

YOUNGMONEYCREATORS

# MONEY MOVES

**SECURE THE BAG. BUILD THE LEGACY.**

The Young Earner's Complete Guide to Financial Freedom

For NIL Athletes · Entrepreneurs · Content Creators · Fast Money Earners

*by Andrae Alexander*

**15**

CHAPTERS

**4**

BONUS CHAPTERS

**6**

WORKSHEETS

YOUNGMONEYCREATORS.COM

# Table of Contents

---

## CORE CHAPTERS

<b>01</b>	The Fast Money Trap	<b>13</b>
<b>02</b>	Know Your Numbers	<b>16</b>
<b>03</b>	The Money Moves Budget Framework	<b>19</b>
<b>04</b>	Debt — The Math Nobody Shows You	<b>23</b>
<b>05</b>	Investing for Young Earners	<b>28</b>
<b>06</b>	The People Problem	<b>33</b>
<b>07</b>	NIL Athletes	<b>36</b>
<b>08</b>	Content Creators	<b>42</b>
<b>09</b>	The Entrepreneur's Budget	<b>47</b>
<b>10</b>	Building Generational Wealth	<b>50</b>
<b>11</b>	Tax Strategies — Broke on Paper	<b>56</b>
<b>12</b>	Crypto Investing	<b>62</b>
<b>13</b>	Credit Is Power	<b>68</b>
<b>14</b>	Insurance	<b>71</b>
<b>15</b>	Trusts & Legacy Planning	<b>76</b>

## BONUS CHAPTERS

<b>B1</b>	If You're Already Behind	<b>82</b>
<b>B2</b>	Who's Trying to Take Your Money	<b>86</b>
<b>B3</b>	The Reseller's Financial Playbook	<b>92</b>
<b>B4</b>	Make Your Money Spend Twice	<b>101</b>

## COMPANION DOCUMENTS

<b>C1</b>	Case Studies: Jordan, Aaliyah & Darius	<b>107</b>
<b>C2</b>	12-Month Implementation Sequence	<b>114</b>
<b>C3</b>	50/20/20/10 Budget Template	<b>122</b>
<b>C4</b>	Net Worth Tracker	<b>130</b>
<b>C5</b>	30-Day Action Checklist	<b>135</b>



# MONEY MOVES: The Young Earner's Complete Guide to Financial Freedom

---

## THE ULTIMATE FINANCIAL PLAYBOOK FOR NIL ATHLETES, ENTREPRENEURS, CONTENT CREATORS & FAST MONEY EARNERS

---

### WHY THIS GUIDE EXISTS

Let me tell you what made me build this.

A 19-year-old kid — talented, hardworking, does everything right to land a \$40,000 endorsement deal — gets the check, spends most of it in six months on things he felt he'd earned, and ends up owing the IRS the rest in taxes and penalties because nobody told him self-employment income doesn't come with withholding. Nobody told him he owed quarterly payments. Nobody told him the rules before the bag arrived.

That's not his fault. That's a knowledge gap. And it's a gap that only exists because the people who know the rules — CPAs, estate attorneys, wealth managers — charge \$400 an hour to explain them. So the people who need the information most are exactly the ones who can't afford to get it. Not anymore.

*This guide was written by Andrae Alexander, founder of Young Money Creators. Andrae has spent over a decade working alongside CPAs, tax strategists, estate attorneys, and financial advisors who specialize in self-employed earners, athletes, and creators — translating their strategies into plain language that doesn't require a finance degree to use. His full bio is at the end of the guide.*

The people this guide was built for are not reckless. They're not irresponsible. They're skilled, hardworking, and talented at what they do. They just came into real money before anyone handed them the playbook. And the game was already in progress.

This guide is the playbook.

The strategies here come directly from licensed CPAs, tax strategists, and financial professionals who work specifically with self-employed earners, NIL athletes, creators, and entrepreneurs. Every tax strategy has been cross-referenced. Every number has been verified. The case studies reflect real patterns that play out every single year for young earners who deserved better information at a critical moment.

You're getting it now. Use it.

---

*The strategies in this guide are for educational purposes. Always work with a licensed financial and tax professional for advice specific to your situation.*

---

## INTRODUCTION: The Knowledge Gap Nobody Talks About

Here's the uncomfortable truth nobody in your life is saying out loud: the skills that got you the bag have nothing — and I mean nothing — to do with the skills that keep it.

Going viral, building a following, closing a deal, signing your first NIL contract, flipping product for profit — those are earning skills. You've clearly mastered at least one of them. But building actual wealth is a completely different game. Different rules. Different moves. Different discipline. And most young earners don't find out that game exists until they've already made mistakes they can't undo.

Right now the IRS, the markets, and the people around you are all playing by rules you were never taught. Creators hit six figures and claim zero deductions because nobody told them their camera, their desk, and their internet bill are write-offs. Athletes sign endorsement deals and hand 40% to the government because nobody told them to set it aside. Entrepreneurs stack revenue and watch their bank account stay empty because they never understood the difference between income and wealth.

That is not a character flaw. That is a knowledge gap. And you're about to close it.

This guide is for anyone who's making real money — or about to. The creator on the way up. The NIL athlete who just got their first deal. The entrepreneur whose business just started moving. The reseller turning a side hustle into something serious. The young earner who got their first real check and doesn't want to blow it. The strategies here are the same ones attorneys, CPAs, and wealth managers use for their highest-earning clients. You're getting them now — early enough to actually use them.

Let's get into it.

---

### HOW TO USE THIS GUIDE

Don't read this front to back unless you want to. Use the START HERE section to find your situation and jump straight to what matters most right now — come back for the rest later. Every key chapter ends with an action box: the exact steps to take, in order. That's where the real work happens. The worksheets at the back aren't reading material — they're tools. Fill them out with your actual numbers and they'll tell you things about your finances you didn't know you needed to know.

