

Aura Sports playbook

How to navigate the “Name, Image and
Likeness” landscape

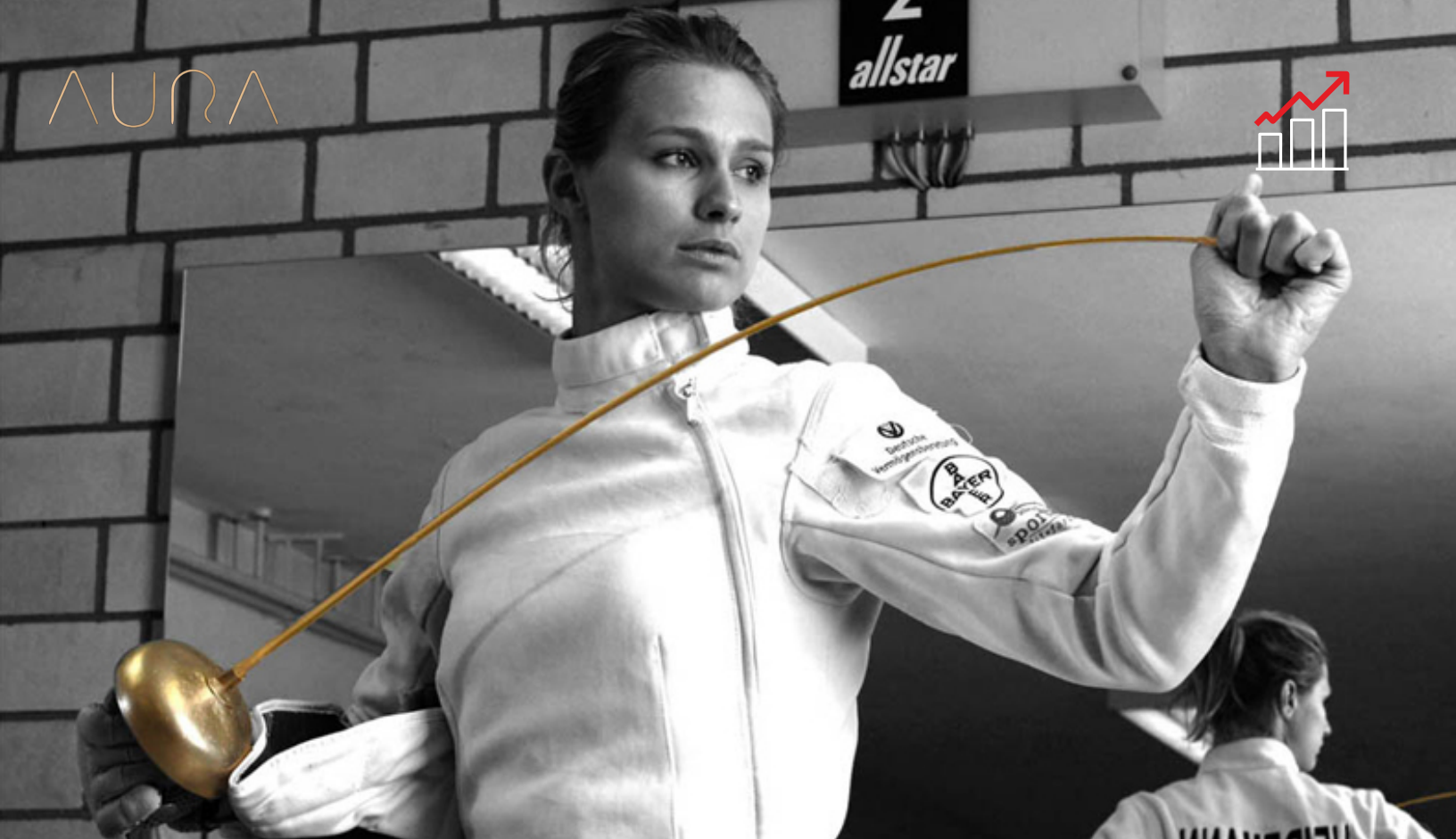
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What's all the buzz?

NIL is currently a big buzzword in college sports. With new standards in place, high-profile college-level athletes can now monetize their name, image and likeness through sponsorships and endorsements—and keep others from using their name, image and likeness without consent.



The **growing value** of NIL

Professional musicians, movie stars and athletes have historically used their NIL to generate income by serving as product representatives or by selling their own merchandise. Picture Michael Jordan teaming with Nike for Air Jordans, George Foreman's endorsement of Foreman Grills and Serena Williams as a representative for Pepsi.

