**NFL Players’ Podcast Episode 10 Transcript**

Riccardo Stewart (0:11): Hey, we want to welcome you back to another episode of the AWM NFL podcast. My name is Riccardo Stewart and I'm joined with my friends and coworkers and just buddies. And I got Zach Miller, Jeff Locke and Sam Acho.

And so guys, we've been on this, this kind of a couple of weeks series, the last couple of episodes talking about like death and taxes, not so much of the death, but more of the taxes. And we're going to continue to kind of wrap up some loose ends today, but looking at the screen, as you can tell, I'm not in my normal backdrop. Um, Zach.

(00:41): is definitely not in his, we'd have Sam is looking good, looking sharp, looking very ESPN-ish. And then my man Jeff looks very, you know, the professor. Looks like he's got his books right there for us to read. So before we jump in, top of mind, first sack, where are you and what the heck are you doing?

Zach Miller (00:56): Yeah, we're out here in Irvine. Rick and I are here together seeing our guys doing off season meetings. And it's really cool because we get to kind of recap how last year went for them. And we really, I mean, we get in the nitty gritty, we talk about how much they saved, how much they had to cough up in taxes, you know, what they want their money to do for them.

And so it's a really good time for us to be in person. And it just, you know, especially our young guys reminds me of my first second year in the NFL, where you're still figuring things out. You're still making a lot of mistakes. And then when you have big dollars, those are big money mistakes sometimes, but then also the good things, the saving for the future, all those things. You really get to see guys on the path to being super successful and really achieve generational wealth when they just follow the playbook, do the right things. It's a great thing to see.

Sam Acho (01:41): I was, yeah, we had, not only was it spring break, but it was my wife and I's 10 year anniversary. And so I appreciate it. Thank you so much. Yeah. So we got a chance to go visit family in Canada and go to LA and celebrate there and spend some time in Austin. I got a chance to speak at South by Southwest on a panel.

Riccardo Stewart (01:47): Good, good. Sam, I mean, you were in Canada, now you're back in Dallas, is that right?

Zach Miller (01:55): Congrats.

Riccardo Stewart (01:57): Hey, let's get it.

Sam Acho (02:10): with B. John Robinson and some other guys. And so it was an eventful week, but it just was a great reminder of the things that actually matter of, yes, like money matters, but there's other types of wealth, right? That 10 years and like the grace of God in those 10 years, we got four kids. So a lot of things to be grateful for. And I'm just coming back off the tail end of a week and some change trip. Yo.

Riccardo Stewart (02:34): I like it. I knew something was up because that's a different type of haircut he got last week. It was that, it was that, it was that get right.

(02:47): What about you? I mean, I know a little bit about what's going on with you, Jeff. So tell us where you're at and where you're going to go as soon as we're done recording this.

Jeff Locke (02:55): Yeah, we're recording a little bit earlier today. I'm in my home office like usual, but I have the pleasure of serving our country in my duty for jury duty this week. So went there yesterday and I'm most likely going to be on this six or seven day trial. So gonna be interesting, but you know, we're all called at some point and it's my turn to do my duty.

Riccardo Stewart (03:20): Yeah, we all appreciate you doing that for our country. The rest of us are just gonna go and do the stuff that we regularly do on a Tuesday. Okay, so let's go ahead and jump in. So I've had this dream, I've had a couple dreams. I know we've had it. The one dream is that I can't get my cleat on and the game's about to start or I can't get my helmet on. Every former athlete I've talked to has that dream. The other dream, I don't know if it's unique to me, is like

I have this math class or history class in college that I realized I never really passed. And so am I really going to graduate? OK, I graduated college 20 years ago, and I'm still having this dream. And there's this sense of like, man, I know this has to be done. It's just one of those crazy things. Tax season's like that. Every year, it's like, OK, I know something has happened, but something else needs to happen. But I feel like I can't find it.

(04:20): this W-2 for I can't find this 1099. Like, am I going to be able to get it done? And that's kind of where we're at, right? When we're dealing with our players and we're like, hey, do you have this? Can we go collect that? And like, we try to do as much convenience for them as possible to gather all these things and then come all the questions about the taxes. And so today, I kind of want to, if I want to give it a title, it's going to be true truths and a lie. Cause there's a lot of truths about taxes other than that, yes, you have to pay them, but there's some lies or some myths that are there. And so let's go shotgun approach.

(04:40): and talk about a few of these things. So like, I'm gonna go back to the professor, start off with you and just kind of recap, you know, if you could, the three different buckets of how we receive income. And then I'm gonna just shoot you some of the questions that our clients give to us and have you guys answer. This will be a fun one.

Jeff Locke (05:05): I'm looking forward to this one. So three buckets. We're going back probably the last two episodes we talked about this. First one, W -2 income. Think about what you get from your team or most people get from their regular job. Your employer withholds taxes for you before you get your money. Second one, 1099 income, right? This is stuff you do, endorsement income, off the field stuff. You're getting money, no taxes withheld. So we got to figure out the tax stuff later this time of year. And the third one is investment income, right? Again, stuff spitting off your investments, rental properties, stocks, bonds, whatever you got going on. And again, taxes are not being withheld. So we got to figure it out this time of year to see what we got to pay on that income also.