*One move before Chapter 1: fill out the Tax Leak Calculator. Whatever number you find there is your motivation for everything that follows.*

---

# TABLE OF CONTENTS

## CORE CHAPTERS

Chapter	Title	What It Covers
1	The Fast Money Trap	Why most young earners lose it all — lifestyle creep, the entourage tax, the knowledge vacuum
2	Know Your Numbers	Net worth, the three non-negotiable monthly numbers, your personal P&L
3	The 50/20/20/10 Budget Framework	The four-bucket system built for variable and fast-money income
4	Debt — The Math Nobody Shows You	Avalanche vs. snowball, invest-or-payoff decision, student loan strategy
5	Investing for Young Earners	Index funds, Roth IRA, compound interest, real estate entry strategy
6	The People Problem	Family money boundaries, the entourage tax, giving budget, the deflection script
7	NIL Athletes	Tax obligations, quarterly payments, contracts, agent red flags, NCAA compliance
8	Content Creators	AdSense/brand deal taxes, deductions, rate negotiation, platform diversification
9	The Entrepreneur's Budget	Cash flow vs. profit, the revenue trap, business financial systems
10	Building Generational Wealth	The wealth vs. rich distinction, assets, real estate, family banking
11	Tax Strategies — "Broke on Paper"	S-Corp election, Augusta Rule, QBI deduction, Section 179, quarterly system

Chapter	Title	What It Covers
12	Crypto Investing	Framework, Bitcoin/Ethereum, tax treatment, wash sale strategy, staking income
13	Credit Is Power	The five factors, credit utilization, business credit building sequence
14	Insurance	Disability, umbrella, general liability, term life, athlete-specific coverage
15	Trusts and Legacy Planning	Revocable trust, irrevocable trust, dynasty trust, estate basics

## BONUS CHAPTERS

Bonus	Title	Who It's For
Bonus 1	If You're Already Behind	Readers starting with IRS debt, no savings, or no structure
Bonus 2	Who's Trying to Take Your Money	Everyone — financial predators, bad advisors, Ponzi schemes
Bonus 3	The Reseller's Financial Playbook	Sneaker flips, eBay, StockX, Amazon FBA, and resale income
Bonus 4	Make Your Money Spend Twice	Credit card rewards strategy — earn on spending you're doing anyway

## COMPANION DOCUMENTS

- Tax Leak Calculator — Find your exact annual financial leak in 15 minutes
- Net Worth Tracker — Monthly wealth snapshot with 12-month tracking grid
- 50/20/20/10 Budget Template — Full four-bucket budget with formulas
- 30-Day Action Checklist — Week-by-week implementation guide
- Case Studies — Jordan (NIL), Aaliyah (creator), Darius (entrepreneur)
- 12-Month Sequence — The exact order to implement everything

## START HERE — FIND YOUR PATH

Don't read this guide front to back if you don't have to. Find your situation below and start where it matters most. Come back for the rest later.

### FIND YOUR PATH

Don't read front to back if you don't have to. Find your situation below and start where it matters most. Come back for the rest later.

#### NIL ATHLETE

*Got a deal before a plan.  
Here's the plan.*

##### START

**Chapter 7 — NIL Athletes**

##### THEN

Ch 6 · Ch 2 · Ch 14 · Ch 11

#### CONTENT CREATOR

*Income is real. Structure isn't.  
Fix that first.*

##### START

**Chapter 8 — Content Creators**

##### THEN

Ch 3 · Ch 6 · Bonus 2 · Ch 11

#### ENTREPRENEUR

*Revenue without structure  
is organized chaos.*

##### START

**Ch 9 — Entrepreneur's Budget**

##### THEN

Ch 2 · Ch 13 · Ch 14 · Ch 11

#### RESELLER

*Flipping products is a real  
business. Treat it like one.*

##### START

**Bonus 3 — The Reseller's Playbook**

##### THEN

Ch 2 · Ch 13 · Ch 11

#### BIG WINDFALL

*You got the check. Don't blow it.  
Do this in order.*

##### START

**Chapter 1 — The Fast Money Trap**

##### THEN

Ch 3 · Ch 5 · Ch 15 · Ch 11

#### ALREADY BEHIND

*Debt, no savings, late start.  
Here's the recovery path.*

##### START

**Bonus 1 — If You're Already Behind**

##### THEN

Ch 4 · Ch 2 · Ch 11

#### WORKING ON IT

*You're earning, you're trying, but the pieces haven't clicked yet. Start at the foundation and build in order.*

**START**

**Chapter 1 — The Fast Money Trap**

**THEN**

Ch 2 · Ch 3 · Ch 13 · Ch 5

## FAST TRACK — THE 5 THINGS THAT CHANGE EVERYTHING

Short on time. Overwhelmed by the size of this guide. Not sure where to start.

Do these five things. In this order. This week.

1. Open a tax savings account and fund it today. If you have any self-employment, 1099, NIL, or creator income — open a separate savings account right now and transfer 30% of every dollar you've received this month into it. Label it "IRS — DO NOT TOUCH." This single action stops the most common financial disaster for young earners: the April tax bill you can't pay.

*Time required: 20 minutes. Impact: Eliminates the most expensive financial mistake in this guide's target audience.*

2. Fill out the Tax Leak Calculator. This worksheet shows you exactly how much money you're currently losing annually to avoidable taxes, missing deductions, and wrong structure. Most people in this guide's income range find a number between \$8,000 and \$22,000. That number is your motivation. Everything in this guide is the solution to that number.

*Time required: 30 minutes. Impact: Makes every other chapter feel urgent and worth acting on.*

3. Form an LLC and get your EIN. Go to your state's Secretary of State website. Form a single-member LLC. Then go to IRS.gov and apply for an Employer Identification Number — free, takes 5 minutes. Open a business bank account the same week. Every dollar you earn after today as a self-employed person, creator, athlete, or entrepreneur runs through the LLC. This is the single structural decision that protects your personal assets and opens every other financial door.

*State fee note: Most states charge \$50–\$200 to file. California is the major exception — California LLCs owe an \$800/year minimum franchise tax, due within the first few months of filing. If you are in California, factor this into your decision and confirm timing with a CPA.*

*Time required: 2–3 hours total. Impact: Liability protection, business credit eligibility, tax flexibility, professional credibility.*

---

4. Find a CPA who works with your income type. Not your family's tax preparer. Not TurboTax. A CPA who specifically works with self-employed earners, creators, athletes, or entrepreneurs. Ask for referrals from people in your income category. Interview two or three. The right CPA will identify deductions and strategies that pay for their fee many times over in the first year. The wrong one will file your return incorrectly and cost you more than their fee in missed opportunities.