In fact, many successful athletes are using their NIL to generate even greater income than they make in their sport. While intellectual property law has governed professionals' right to publicize and control the use of their identities, now amateurs can also benefit from NIL.

Until recently, college athletics' governing body, the National Collegiate Athletic Association (NCAA),

prohibited student-athletes (and high school athletes hoping to compete in college) from benefiting personally from NIL deals while competing for their school. Despite this ban, the NCAA and universities use high-profile athletes to generate billions of dollars of revenue annually.

Ticket sales and television broadcasting generate a lot of money for these schools. So do merchandise sales and brand partnerships with companies like Nike, Under Armour and Adidas. These companies benefit every time their logo appears on stadium and television screens.

Student-athletes have always been walking billboards, but until now, they couldn't benefit from their school's capitalization of their NIL.



Challenging the status quo



For years, the NCAA profited from partnerships with video game maker EA Sports, which used college football and basketball players' likeness to generate millions of dollars in sales. None of that revenue went to the players whose NIL was being used, until former UCLA basketball star Ed O'Bannon and other players challenged the practice in a 2014 lawsuit against the NCAA.

The NCAA eventually settled the lawsuit with the players, and as a result, 24,819 current and former student-athletes were paid an average of \$1,600 in damages, after lawyers' fees, for lost compensation—while the NCAA and EA Sports agreed to end their video game partnership.



From the Supreme Court to the states



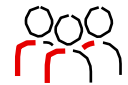
That 2014 court ruling paved the way for another pivotal ruling from the United States Supreme Court. In June of 2021, they unanimously ruled that the current NCAA limits on college athlete compensation violated US antitrust laws. This ruling overturned the NCAA regulations for college athletes and eventually led the way for states to determine how athletes can benefit financially from their own name, image and likeness. Following this decision, the legal landscape around NIL has been chaotic. Currently, there are no federal laws governing NIL deals. NIL rights are based on

individual state laws, which means rules may vary from state to state. This creates disparities among regions, divisions and conferences, and provides recruiting advantages to schools in states with more defined NIL policies.

California was the first state to enact NIL laws through the “Fair Pay to Play Act.” Their laws even allow high school student-athletes to participate in NIL deals without risking their college eligibility. Other states are rushing to put laws into place to protect the rights of high school and college athletes signing NIL deals.



Who's paying?



Although a small group of high-profile college and high school student-athletes may benefit from lucrative NIL deals, most NIL deals will be funded by university alumni and supporters through groups called “collectives.” Collectives are companies set up and funded by school boosters (donors) who want to provide NIL opportunities to student athletes at those schools. The goal of collectives is to use alumni and booster donations to help student-athletes monetize their personal brand. Schools with a large alumni base and wealthy donors have larger collectives and more money to help attract and retain top tier

student-athletes. The collectives raise money, then pay student-athletes to endorse or use their product or services. In most cases, the college’s players promote the business or product on their personal social media accounts. In return, the student-athlete is paid.

It’s important to note that the NCAA is not yet sharing revenue with athletes. Instead, for now, they have updated their rules, to allow athletes to get endorsement deals on their own—or with help from a university.



A competitive **advantage** for colleges



For the first time ever, high school student-athletes are considering NIL opportunities during the college recruitment process. College level players who are contemplating transferring to a new school are considering NIL deals, too. This provides a huge advantage to universities whose athletic programs have established, well-funded NIL programs in states with clear rules protecting athletes' NIL rights. Schools that are unable to provide competitive NIL financial opportunities will lose athletes to other schools that offer better deals. States without well-defined laws may also miss out.

5 keys

to a strong NIL gameplan

1. Understand the financial basics

- Revenue from an NIL deal may be the first income you ever receive and with that comes the responsibility of understanding your finances. You should take time to **understand the financial system** of banks, investments and taxes. Start learning now, before deals start coming in.
- **Know the difference** between a checking account, a savings account and an investment account. Understand the role of stocks and bonds and how they help to generate and preserve wealth.
- **Educate yourself** by using the resources made available at your school, athletic department, personal bank or local financial advisors.
- Understand how compounding helps investments generate their own earnings over time. (See chart below.)
- Understand, build and protect **your credit score**. A good credit score can benefit you in years to come by making it easier, and less expensive, to borrow money for major purchases, like a car or a house.
- **Avoid unnecessary fees**. Watch out for ATM fees and bank overdraft fees. Online banking and smart phone banking apps make managing your money easier.



Investment earnings generate their own earnings

With compounding, \$5,000 invested every year could become nearly \$700,000.

