Zach Miller ([01:54](https://www.rev.com/transcript-editor/Edit?token=qcdZfQHtd3nMGok86_XGGZTJ6_qjT96wvj9gXXxhBIV308GMKGIM-_NKw2TOIVvMi1hRdy8zWrM2BQsIOJklgOHtQUA&loadFrom=DocumentDeeplink&ts=114.2)):

Welcome back to the NFL Players Podcast, I'm Zach Miller. This week, we're going to talk about the three biggest tax failures that athletes make. And I myself made these three mistakes where I didn't take advantage of these opportunities. And so they're just, plays left on the field when it comes to tax planning and it's really unfortunate because it costs me money, it costs a lot of athletes money everywhere. Then it's just, every year it's unnecessary money that it costs to the athletes of just not having the proper tax planning. So right now I want you to check your accounts, if you don't have an individual 401(k) sometimes called a Solo k, or if you don't have a Roth IRA account, check your account types if you don't have those and your tax advisor doesn't do Duty Days, you're really missing out on huge opportunities.

Zach Miller ([02:45](https://www.rev.com/transcript-editor/Edit?token=VOzz4r6ezX0QT9cffsE3w_qCZCM9vVuMi0mPdHJ6DeMOSrAZ3RP-hrjtMd8UV1E6WIKZNSotFz_cneE2bDPMwJsc0Ds&loadFrom=DocumentDeeplink&ts=165.22)):

So we're going to go through each one of those and why it matters and how much it could cost you. And before we do that though, just really want to talk about seeing all the Pro Day Workouts and the guys working out in shorts and t-shirts and how unrealistic that is for a football player. I was drafted with JaMarcus Russell who was great in the workouts, great throwing the ball around and then when it came to a defense on the field and he was the first overall pick the defense on the field, really he just could not perform.

Zach Miller ([03:17](https://www.rev.com/transcript-editor/Edit?token=mINfa6fzoUiEmWSVxlqIK3SaZqVDMhvlGgpGB_DOynLvgp0UP9nQuLgZmKW1ZhLPMg_oSOz5w_2m8VuOYZfvIjruNck&loadFrom=DocumentDeeplink&ts=197.29)):

And so I think that so much emphasis, at least from fans and the media, focused on guys working out and whether they can throw the ball or run fast. Time and time again you've seen how the good football players, the one that understand the game, there are smart football players that actually can play the game of football. They're the ones that make the teams on Sundays and get to play in the NFL for a long time. There's plenty of good athletes that just don't turn out to be good football players. So as an NFL player, always focused on improving your craft and definitely don't worry about the measureables too much, they don't really matter once you're in between the lines.

Zach Miller ([04:14](https://www.rev.com/transcript-editor/Edit?token=G_6XSMwiBe0H5Tddtrz1sMFOzDUWGgtKEc1q7drMyOPuVGV9vEImQaEU0mKdI5CA3WiCNLpkXosAboHIEGHlSNhPeWQ&loadFrom=DocumentDeeplink&ts=254.3)):

So let's get back into the problem at hand. So as an NFL athlete, you are in the highest tax bracket so you have to have tax planning going on. The problem is there's so many brokers out there that they don't provide tax advice. It says on their website, so you need a holistic approach to your wealth. If you want that wealth to last and to grow and become generational wealth, you really have to take a holistic approach. Like if Multi-Family Office does where everything is incorporated and we look at net worth, maximizing your net worth and not just focusing on such a small area of investments but everything in your financial structure and that's just your whole financial life. So the first one, and I missed out on this, is Duty Days and you really need a team with a CPA on it that has the expertise with athletes, because this is an area that is different in each state.

