that not all financial advisors are created equal. Understanding an advisor's credentials, fee structure and overall investment philosophy will be important to ensure that the professionals they are trusting with their hard-earned dollars have their best interests in mind.
- **Accountants** – With earnings comes tax, something most college students have yet to learn about or experience for themselves. College athletes signing NIL contracts and receiving cash, services or goods as compensation will need to understand how their compensation is taxed, when that tax needs to be paid and where it is to be reported. As many college students are still claimed as dependents on their parent's tax returns, this planning will be important for both the athlete and his/her parents. When the sole form of compensation was in scholarships (most of which are not considered taxable income), tax reporting was likely not complicated for many athletes or their families. But when athletes begin receiving payment from sponsorships or other opportunities, errors in reporting can result in substantial taxes, penalties and interest. Professional advice from a qualified accountant can help ensure that college athletes report all of their income and claim the deductions they are entitled to so that they do not overpay any tax due.

Ultimately, NIL brings college athletes great opportunity to build their brand and to have financial success earlier in their careers than ever before. For athletes wishing to ensure this success is built to last, stacking the bench with qualified professionals will be crucial.

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