5 years \$28,754

15 years \$125,645

25 years \$316,245

\$691,184

35 years

Hypothetical growth of what you could accumulate after 5, 15, 25 and 35 years if you save \$5,000 each year and earn an assumed rate of 7% annually. The compounding concept is hypothetical, for illustration only, and not intended to represent the performance of any specific investment, which may fluctuate. No taxes are considered; generally, withdrawals are taxable at ordinary rates and may be subject to tax penalties. The dollar amount would be less once taxes are taken from the values. You can lose money by investing in securities. Investing involves risks, including the potential of losing money or the decline in value of the investment. Performance is not guaranteed.



2. Research your school's/state's NIL rules and laws

Get to know the NIL laws and rules for the schools and conferences recruiting you. Money aside, what situation (of both state law and school rules) would protect you best? How about worst?

You can't make an informed choice between deals without understanding how you may be treated once you sign. While NIL collectives offer educational resources, seek out independent educational resources as well.

3. Build a team of trusted advisors

- **Be proactive** with building a team of trusted advisors. Team members might include parents, coaches, agents, legal professionals and financial advisors.
- Trusted advisors should be **experienced in negotiating NIL deals**. They should understand the financial implications and be familiar with the unique challenges that come with earning significant income at a young age.
- Because having NIL rights at the high school and college level is new, untested and quickly changing, **be wary** of individuals or groups over-promising results. Before entering an agreement with any professionals offering to "help" with the NIL process, make sure to carefully research these individuals.

4. Think of yourself as a business

- NIL business planning requires a frank look at **your most important asset: you**. What are your athletic strengths and weaknesses? What are your marketing strengths and weaknesses?

Are you good at speaking to the media? Are you comfortable in front of a camera? Is your social media following large? If so, you may be able to leverage your social media presence to earn money.

• **Consider setting up a limited liability company** or ("LLC") to receive NIL income. Sometimes this LLC is called a "Loan Out Company" because its purpose is to loan out your name image likeness in exchange for money. Consult a trusted tax professional before pursuing this strategy.

5. Manage your brand

- **You're responsible** for the value of your personal brand and reputation. And that reputation is informed by more than your conduct on the field or stage. You strengthen or diminish your brand and reputation's value with every social media post, press conference and personal interaction.
- By design, NIL deals expand your public visibility. More visibility calls for even more **careful brand and reputation management**. The audience for a social media post or comment isn't just those following your account. It's anyone who could see it online. Your audience is everyone from the sports-writer predictably following your account to the marketing firm advising the company utilizing your NIL.
- Be sure the companies using your NIL **align with your values**. Not only will you serve as a public representation of the brands you endorse, those brands will also reflect on you.



So, you landed a deal and covered the five keys.

What's next?

Budget and save

Create a budget based on your income and expenses. **Consider needs first:** The first items in your budget should be the things you need to spend money on, like food, rent and professional advisors. If you are a scholarship athlete or still on your parents' payroll, you may not have significant day-to-day expenses. However, make sure you set aside enough funds to cover income taxes you will owe on scholarship and NIL income.

Avoid excessive spending: Know what you have and how much you can afford to spend beyond your primary needs. Money can disappear quickly when spending on luxury items. Think about how an item, trip or expense fits into the overall picture of your financial life. While this can be challenging for younger athletes to determine, it's extremely important to consider. What if this NIL deal is all you get? What comes next? Spend time considering the possibility of life beyond sports.

Grow your savings, grow your potential: Set aside extra money you don't need to spend right now into a high interest saving account, investment account or a retirement account to start saving for the future. You have the ability to take advantage of compound growth in investment savings accounts. Talk with your financial advisor about the right type of accounts for you.

Consider income taxes

A \$1 million NIL deal does not equal \$1 million in your pocket to spend. Income taxes will be due on the money you receive from NIL at the federal level (and maybe even at the state and local level, depending on where you live).

As mentioned before, **don't spend your money immediately.** Sit down with your tax professional and set money aside in a separate account to pay taxes. You may be required to make estimated tax payments at the federal and state level on a quarterly basis.



Manage risk

Most athletes who land an NIL deal will be well known in their community and beyond. Your earnings potential and public visibility may create potential liability for you. **Be aware of the risks associated with earning a high income and with fame.**

Protect valuable assets with insurance. Car and property insurance are the most common types of insurance. If you own, or are considering near-term purchase of a car or a property, be sure to have proper insurance in place. Consider an umbrella insurance policy to protect above the limits of traditional property insurance policies.

Insure yourself against injury and disability. Disability insurance can provide supplemental income if you become ill or injured in a way that prevents you from earning income by performing in your sport. Consider whether disability insurance makes sense for you to protect against the potential loss of your future earnings.