Zach Miller ([05:02](https://www.rev.com/transcript-editor/Edit?token=_TIK65rLsbgAf_QwqFtlhPoWyDRXrCfx8XcEKFzOzfOB3QaQUDX3XJJVm_CM8HVbAkNhRkRisAaVyJ1AXo3HOnxuJI4&loadFrom=DocumentDeeplink&ts=302.39)):

You have to have a Certified Public Accountant that knows how athletes are taxed. And the Duty Days is a calculation that's different than the team might do to calculate how much state tax you pay. Now, the state tax everywhere you play is called the jock tax. And to me, it's an unfair taxation because you're not represented there as a voter yet you're still levied a tax against your income when you go and play there. And trust me, no one will feel sorry for you, there's already enough envy of professional athletes, no one will feel bad that you have to pay a little bit of extra money to going and playing in another stadium in another state. But you can have a tax team that actually plans for you in fights for the amount of days that aren't counted, like training camp, those tour days, and those double days that I had to go through, those definitely count as playing football.

Zach Miller ([05:54](https://www.rev.com/transcript-editor/Edit?token=gKOUApd4fjTx6hT9vCCRKdYJepM7xDabrjso2vGmf3axcoKEzm9nIttqg4FSRtYGgFWf1MyGWuJulF4FUik7RGrFcqE&loadFrom=DocumentDeeplink&ts=354.74)):

And it's not just about game day, that's what everyone on the outside looking in thinks, it's your craft has worked on year round whether its mini-camp, OTAs. And so you need a tax team that can go through and say, the allocation to the days that the team says that I played in that state is actually not correct, this is the correct allocation that should be. And you really need a good tax team that looks at that because it's state by state based. And there's some huge advantages for tax savings there. The other one is the individual 401(k) sometimes called a Solo k, this is for endorsement income. Whether you make an appearance, trading cards, NFTs, now that that's a thing. Any endorsement income that you get a 10/99 on, you can actually defer that income to when you're not in the highest tax bracket.

Zach Miller ([06:41](https://www.rev.com/transcript-editor/Edit?token=B3VKp3no-m0m3BwvSab0_tCGIOLqhYI0kdhtfgIZRuUMnogparyUWnfd_2QP-MqP1NWT4xkq8T8Q5JFO3Wrfm14geBo&loadFrom=DocumentDeeplink&ts=401.01)):

And you do that through an individual 401(k), and you can really have some massive savings here. It's a complex calculation to see how much you can actually allocate into it, based on your endorsement income. But it's really something that if you don't have that account set up, or even if you have a SEP-IRA and S-E-P-IRA set up, you actually can't take advantage of the third thing I'm going to talk about, which is the Roth IRA conversion. So we've done a couple of blogs on this, on the individual 401(k). It's just one of the [vehicles 00:07:18] that your tax team and your advisor, your financial advisor should be advising you on to take advantage of these opportunities so that you pay the least amount of tax. So you can have the impact and grow your net worth like you deserve.

Zach Miller ([07:33](https://www.rev.com/transcript-editor/Edit?token=lWtrU-IU9nypEzfV7EGfncy5sf8g-tkLKqY5ineRQsg8q8dwLsWajp54H0cvBU_smHoAQ6rXlhi1f08yAUKJ_Ue_TcI&loadFrom=DocumentDeeplink&ts=453.58)):

The last one is the Roth IRA. And this one is you're actually phased out from contributing to this, in what's called a backdoor Roth, you actually do a non-deductible IRA contribution and then convert it. And so this is something that anyone that's getting good advice from a wealth management team should be taking advantage of. And it's actually, if you do the SEP-IRA, like I mentioned earlier, instead of the individual 401(k), it shows a lack of expertise because you can't do this Roth IRA conversion if you have a SEP-IRA, without getting hit with possibly a pretty big tax bill, because of what they call the Aggregation Rule, the IRA Aggregation Rule. So kind of complicated, but what all these three things are, are things that you should be taking advantage of while you're an NFL player in the highest tax bracket.