*Time required: 1–2 hours of research and interviews. Impact: The single highest ROI professional relationship available to a young earner.*

---

5. Open a Roth IRA and make your first contribution. Go to Fidelity, Vanguard, or Schwab. Open a Roth IRA. Contribute anything — \$50, \$500, whatever you can — to a total market index fund. Then set up automatic monthly contributions. The amount doesn't matter as much as the start date. A \$200/month Roth IRA started at 22 is worth more than a \$1,000/month Roth IRA started at 32. Time is the only investment input you cannot buy more of.

*Time required: 30 minutes. Impact: Begins the most powerful wealth-building mechanism available to a young earner — tax-free compound growth over decades.*

---

Done with all five? You've stopped the IRS bleeding, identified your financial leak, built your legal structure, hired your professional team, and started investing. Most young earners with real income never do any of these five things — you've done all of them. Now read the full guide.

**Join thousands of young earners closing the same gap.**

Free tools, templates, and resources at

**[YOUNGMONEYCREATORS.COM](https://youngmoneycreators.com)**

*One concept worth previewing before you read: Chapter 11 covers a strategy called "Broke on Paper" — the legal process of reducing your taxable income well below your gross income using tools the tax code was explicitly designed to provide: S-Corp elections, retirement account contributions, legitimate business deductions, and depreciation. These are not loopholes. They are the same tools used by every high-earning professional who has a good CPA. The savings vary widely depending on your income, structure, and state — but for a self-employed earner bringing in \$100,000–\$200,000 net, the combination of these strategies is typically worth thousands of dollars per year. Chapter 11 walks through each tool specifically so you can have an informed conversation with the CPA who implements them for you.*

## WHY YOU KNOW THIS BUT STILL WON'T DO IT

One more honest conversation before Chapter 1. And I need you to hear this.

You already know the basics. Spend less than you earn. Invest early. Avoid bad debt. Get a CPA. None of that is revolutionary. That information is free — it's on YouTube, Reddit, every podcast on your phone right now.

And yet almost nobody actually does it. Why?

Because information isn't the problem. Execution is. And execution has psychological walls that most finance books never address because most finance books weren't written for people who look like you or earn the way you earn. Let me give you the real reasons:

"I'll handle it when things slow down." They won't slow down. The season ends and the off-season fills up. The brand deal closes and three more come in. The business hits a record month and now there's more to manage, not less. Waiting for calm to address your finances is waiting for something that doesn't exist. Build a system that runs automatically — because that's the only version of this that works.

"I don't want to look at the real number." This one is everywhere. Not laziness — avoidance. Looking at your real balance, your real tax owed, your real net worth feels like a verdict. If you don't look, you haven't failed yet. I get it. But the number doesn't get better because you're not watching it. It gets worse. Open the statement. Run the worksheet. The number is information — not a judgment on who you are.

"I'll mess it up." You will get some things wrong. So does everybody. CPAs file incorrect returns sometimes. Advisors misread markets. First investments underperform. None of that ends the story. The only financial mistake you can't recover from is the one you never try to fix. Imperfect action beats perfect paralysis every single time.

"I don't have enough for it to matter yet." \$200 a month at 8% for 40 years is nearly \$700,000. You have enough. What you don't have yet is the habit — and the habit is what produces the number. Start with what you've got. The amount grows from the system, not the other way around.

"I feel guilty protecting my bag when people around me don't have one." This one hits different for this audience and almost nobody talks about it. When you're the first in your family or community to have real money, holding onto it can feel selfish. The asks come from people who genuinely love you. This is a values conflict, not a math problem. Chapter 6 has the full answer. But here's the short version: you cannot take care of anyone else from a position of financial instability. Securing your foundation is not selfishness. It is the prerequisite for everything else you want to do.

---

You know what to do. Now you know why you might not do it — and what to watch for in yourself. That awareness alone changes the odds.

Chapter 1.

---

C H A P T E R

# 01

## The Fast Money Trap

*Why Most Young Earners Lose It All*

continued on next page

## THE ILLUSION OF INFINITE CASH FLOW

The day fast money hits your account, something shifts in your brain that nobody warns you about. You stop thinking about what you have. You start thinking about what you're going to keep making. The pace feels permanent. You start making permanent decisions — a lease, a lifestyle, a crew — based on income that may be temporary.

That assumption is where fortunes die.

The term for what happens next is lifestyle creep. It's quiet. It's automatic. And once it sets in, it's almost impossible to reverse. The luxury apartment doesn't feel like an upgrade — it feels like where you belong now. The leased car feels earned. The wardrobe feels like an identity. Each decision makes sense on its own. Together, they build a financial prison made of fixed costs you can't walk back from when the income dips.

And here's the part that should keep you up at night: that \$2,500/month apartment upgrade over a \$900 place you could have rented doesn't cost you \$1,600 a month. It costs you \$1,600 invested monthly at 8% for 10 years — which is \$293,000 in lost wealth. Every lifestyle upgrade is a trade. The question is whether you're conscious of what you're trading.

## THE THREE TRAPS THAT DRAIN FAST MONEY

Trap 1: Lifestyle Commitments Built on Temporary Income Fast money feels like a new normal. It is not. NIL deals expire. Brand deals dry up. Viral moments don't run on schedule. Business revenue fluctuates. The earner who builds their fixed monthly obligations around peak income will eventually earn less than their bills — and have nowhere to cut because the commitments are locked in. Every income spike is seed money. Plant it. Don't consume it.

Trap 2: The Entourage Tax The moment your financial status rises, your social bill goes up with it. Suddenly you're covering dinner for eight. You're the one booking the trip. Cousins you haven't talked to in two years have business ideas that need a little startup capital. Friends need a loan — just until next week. None of these people are trying to hurt you. But collectively, they will drain the bag if you don't have structure around it. Chapter 6 has the full system for handling this without burning relationships.

Trap 3: The Knowledge Vacuum You can earn millions and still go broke if you don't understand taxes, structure, and investing. This isn't about intelligence — it's about access. Wealthy families have CPAs and attorneys in the room from day one. Young earners who come up without that network don't get the playbook until after the damage is done. That's what this guide fixes.