The **Exceptional Student-Athlete Disability Insurance Program**, managed by the NCAA, enables qualifying student-athletes, as approved by the program administrator, to purchase a disability insurance contract with pre-approved financing, if needed. This program can provide you with the opportunity to protect against future loss of earnings as an athlete due to a disabling injury or sickness that may occur during your college career.

Some schools offer disability insurance as part of their NIL package. Consider negotiating this into your NIL deal, if it is important to you. In certain situations, payments for disability policy premiums may also be a deduction against income taxes. Seek additional disability policies (beyond what the NCAA program or your school offers) to widen your options. Talk with your tax professional to determine what is right for you.

As a younger student-athlete navigating new NIL rules and regulations, you are getting a real-world crash course in business and finance.

It will be challenging to manage these new financial responsibilities on top of the full-time job you have as a student-athlete, but with careful consideration, you can manage your NIL rights effectively. Seek out information and trusted advisors to help you understand the legal, banking and financial world you are entering.

Build a solid team around you of qualified professionals to help guide you through the process. Opportunity abounds. Now's the time to make the most of it.

To learn more about
Aura Sports &
Entertainment, visit
aura.co.th/sports

About the author

Kaan Eroz, CEPA, CTFA

From the Pitch to Financial Planning: The Journey of Kaan Eroz

Kaan Eroz's journey from the football field to the realm of financial planning is a testament to his dedication, versatility, and passion for helping others achieve their goals. As a Wealth Planning Strategist at Aura, Kaan leverages his unique background and expertise to provide advanced planning strategies, design, and implementation for Aura's Financial Advisors and their high-net-worth clients.

A Footballer's Foundation

Kaan's early years were spent on the football field, where he honed the skills that would later serve him well in his financial career. His time as a professional footballer instilled in him the values of discipline, strategic thinking, and teamwork. These attributes not only led to his success on the pitch but also laid the foundation for his future endeavors in financial planning.

Transitioning to Financial Planning

After retiring from football, Kaan sought to channel his competitive spirit and analytical mindset into a new career. His transition to financial planning was driven by a desire to help others navigate the complexities of wealth management. Recognizing the need for advanced planning in the financial sector, Kaan pursued rigorous certifications and training to build his expertise.

Expertise and Credentials

Kaan is a Certified Exit Planning Advisor (CEPA) and a Certified Trust and Financial Advisor (CTFA), credentials that underscore his commitment to excellence and comprehensive understanding of financial planning. These certifications enable him to offer specialized advice in areas such as retirement income and cash flow analysis, estate and multigenerational planning, and business continuity and succession planning.

Role at Aura

At Aura, Kaan provides invaluable support to Financial Advisors and their high-net-worth clients. His role involves crafting and implementing sophisticated financial strategies tailored to the unique needs of each client. Whether it's planning for a comfortable retirement, ensuring smooth business succession, or creating a lasting legacy through estate planning, Kaan's insights and expertise are instrumental in achieving these objectives.

Holistic Approach to Wealth Management

Kaan's holistic approach to wealth management is informed by his diverse experiences and deep understanding of client needs. He recognizes that financial planning is not just about numbers; it's about understanding the individual goals and aspirations of each client. By combining his sportsman's discipline with his financial acumen, Kaan ensures that clients receive personalized, strategic advice that addresses every aspect of their financial lives.

Commitment to Client Success

Kaan's commitment to client success is evident in his meticulous approach to financial planning. He works closely with clients to develop strategies that not only meet their current needs but also anticipate future challenges and opportunities. His ability to navigate complex financial landscapes with clarity and precision makes him a trusted advisor to those seeking to secure their financial future.

Covering the Olympic Games 2024

Adding to his impressive portfolio, Kaan Eroz will be covering the Olympic Games 2024 on behalf of Aura. His unique perspective as a former athlete and current financial advisor allows him to offer insightful commentary and analysis, bridging the worlds of sports and finance. This role further underscores Aura's commitment to excellence and holistic support for their clients, highlighting the interconnectedness of athletic achievement and financial planning.

Looking Ahead

Kaan Eroz's journey from footballer to financial advisor exemplifies the power of adaptability and lifelong learning. His dedication to excellence and passion for helping others achieve their financial goals continue to drive his success at Aura. As a Wealth Planning Strategist, Kaan remains committed to providing advanced planning strategies that empower clients to achieve lasting financial security and peace of mind.

Through his unique blend of athletic discipline and financial expertise, Kaan Eroz is making a significant impact in the world of wealth management, guiding clients toward a future of prosperity and success.

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