Zach Miller ([08:24](https://www.rev.com/transcript-editor/Edit?token=g3wMsIa58xsfDXYljhJODH-hTO6-HnBjfvUdXrXVnC3qutb_A1UqdrVaz6VUDY5HnzhWaXwr_Xwq4CaHCIxSmvATBc8&loadFrom=DocumentDeeplink&ts=504.33)):

So that later on as your tax bracket comes down, you can actually smooth out your tax bill over time, so you're not paying as much in tax over your whole lifetime. And when it comes to the Roth IRA, I definitely missed out on doing that my whole career, which would have been huge and then once you're married, you can do it for your spouse as well through a spousal IRA and then to the Roth IRA for them as well. And so for myself, just looking at the numbers, I went back and ran, if I had just contributed the maximum each year and done this backdoor Roth, my account right now would be about 185,000. And the real kicker there is that it will never be taxed again, it's tax-free when it comes out.

Zach Miller ([09:08](https://www.rev.com/transcript-editor/Edit?token=BhwqbGd9GZLc0dmKBfsyZHRWguMBYzIURmGM2YWQ2qzrZBtxHuVAUi70cuved3ToKQuPR9c-I8YNNdSbS2aIYRlJqec&loadFrom=DocumentDeeplink&ts=548.47)):

So this just allows for so much planning in the future that you not going to get with doing just all taxable accounts and whether that's a 401(k), your NFL 401(k) or any other of the cap plans type things where there's future taxes due on those earnings or those investment accounts. The advantage of any of the Roth accounts is that you've already paid tax on it, so it gives you flexibility and control over your taxes in the future. And so the calculation for me that if I had that 185K in there instead of the only 37,000 that I have right now, I mean, just in 30 years at historical rates of return, that's $2 million. So essentially I cost myself in taxes and I cost myself in tax-free growth by not just doing a simple Roth IRA.

Zach Miller ([10:26](https://www.rev.com/transcript-editor/Edit?token=uits8lmT5X24AHvf4TUtFcBP216gTgJkmuheILmDR8QsKPRcT9eOjWBXVc8SGljBy27YZFZzBo4FF8kCiJjgV2krYX4&loadFrom=DocumentDeeplink&ts=626.46)):

So, as we discussed with all these tax strategies, we can't really control what's fair in the tax code or what future tax rates might be, what Congress might do, but what we can control is how much we save in taxes now. And that's all we can focus on, as NFL players focus on our job on the field, as wealth advisors focus on keeping the most amount of money in the pocket for our players.

Zach Miller ([10:52](https://www.rev.com/transcript-editor/Edit?token=jaqC6bJfKOP5Lf2Q50zkP93XMlCTuN0dho9E-fbAn4WZdd8H3nH7cAoeVq1A2N6sVdd3MJxa6dh46PwcZioJE_ygXzs&loadFrom=DocumentDeeplink&ts=652.93)):

And I think that's what should matter. That's not what a lot of the advice out there is getting to players because we constantly are seeing tax returns coming in where players are just missing out on these. These are wide open receivers and the quarterback just keeps missing them and missing them and missing them, or it's the equivalent to a blown coverage of a defensive back, just not covering a guy over and over and over. And eventually you just got to move on bench that player and find a guy that can actually, in a team, that can really contribute to your wealth, contribute to you growing your wealth and your impact in the rest of your life.

Zach Miller ([12:06](https://www.rev.com/transcript-editor/Edit?token=2ennQqYocdIz8i5vCdzm-aHyUIwlzmUvvo45Jf4SFCUSFFlechjDsD9E4Feqsl71Twwe3xg57Y9RfAFiPZcymCDp2L0&loadFrom=DocumentDeeplink&ts=726.52)):

So with that if you like this, like the video, rate it, give me five stars. I really appreciate that. Email me zmiller@awmcap.com hit me with any questions you might have. And actually I'm putting together kind of an email curated list where it's just only going to have NFL relevant content on there. And so whether it's something that matters to NFL players, the fact that the new CBA changed from 17 week pay to 36 week pay, things like that, that matter to NFL players. I'm going to have that email list, so please subscribe to that and I will make sure it's all relevant content, informative and educational and really the stuff that matters to you. So until next time, own your wealth, be a pro when it comes to investing and I will see you later.