## THE MINDSET SHIFT THAT CHANGES EVERYTHING

Stop thinking about what your bag can buy. Start thinking about what it can build.

Every dollar you earn right now is seed capital. The young earner who invests \$2,000 a month starting at 22 will have over \$6.6 million by age 62 at an 8% average return — from \$480,000 of their own contributions. The person who waits until 32 to start? Same \$2,000 a month, same return — they end up with \$2.9 million. That ten-year delay costs \$3.7 million. Not spending is not sacrifice. It is strategy.

Looking wealthy and being wealthy are frequently opposites. Know which one you're chasing.

### Chapter 1 Action Box

Write down your current monthly fixed costs — rent, car, subscriptions, debt minimums

Identify one lifestyle upgrade from the last 12 months that was a want, not a need

Calculate what that monthly cost would be worth invested at 8% over 10 years

Decide on one spending category to cap or cut this month

Write down your income sources and which ones are temporary vs. sustainable

C H A P T E R

# 02

## Know Your Numbers

*The Foundation of Financial Power*

continued on next page

## YOU ARE THE CEO OF YOUR OWN FINANCIAL CORPORATION

Every publicly traded company on earth publishes three financial documents: a Profit & Loss Statement, a Balance Sheet, and a Cash Flow Statement. They do this because you cannot manage what you don't measure. Period.

The wealthiest people alive apply that same discipline to their personal finances. Most young earners have never done this once in their lives — and that gap is exactly why income doesn't automatically become wealth.

Starting today, you're the CEO of your financial life. CEOs don't guess. They know their numbers. Here are the three you need to know cold.

## YOUR THREE NON-NEGOTIABLE MONTHLY NUMBERS

1. **Gross Income** Every dollar coming in from every source before anything is taken out. NIL payments, business revenue, W-2 wages, AdSense, brand deals, investment distributions — all of it. Know this number exactly. Not approximately. Exactly.
2. **Fixed Overhead** Every expense you're legally committed to paying whether or not you earn anything this month. Rent, car payment, insurance, subscriptions, minimum debt payments. These are the bills that arrive regardless. This is your financial floor — and it should never exceed 50% of your average monthly income. If it does, that's the first thing you fix.
3. **Discretionary Spending** Everything else. Food, entertainment, shopping, travel, the random stuff. Most people guess this number and are wrong by 40%. Track it exactly for 30 days. What you find will change how you spend — guaranteed.

## YOUR PERSONAL P&L STATEMENT

Same day. Every month. Sit down and run your numbers:

```
MONTHLY INCOME
+ All income sources (gross)
= Total Gross Income

MONTHLY EXPENSES
- Taxes set aside (30% of self-employment income)
- Fixed overhead (rent, insurance, loans)
- Investment contributions (non-negotiable, automated)
- Variable expenses (food, gas, shopping)
= Total Expenses

NET (Your Monthly Profit or Loss)
```

Positive number — you're building. Negative number — you're losing ground, regardless of how big the income looks. A person earning \$300,000 a year and spending \$320,000 is in a worse position than someone earning \$60,000 and saving \$15,000. Income without discipline is just a slow leak.

## YOUR NET WORTH: THE ONLY NUMBER THAT ACTUALLY MATTERS

Net Worth = Total Assets – Total Liabilities

Assets: cash, investment accounts, real estate equity, business equity, vehicles at market value. Liabilities: credit card balances, car loans, student loans, mortgage balance, everything you owe to anyone.

Track this monthly. A rising net worth means you're building real wealth. A falling net worth means you're losing ground — no matter how much you're bringing in. There are high earners all over this country with negative net worth. There are people earning \$50,000 a year quietly building generational wealth. Income is the speed. Net worth is the destination. Don't confuse one for the other.

### Chapter 2 Action Box

Calculate your net worth today: total assets minus total liabilities — write the number down

Identify your three non-negotiable monthly numbers: gross income, fixed overhead, discretionary spending

Build your personal P&L — 30 minutes, one time, changes everything

Set a calendar reminder on the 1st of every month to update your net worth tracker

If fixed overhead exceeds 50% of average monthly income, identify what to cut or restructure

→ *WORKSHEET: Open the Net Worth Tracker now and fill in your current snapshot. Every number from this chapter goes in column one. You'll update it on the 1st of every month from here forward.*

C H A P T E R

# 03

## The Money Moves Budget Framework

*The 50/20/20/10 Rule*

## WHY STANDARD BUDGETING ADVICE FAILS FAST EARNERS

The traditional 50/30/20 rule was built for people with a stable paycheck, an employer-matched 401k, and no self-employment tax exposure. That is not you. That rule gives you no reinvestment bucket. No tax buffer. And it treats a NIL athlete and a grocery store cashier identically.

You need a framework built for your actual reality. Here it is.

## THE 50/20/20/10 FRAMEWORK

Before the buckets even start, the very first thing that happens when income arrives is this: 30–35% goes immediately into a separate tax savings account. Label it "IRS — DO NOT TOUCH." That money is already spent — it just belongs to the government, not you. Everything below is calculated from what remains after that move.

### WARNING

The most common financial disaster for young earners is spending money that was never theirs. Self-employment income arrives with no withholding — no one takes taxes out first. The 30–35% tax reserve is not optional. It is the difference between a manageable April 15 and an IRS bill you can't pay.

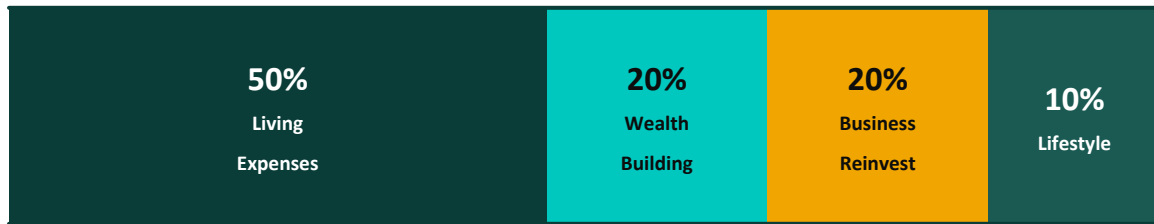
50% — Living Expenses Housing, groceries, utilities, transportation, insurance, phone. Everything it costs to keep your life running. Hard ceiling. If your lifestyle currently eats more than 50% of what's left after taxes, you've got two choices: earn more or cut back. No third option exists.