Riccardo Stewart (05:50): Good. Okay, let's go. Spitfire. Some of the questions our guys give us. First, I'm going to start with you, Sam. It's already been noted because Jeff says it a lot and it's true. You're one of the most generous people we know. We sit down with a client and what they're going to say is, hey, you know what? I really want to do something dope for my community. I really want to do this camp. I want to do something. I want to start a foundation. Is that the only and or best way for them to be charitable? Like just from your own experience?

Sam Acho (06:15): So starting a foundation isn't the only way to be charitable and it may not be the best for you. For some people, it may be the best way to be charitable, but there are other ways to be charitable. We've talked about it in the past with some of our people we work with, the Donor Advice Fund is a way to actually give a little bit more money, not a little bit, significantly more money than you would have been able to give otherwise. It's essentially a tax advantage way to be able to donate money. So man, I want to make an impact. Maybe it's not starting a foundation. Maybe the simple step, the low hanging fruit is creating what's called a donor advice fund - and now you can actually give significantly more than you could before. So that's just one way as opposed to starting a foundation that you can be charitable.

Riccardo Stewart (06:55): That's good. Okay, Zach, I'm gonna kick it off to you. Just piggybacking on what Sam just said, okay, so we mentioned last episode, this donor advised fund, okay? Why does that help you in terms of taxes? Like, why is that important?

Zach Miller (07:08): Yeah, it's really cool. It's a win-win for both the charity and yourself, you're able to donate something that you would owe tax on. So think like I got a game like I made a bunch of money on investing in something I can take that and instead of investing cash, I'll donate that stock or appreciated asset as we call it. So you donate that to the charity and then I get the deduction.

So my own donor advice fund, if I want to pay less in taxes, but I also want to give, I'm going to give a bunch of money in high tax years. When I'm getting taxed a lot, I'm going to donate a lot of money and that donor advice fund is an investment account. So it doesn't just sit there. It actually grows. It can be invested so that I can from that give a hundred grand. I get that tax deduction for a hundred grand. And then the charity actually, they don't have any tax ramifications. They don't have to pay taxes. So they get to sell whatever I donate, collect all the money from it. And then, so they're winning. I'm winning with the tax deduction. And then it allows me to be able to give more and then give more consistently and then give each year. Cause you know, if you, if you don't have all that money distributed from that, from that year, you donate, you can carry it forward to future years while still getting that tax break in your current year.

Riccardo Stewart (08:22): Damn, that's the game. I'm gonna embarrass myself here real quick. So my freshman year in college, it's to the years 2000. Mind you, I had never had an email address. I get there - write a weekly assignment on essentially your week in college for this particular class that I had. And our teacher would say, can you send it in an attachment? And then I would type it out the next week. Can you send an attachment? She'd ask again, can you send an attachment? Finally, about four weeks in, she goes, Ricardo, do you know what an attachment is? I said, I have no idea. I was typing the, in the body of the email, I was typing what I thought was about a page. And I'm like, yeah, no one's ever taught me this. And it was, she's like, oh my gosh, how come no one has ever taught you this? Zach, I feel like,

(09:00): with what you and Sam and Jeff are giving us, it's like, our guys don't know that there's an attachment. NFL players don't know that there's an attachment and there's such a better way to be able to do the tax game. And they get their advice from so many different people. Jeff, since you've been on the TikTok world, how helpful or unhelpful it is for NFL players to receive tax advice from TikTok people talking about attachments.

Jeff Locke (09:25): I hate to say it because TikTok is like so much fun. You can get, don't go on rabbit holes, very entertaining, but as an NFL player in the highest tax bracket, almost nothing you hear on TikTok actually applies to you and your tax circumstance.

One, I love people on TikTok. They're so much fun, like I said, but like most of them are trying to sell a product, right? You click on the link in bio, there's some reason they're giving you the advice - they're giving you the ones that aren't that are actually educational informational. It probably doesn't actually apply to you as an NFL player in the highest bracket. One example is real estate investing, right? When you make under a certain amount of money, there's a couple of different ways you can use losses on real estate and other types of real estate to offset some of your income. But when you're in the highest tax bracket, making over 150-ish in most states, those things don't apply to you. So that advice just kind of is totally irrelevant to your situation.

Zach Miller (10:29): Yeah, those are, those are called phase outs. And the unfortunate thing is when you make too much money, the government says like, Hey, you're, you're well off. We're going to phase you out and you don't get a lot of the best tax breaks that the average person gets. That's what you're going to see on TikTok. It's, it's one of the things that when I, when I was first few years in the NFL, I was like, man, I don't get any deductions because they're all phased out and, and that's just the way it is. So there are some, so you got to take advantage of them, but most of them that you hear kind of, especially on TikTok are going to be phased out.

Riccardo Stewart (11:00): Zach, I'm gonna just stick with you right now, okay? Phase you back in, don't go anywhere. Is one of the things that comes up and we all hear it from our guys, right? All right, I need an LLC. No, no, I need an S-corp. And this is not just NFL guys. This is some of the college guys who players athletes who are getting significant chunk of change. Yo, I need an LLC because it's gonna help with my taxes. I need to get an S-corp, bro, gonna help with my taxes.

