

Navigating NIL Deals: Why Estate Planning is Essential for College Athletes

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As September brings students back to school across the country, college athletes are encountering new opportunities and challenges, particularly with the recent developments in Name, Image, and Likeness (NIL) rights. Now able to leverage their personal brand as a valuable commodity while competing at the collegiate level, athletes face a paradigm shift that requires financial literacy and strategic planning. This transformation has turned student-athletes into potential entrepreneurs, with their talents and popularity becoming marketable assets. One crucial element of a strategic plan that is often overlooked is estate planning, which can protect a student-athlete's newly acquired assets and ensure long-term financial security.

The NIL “Revolution”

The National Collegiate Athletics Association's (NCAA) decision to allow athletes to profit from their NIL rights has opened a significant and long-overdue financial door for college athletes. Now, they can capitalize on endorsement deals, social media partnerships, and even personal business ventures during their college careers rather than waiting for professional opportunities to unlock financial rewards.

However, with these new earnings come added complexity. For young athletes, rapidly growing income and brand recognition introduce significant financial and legal considerations. Estate planning—often thought of as something for older individuals—becomes crucial for these athletes to manage their wealth, mitigate taxes, and ensure long-term security.

Estate planning involves organizing how assets will be managed and distributed in the event of incapacitation or death. It typically includes creating wills, trusts, powers of attorney, healthcare directives, and implementing tax strategies. For college athletes, however, estate planning is not just about planning for life after death—it is about protecting assets, managing new income, and ensuring their families and loved ones are cared for in case of the unexpected.

Why Should the College Athletes Plan Ahead?

1. **Asset Protection:** NIL deals can yield substantial income, with earnings likely to increase as an athlete's career progresses. A comprehensive estate plan helps protect this wealth from creditors, lawsuits, and other risks. Trusts, for instance, can provide a layer of legal protection, ensuring that the newfound fame and exposure do not lead to financial vulnerability. Trusts can also facilitate smooth transfers in the event of incapacity.
2. **Tax Efficiency:** Significant earnings from NIL deals can result in hefty tax liabilities. An estate plan can implement strategies to reduce tax exposure during an athlete's career, into retirement, and beyond. Since tax laws vary by state, working with an expert can help athletes navigate complex tax requirements and avoid overpaying.
3. **Disability Planning:** In high-contact sports like football, soccer, or basketball, the risk of injury is always present. Estate planning can include provisions for medical or financial decision-making in case of incapacitation due to injury. This

ensures that a trusted individual is in place to manage the athlete's financial affairs and act in their best interests, even if they are unable to make decisions themselves.

4. **Brand Management:** For student-athletes whose personal brand significantly contributes to their earnings, estate planning can safeguard their image, likeness, and business ventures, even after their retirement. A well-structured trust or corporate entity can hold and manage these rights, ensuring that the athlete's brand remains protected and managed according to their wishes.

The Foundational Elements of an Athlete's Plan

1. **Last Will and Testament:** The cornerstone of any estate plan. It outlines how assets should be distributed and designates guardians for any dependents, ensuring that loved ones and interests are cared for according to the athlete's wishes.
2. **Trusts:** Offer flexible tools for asset protection, tax planning, and managing income over time. They help avoid probate, reduce tax burdens, protect trust assets from potential lawsuits, and provide tailored terms for beneficiaries.
3. **Power of Attorney:** This document grants a trusted individual the authority to make financial and legal decisions on behalf of the athlete if they become incapacitated or even if the athlete is unavailable due to in-season travel, ensuring that important matters are handled effectively in their absence.
4. **Healthcare Directives:** These directives detail medical care and treatment preferences and designate someone to make healthcare preferences and appoint someone to make healthcare decisions if the athlete is unable to do so due to injury or illness. This ensures that their medical treatment aligns with their wishes.
5. **Business and Brand Succession Planning:** For athletes with substantial earnings from NIL deals, succession planning is crucial. This includes strategies for protecting intellectual property, trademarks, or businesses tied to their name and image. Proper planning ensures their brand and business ventures are preserved and managed in alignment with their long-term goals, even after death, to ensure that their loved ones reap the benefit of their brand well into the future.

The Importance of Estate Planning in the NIL Era

In the fast-paced and often unpredictable world of college sports, estate planning provides student-athletes and their families with a crucial safety net. As NIL deals continue to grow in both value and complexity, so too does the need for thoughtful estate management. Estate planning equips athletes with the tools to protect their assets, preserve their brand, and ensure their legacy both on and off the field. For any college athlete navigating the new NIL landscape, estate planning is not just a financial strategy but a pathway to long-term security and peace of mind for themselves and their loved ones.

If you or your family are navigating the opportunities and challenges of NIL agreements, it's worth considering a conversation with someone who understands both the legal and financial landscape. Candace Dellacona is available to discuss how estate planning can fit into your broader financial strategy, ensuring you're prepared for the future.