Real talk: most people define "needs" way too broadly. A \$3,500/month apartment is not a need if a \$1,500 option exists. A leased BMW is not a need. Be honest with yourself. Discipline in this bucket determines everything downstream.

20% — Wealth Building Index funds. Roth IRA contributions. Retirement accounts. Real estate down payment savings. This is your future self's bag — and it moves automatically on the same day income arrives, before you ever have the chance to redirect it. It does not flex during a slow month. It does not get borrowed against. It is non-negotiable.

20% — Business and Skill Reinvestment This is the bucket the traditional budget model completely ignores — and it is the one that separates earners who scale from earners who plateau. This money funds the growth of your income. New equipment. Marketing. A course that makes you 10% better at your craft. A coach. Better software. A photo shoot that elevates your brand positioning. A \$500 course that helps you negotiate a \$10,000 higher deal just returned 1,900%. Invest in your earning power aggressively.

10% — Lifestyle Yes, you're allowed to enjoy your bag. This bucket covers dining, travel, entertainment, personal purchases. When it's empty for the month, spending in those categories stops. No exceptions. The discipline is easier because you're not depriving yourself — you're managing yourself within a system you designed.

**THE 50 / 20 / 20 / 10 FRAMEWORK** (applied after 30–35% tax reserve comes off the top)**THE AUTOMATION RULE: REMOVE WILLPOWER FROM THE EQUATION**

Willpower is not a financial strategy. It runs out. Automation doesn't.

Set up these transfers the day income arrives:

- First move: 30–35% to the tax savings account
- Same day: Auto-transfer 20% to investment accounts
- Next day: Fund the business reinvestment account
- What remains: Your living expenses and lifestyle money

When money moves before you can touch it, you're left with exactly what you're supposed to spend. This isn't restriction. It's architecture. You're building a system that works whether or not you wake up motivated on any given day.

**Chapter 3 Action Box**

Calculate your actual monthly average income over the last 6 months

Assign your four buckets from what remains after taxes: 50% living expenses, 20% wealth building, 20% business reinvestment, 10% lifestyle

Open a dedicated tax savings account if you don't have one — fund it with 30–35% of all self-employment income received this month

Set up automatic transfers on payday so buckets fill without manual action

Identify which bucket is currently out of proportion — that is the one to fix first

→ *WORKSHEET: Open the 50/20/20/10 Budget Template and fill in your actual numbers. The template has formulas built in — enter your average monthly income and it calculates every bucket automatically.*

---

C H A P T E R

# 04

---

## Debt

*The Math Nobody Shows You*

continued on next page

*Here's a conversation that plays out in CPA offices every year: 23-year-old creator, \$95,000 in student loans, \$130,000 in first-year income. She comes in locked in — every dollar goes toward debt until it's gone. Debt-free in 16 months, she says. One question changes everything: what's the interest rate? 5.5%. What does the market average over the long run? 8–10%. Thirty seconds of silence. Then: "So I'm about to sacrifice 3–4 percentage points of return for 16 months just to feel better about a number on paper." Exactly right. Not every debt decision is emotional. Sometimes it's just math. This chapter gives you the math.*

## NOT ALL DEBT IS THE ENEMY

Personal finance culture has a problem: it treats every dollar of debt like a house fire. Pay everything off. Cut up the cards. Zero debt or you're failing.

That framework makes sense for someone in genuine crisis. It is the wrong framework for a young earner with growing income, debt at different interest rates, and 40+ years of investment runway ahead.

The correct framework: debt above your expected investment return costs you money to carry. Debt below your expected return may be worth keeping while you invest the difference.

At a 7% average investment return benchmark:

- Credit card debt at 22–28%: pay it off immediately, aggressively, before almost anything else
- Personal loan at 12–18%: high priority payoff
- Auto loan at 6–8%: borderline — depends on your cash flow situation
- Student loans at 4–6%: carrying this debt while investing may actually be the mathematically superior choice
- Mortgage at 6–7%: the tax deductibility and equity build make this complex — not a simple "pay it off" answer

This is not permission to ignore debt. It is instruction to prioritize debt correctly based on what it actually costs you.

## THE PAYOFF METHODS — AVALANCHE VS. SNOWBALL

The Avalanche Method (mathematically optimal) List all debts from highest interest rate to lowest. Pay minimums on everything. Direct all extra money to the highest-rate debt first. Once it's paid off, roll that payment to the next highest. Repeat.

Result: You pay the least total interest. This is the fastest path to debt freedom measured in dollars.

The Snowball Method (psychologically effective) List all debts from smallest balance to largest. Pay minimums on everything. Direct all extra money to the smallest balance first. Once it's paid off, roll that payment to the next. Repeat.

Result: You get wins faster. Each paid-off account provides a psychological boost that keeps momentum going. You may pay slightly more in total interest, but you're more likely to stay on the plan.

Which one to use: If you have the discipline to stay on a long-term payoff plan, avalanche saves you more money. If you've tried debt payoff before and quit, snowball keeps you moving. A good plan you execute beats a perfect plan

you abandon. Know yourself.

### DEBT PRIORITY CHART — PAY OFF OR INVEST?

INTEREST RATE	PRIORITY	EXAMPLES
<b>20%+</b>	<b>ELIMINATE NOW</b>	Credit cards, payday loans
<b>12–20%</b>	<b>HIGH PRIORITY</b>	Personal loans, private student
<b>8–12%</b>	<b>PAY OFF FIRST</b>	Some auto loans, high private debt
<b>6–8%</b>	<b>SPLIT 50/50</b>	Mid-rate debt — math is close
<b>Below 6%</b>	<b>INVEST FIRST</b>	Federal student loans, low mortgages

### THE INVEST-OR-PAY-OFF-DEBT DECISION

This is the question most young earners with student loans face. Here is the actual framework:

Step 1: Always pay minimums on all debt — no exceptions.

Step 2: Do you have high-interest debt (above 8%)?

YES → Pay it off before investing beyond your employer 401(k) match.