Explain the difference. between the, actually, yeah, I'm gonna have you, Jeff, explain the difference between the LLC and S-corp, and then I'm gonna kick it back to Zach to get like why and who needs it.

Jeff Locke (11:35): Yeah, so this gets mixed up all the time, but an LLC, let's keep it really simple. LLC stands for limited liability company. So the primary role of an LLC is to reduce the liability exposure you have, AKA: you getting sued for something that happens related to the LLC. Think about you hiring somebody or you doing a marketing deal and things go south and they want to sue you for it. The liability company helps protect you. Okay. Underneath an LLC, you didn't have to elect how you want to be taxed. And this is the thing that kind of people miss because if you do nothing, you get taxed just like you usually would without the LLC.

Everything just flows to you, the person behind the LLC to get taxed. But when you make over a certain amount of money, depending on the state, it does make sense to elect a different way to be taxed. And one of those ways is to elect S-corp status or essentially with a lot of planning.

and some additional cost, you can avoid some of the taxes you might have paid if not electing the status - but you gotta kinda know what you're doing to make it actually make sense.

Riccardo Stewart (12:46): Okay? Truth. Who needs one and why?

Zach Miller (12:51): So any, anytime you have a chance of being sued, you should have an LLC. It's, it's a really inexpensive way to avoid being sued and having to pay people out that you're running camps. Uh, one of our guys asked yesterday, “Hey, I want to start a camp.” First thing is yes. Yes. You need an LLC for that. Cause if one of those players in the camp gets hurt, they're going to sue you. They're going to sue you. Whoever put the, whoever else helped put the camp on, they're going to be looking to collect some money on that, on a player getting injured. And that's a reality of hosting camps. That's the risk you take on. So, LLC is a no brainer.

The S-corp decision, that's a whole different decision that has to be based on is the cost upfront cost and the individual filing fees, the the tax return filing fees that are ongoing every year. S corp has its own tax return. So that means you're doing two tax returns, you have your your individual, your own one you return a return you file, then you have the S corps.

(13:43): So there's a cost to that every year. So you have to have someone that knows tax as well look at both ways and say, “Alright, Does it make sense in the state I'm living in to do the S-corp and get the tax breaks from that versus the upfront cost? I mean, it's a pretty easy analysis when you have a competent tax team and then you just pick the one that saves you more money.

Riccardo Stewart (14:03): Boom, boom. I mean, we could go down, there's kind of the rabbit hole in all of these, but honestly, with the mortgage that you talked about, Jeff and Zach, and talking about the LLC, the S-corp, Sam, the donor advice fund, these are all important things, especially and uniquely for NFL athletes.

You need to make sure you're talking to somebody who knows your situation uniquely. I'm gonna wrap it up with my man here, the mayor. One, he's got a fresh new cut. Two, he's back at home in Dallas. Three, He was at South by Southwest, which might be the more creative thing that you don't see a whole lot of athletes being a part of. But Sam, you always give good advice because you do have a high level of empathy for people.

(14:40): And so I want to leave our listeners with this. Just tax season, it's tough for some of our guys, right? To gather all of the information they need and so forth. And man, to see that bill that's about to come out, what sort of encouragement would you give to these young men and their families as they go through this?

Sam Acho (15:00): Yeah, I would say number one, try to as best you can get on top of it. What I mean by that is, I mean, I feel the same things, right? I'm like, how do I get all these, this tax forms, this information? And man, where did I give and how did I give, right? Before I started this owner advice fund, I was given a different charities or churches. How do I find it all?

Maybe take a day, maybe take a couple hours, maybe take a few days just to get on top of it all, just so you can get it done, right? That's part one for the immediate future. Then secondly, I would say to start thinking more forward.

(15:30): So forward thinking of, okay, maybe one easy way to give, let's solidify giving, maybe I'm only gonna use that donor advice fund, period. That'll make my giving easier, right? And then you could go to the third thing I would say is, “Okay, maybe I need to have these conversations about getting an S-cop or maybe it's a partnership. Maybe it's I do need an LLC.”

Start having these conversations now and don't delay. My mom would always say that delay is dangerous. Don't delay. Don't wait. So get on these conversations now. Start having these conversations with your tax team now or Riccardo give you information to reach out now to start saying how do we how do I get on top of this now so that I could actually have the benefits that I deserve when it comes to tax.

Riccardo Stewart (16:13): That's good. The delay is dangerous. My English teacher, my senior in high school would say, Riccardo, do you have your paper? Oh man, Dr. Racine, not today. I'll have it tomorrow. He'd say, Riccardo, tomorrow never comes.

Well, we’ll end with that, wrap up our tax series now. There's a bunch of things we brought up. We'd love to go in further detail and send you resources. And so if you want more resources, you want to know more about the things we talked about.

(16:40): please reach out to us, just send us a text at 602-989-5022. Again, that's 602-989-5022.

Until the next time, you guys have a good day, and to our listeners, we'll come up with some more topics to talk about from what you give us.