NO → Go to Step 3.

Step 3: Does your employer offer a 401(k) match?

YES → Contribute enough to capture the full match first.

That match is an instant 50–100% return. Nothing beats it.

NO → Go to Step 4.

Step 4: Is your remaining debt below 6% interest?

YES → Invest first (Roth IRA, brokerage), pay debt minimums.

Your investment return likely exceeds your debt cost over time.

NO (6–8% range) → Split: put 50% toward debt, 50% toward investing.

The math is close enough that psychological factors should guide you.

### STUDENT LOAN SPECIFICS

Student loans are the most complex debt most young earners carry. Key things to know:

Federal vs. Private — They Are Not the Same

Federal student loans come with income-driven repayment plans, deferment options, potential forgiveness programs, and fixed rates set by Congress. Private student loans have none of these protections. If you have both, never conflate them in your payoff strategy — they require separate decisions.

**Income-Driven Repayment (IDR) Plans** If you have federal loans and your income is volatile or you're in a high-debt/lower-income situation, an IDR plan caps your monthly payment based on your discretionary income. There are several plans — IBR (Income-Based Repayment), ICR (Income-Contingent Repayment), and SAVE (Saving on a Valuable Education, which replaced REPAYE and offers the most favorable terms for most borrowers under current rules). If you're a first-year NIL athlete or creator with one good year followed by uncertainty, IDR is worth understanding. Payments adjust with income. Forgiveness after 10–25 years depending on the plan — though forgiven amounts may be taxable income in the year of forgiveness.

**NOTE**

As of 2025, the SAVE plan has been subject to legal challenges. Check StudentAid.gov for current plan availability before enrolling. IDR plans change — the names, terms, and forgiveness timelines have shifted multiple times. Always verify current options directly with your loan servicer rather than relying on any guide, including this one.

**Public Service Loan Forgiveness (PSLF)** If you work for a nonprofit or government employer, federal loans can be forgiven after 10 years of payments. This affects almost no one in this guide's target audience — but worth noting if your situation changes.

**Refinancing Federal Loans to Private: Stop** Every major financial media outlet pushes refinancing as a smart move. For many people with federal loans, it is not. Refinancing converts your federal loan to private — eliminating IDR eligibility, forgiveness programs, and deferment protections. The slightly lower interest rate rarely compensates for those lost protections. The only time refinancing makes sense: your income is high, stable, and growing; you have no intention of using federal protections; and the rate reduction is significant.

**The Psychological Weight**

Student loan debt has a unique psychological burden. It follows you. It feels like a ceiling. Young earners make financially correct decisions — investing while paying minimums on low-rate federal loans — and are still miserable because the number on the statement still says \$80,000.

That psychological cost is real and it is valid. If carrying the debt is affecting your decisions, your relationships, or your focus — there is value in paying it off faster than the math recommends. Financial optimization that destroys your mental clarity is not actually optimal. Factor in the full cost.

**Debt Action Box**

List every debt: balance, interest rate, minimum payment, loan type (federal/private/credit card)

Identify anything above 8% — this is your immediate priority

Check if your employer offers a 401(k) match — capture it before extra debt payments

Choose avalanche or snowball based on your personality, not just the math

If you have federal student loans: log in to StudentAid.gov and review your repayment options

Calculate the invest-or-payoff decision for your specific rates using the framework above

Set a fixed extra payment amount toward your target debt — automate it

C H A P T E R

# 05

## Investing for Young Earners

*Make Your Money Work*

continued on next page

Here's a pattern that repeats every year: Division I football player, two years out of school, \$340,000 in first-year income — not NFL money, but arena league, endorsements, training content. Three years later he's asking why his net worth is \$14,000. He didn't blow it. He didn't make a catastrophic mistake. He just did nothing with it. Three years of real income sitting in a checking account earning 0.01%, getting slowly consumed by taxes and lifestyle creep. \$340,000 became \$14,000 in accessible wealth — not from bad decisions, but from no decision at all. Investing is the one chapter in this guide where doing nothing and doing something wrong are the same thing.

## THE MOST EXPENSIVE MISTAKE: WAITING

Here's a number that should permanently change how you think about the bag: a 22-year-old who invests \$500 a month at an 8% average annual return will have \$1.74 million by age 62. They put in \$240,000 of their own money. The other \$1.5 million? Created by time and compound interest. Completely passively.

A 32-year-old starting the same plan with the same \$500 a month at the same 8% ends up with \$745,000. The 10-year head start is worth \$1,000,000. You will never outwork the cost of waiting. The market doesn't care how talented you are. It only cares how early you showed up.

## THE COST OF WAITING — COMPOUND INTEREST COMPARISON

\$500/month invested at 8% average annual return

START AT 22	START AT 32
<b>\$1,745,000</b>	<b>\$745,000</b>
by age 62	by age 62
\$240,000 contributed	\$180,000 contributed
<b>+\$1,000,000 ADVANTAGE</b>	10 years = \$1,000,000 less

## THE FOUNDATION: TAX-ADVANTAGED ACCOUNTS FIRST

Before you invest in anything else, maximize these accounts. The government is giving you a legal tax shelter — take it.

### TIP

The single most powerful investing move for a young earner is opening a Roth IRA at Fidelity, Vanguard, or Schwab and contributing the maximum every year. You pay taxes now at your current (lower) rate — and never pay taxes on the growth again. A \$7,000 Roth IRA contribution at age 22, left alone at 8%, becomes over \$150,000 by age 62. Tax-free.

Roth IRA Contribute up to \$7,000 per year (as of 2025 — this limit adjusts for inflation; verify the current year limit at IRS.gov) with after-tax dollars. The growth is completely tax-free. When you retire, you pay zero taxes on withdrawals — including all the growth. For young earners who expect their income to rise, paying taxes now at a lower rate and never paying again is one of the best financial moves that exists. Open one at Fidelity, Vanguard, or Schwab. Invest in a total market index fund. Contribute the maximum every year.

Solo 401(k) If you are self-employed (which NIL athletes, creators, and entrepreneurs all are), you can contribute up to \$70,000 per year (as of 2025 — verify the current limit at IRS.gov, as it adjusts annually) — dramatically more than an employer-based 401(k). Every dollar contributed reduces your taxable income dollar for dollar. A \$20,000 Solo 401(k) contribution for someone in the 22% bracket saves them \$4,400 in taxes immediately, while building long-term wealth.

SEP-IRA Simpler to administer than a Solo 401(k). Contribute up to 25% of net self-employment income, max \$70,000 (as of 2025 — verify the current limit at IRS.gov). Good option if you want retirement savings with minimal administration.

## THE CORE PORTFOLIO: INDEX FUNDS

Warren Buffett has said repeatedly that for most investors, a low-cost S&P 500 index fund will outperform the majority of professionally managed funds over time. He's right. Here is why index funds work:

- Diversification: One fund gives you ownership of 500 (or thousands) of companies simultaneously
- Low fees: Index funds charge 0.03%–0.20% annually. Active funds charge 1%–2%. On a \$500,000 portfolio, that fee difference is \$4,850–\$9,900 per year
- Simplicity: No research required. No monitoring individual companies. You own the market
- Historical performance: The S&P 500 has averaged approximately 10% annually over long periods

Start here: Open a Fidelity or Vanguard account. Buy FSKAX (Fidelity Total Market) or VTSAX (Vanguard Total Stock Market). Set up automatic monthly contributions. Do not touch it for 20 years. That is the strategy.

## THE ACCELERATOR: REAL ESTATE

Once your financial foundation is set — emergency fund, retirement accounts funded, no high-interest debt — real estate is one of the most powerful long-term wealth-building tools available. But before you buy anything, you need an honest picture of what the current market actually looks like.

### The Current Market Reality Check

Real estate advice written for a 3% interest rate environment does not apply today. Mortgage rates sitting at 6.5–7.5% have fundamentally changed the cash flow math on rental properties in most U.S. markets. A duplex that generated \$600/month positive cash flow in 2020 may generate \$0 or negative cash flow at today's rates and prices — before accounting for maintenance, vacancy, or property management.

This does not mean real estate is a bad investment. It means you need to run the actual numbers on any specific property before committing. The investors who are still making real estate work in this environment are doing so by finding below-market deals, buying in secondary markets with lower prices and strong rent-to-price ratios, or putting larger down payments to make the monthly math work.

### Why Real Estate Still Makes Sense Long-Term

Despite the tighter entry conditions, the structural advantages haven't changed:

**Leverage:** You can control a \$400,000 asset with \$80,000 down. No other investment vehicle offers comparable leverage with predictable collateral behind it.

**Appreciation:** Real estate has historically appreciated 3–5% annually over long periods. At 20% down, that appreciation compounds against your full asset value — not just your invested capital.

**Tax Depreciation:** The IRS lets you deduct the "depreciation" of a rental property over 27.5 years — a paper expense that reduces taxable income without costing you a dollar. One of the most powerful tax tools available to individuals.

**Inflation Hedge:** Rent prices tend to rise with inflation. A fixed-rate mortgage doesn't. Over time, your fixed payment becomes cheaper in real terms while your rental income grows.

### House Hacking — Still the Best Entry Strategy, Done Right

Buy a small multi-unit property (duplex, triplex, or fourplex). Live in one unit. Rent the others. The rental income offsets your mortgage — sometimes covering it entirely. You build equity, develop landlord experience, and qualify for residential financing (lower rates and down payment requirements than investment property loans).

In the current rate environment, house hacking math works best when:

- You buy in a market where rents are high relative to purchase prices
- You put down 10–20% on an FHA or conventional loan
- You conservatively underwrite rents at 10–15% below market to account for vacancy
- You have 6 months of mortgage reserves in cash before closing

### The Numbers That Tell You Whether to Buy

**Gross Rent Multiplier (GRM):** Purchase price divided by annual gross rent. A GRM below 12 is generally favorable. Above 15 means the property is expensive relative to its income — tread carefully. Use this for quick screening before deeper analysis.

**Cap Rate:** Net operating income (annual rents minus all operating expenses, before mortgage) divided by purchase price. A 6%+ cap rate in today's market is decent. Below 4% means you're paying for appreciation, not cash flow.

Cap rate is independent of your financing — it tells you how the asset performs on its own. In a 7% mortgage

environment, a 5% cap rate means your debt costs more than the property earns. That's negative leverage — the mortgage is hurting you, not helping you.

Cash-on-Cash Return: Annual cash flow after all expenses including mortgage, divided by your total cash invested (down payment + closing costs + repairs). Target: 8%+ to justify the illiquidity of real estate over index funds.

Run all three numbers before making an offer. A property that passes all three is a real deal. Most properties at today's prices don't pass all three — and that's fine. The market offers deals to people who run the numbers and wait. It punishes people who buy on feeling.

Real estate at the right price, in the right market, with the right financing is still one of the best wealth vehicles available. Real estate purchased emotionally, at the wrong price, in a market you don't understand — is one of the fastest ways to reverse years of financial progress. Run the numbers. Every time. Without exception.

### Chapter 5 Action Box

Open a brokerage account if you don't have one — fund it with at least \$100 this month

Set up automatic recurring investments into a broad market index fund (S&P 500 or total market)

If you have earned income, open or contribute to a Roth IRA — max it if possible

Run the three numbers on any real estate you're considering: gross rent multiplier, cap rate, cash-on-cash return

Write down your investment allocation target: what percentage goes to index funds, real estate, business, and alternatives

→ *WORKSHEET: Open the Tax Leak Calculator and complete Steps 4 and 5. Step 4 shows your S-Corp savings potential. Step 5 shows exactly what delaying your investments costs you over 10, 20, and 30 years — put your actual age in and read the number carefully.*

C H A P T E R

# 06

## The People Problem

*Protecting Your Bag*

continued on next page

*The hardest conversation in personal finance isn't about taxes. It's about family. Athletes have lost \$80,000 to parents who borrowed "temporarily" and stopped returning calls. Creators who built \$400,000/year businesses have lost a third of it over 18 months to childhood friends they made business partners out of loyalty. Young entrepreneurs have watched family members co-sign leases for restaurant concepts that lost \$120,000. None of these people were predators. They were family. People who genuinely cared — and had no idea what they were doing with money. Good intentions don't stop financial damage. Structure does. This is the chapter most people skip because it makes them uncomfortable. It's also the one that saves more of the bag than any tax strategy in this guide.*

## **THE MOST PAINFUL FINANCIAL TRUTH YOU WILL EVER READ**

The people who loved you before you had money will love you after you have money. But the dynamic changes — sometimes slightly, sometimes completely. And you won't always be able to tell the difference until it costs you.

When your financial status rises, two types of people show up more often: people who love you genuinely, and people who love your proximity to resources. They can look identical. They both say the right things. The difference reveals itself in what they ask of you over time.

Protecting your bag is not heartless. It is responsible. The person who drains their savings to help everyone around them and ends up with nothing hasn't actually helped anyone — including themselves.

## **THE DEFLECTION SCRIPT — MEMORIZE THIS**

When someone asks you for money, a loan, or an "investment opportunity," you need a response that's honest, firm, and doesn't blow up the relationship. Here are two versions — use whichever fits the situation:

For family or close friends: "I love you and I want to help, but I've got a strict system with my money right now and I can't move outside of it. My advisor would kill me. Let me see what I can do in my giving budget later in the year."

For everyone else: "I'm locked in with my financial team right now — everything's deployed. Not in a position to move anything. Send me the details though and I'll pass it along to my people."

Both versions redirect to a system and a team without making it personal. That's the move. You're not saying you don't have it. You're not saying they're not worth it. You're saying your money has rules — and it does, because you built them. The people who respect that are the ones worth keeping around. The ones who push back are showing you exactly what they think your boundaries are worth.

## **THE GIVING BUDGET: A SYSTEM THAT PROTECTS RELATIONSHIPS**

Decide in advance — in writing — exactly how much you're willing to give or lend to family and friends each year. Call it your Giving Budget. It can be \$500 or \$5,000. The amount matters less than the system.

Once that budget is gone for the year, your answer to every request is: "I've already committed my giving budget for this period, but I'll put you on the list for next year."

That's honest. It's not "I don't have it." It's not "you're not worth it." It's a boundary delivered with integrity. The people who respect it are the people worth keeping close. The ones who push back on it — who argue that you should make an exception, that your love for them should override your system — are showing you exactly who they are.

## BUILD YOUR WEALTH TEAM EARLY

The most powerful financial deflection is not a script — it is infrastructure. When you have a CPA, a financial advisor, and an attorney, you have a team of professionals whose job is to tell you no on your behalf.

Your Wealth Team:

- CPA / Tax Strategist — manages your tax liability year-round, not just in April
- Fiduciary Financial Advisor — builds and manages your investment strategy (fiduciary means legally required to act in your interest, not their commission)
- Business / Estate Attorney — handles contracts, LLC setup, and legacy planning
- Insurance Specialist — life, disability, and umbrella coverage

When someone brings you an "investment opportunity," your answer is: "Send me the details and I'll have my team look at it." Real opportunities can withstand scrutiny. Scams cannot. This one sentence has saved more fortunes than any other sentence in personal finance.

### Chapter 6 Action Box

Write down every person who currently has access to your money, accounts, or financial decisions

Identify any relationship where the financial arrangement has never been formally documented — fix it

Draft a simple loan policy: the maximum amount, terms, and what happens if it isn't repaid

Research and identify one CPA, one attorney, and one financial advisor to build your wealth team

Practice the sentence: "Send me the details and I'll have my team look at it" — use it the next time someone pitches you

C H A P T E R

07

---

# NIL Athletes

*Your Complete Financial Playbook*

continued on next page

## YOU ARE NOW A BUSINESS. ACT LIKE ONE.

The moment you signed your first NIL deal, you became self-employed. Not part-time. Not sort-of. Legally, fully, self-employed — with obligations the IRS is absolutely not going to explain to you. Most 18–22 year olds who sign NIL deals find out how this works in April of the following year when a bill arrives that nobody warned them about.

This chapter covers everything: how your income gets taxed, what to do the moment a check arrives, how to structure your business, what red flags to watch for in contracts and agents, and how to use your athletic platform to build a bag that outlasts your playing career.

## THE TAX REALITY OF NIL INCOME

When a regular job pays you, they withhold federal income tax, state income tax, and FICA before the money hits your account. You get your net check. Taxes are handled before you see a dollar.

NIL income does not work this way. At all.

When a brand sends you \$50,000, they send you \$50,000. Every dollar. No withholding. It feels like \$50,000 of spending power. It is not. Here is what that \$50,000 actually looks like:

```
NIL Payment Received: $50,000

Self-Employment Tax (15.3%): -$7,650
Federal Income Tax (~22%): -$11,000
State Income Tax (varies): -$2,500-$5,000

Money Actually Yours: ~$26,000-$28,850
```

The federal government requires you to pay both the employee AND employer portions of Social Security and Medicare — a combined 15.3% on top of income taxes. This catches virtually every first-time NIL earner off guard. The penalty for failing to pay estimated taxes on time is approximately 8% annually (as of 2025 — the rate is the federal short-term rate plus 3 percentage points; verify the current rate at [IRS.gov](https://www.irs.gov)). That penalty accrues on top of the full tax amount due, every quarter you missed.

The Rule: Immediately upon receiving any NIL payment, transfer 30–35% into a dedicated tax savings account. Name this account "TAX — DO NOT TOUCH." Every single payment. Every single time. Without exception.

## QUARTERLY ESTIMATED TAXES — THIS IS NON-NEGOTIABLE

Because NIL income has no withholding, the IRS requires you to pay taxes on a quarterly schedule. Missing these payments triggers underpayment penalties even if you pay everything in full by April 15.

Quarterly Estimated Tax Due Dates (verify exact dates for the current year at IRS.gov — they shift slightly when a deadline falls on a weekend or holiday):

- Q1 (January 1 – March 31): Due approximately April 15
- Q2 (April 1 – May 31): Due approximately June 15
- Q3 (June 1 – August 31): Due September 15
- Q4 (September 1 – December 31): Due January 15 of the following year

Work with a CPA to calculate your correct quarterly payment. Underpay and you face penalties. Overpay and you receive a refund in April. When in doubt, overpay slightly.

### SET UP YOUR BUSINESS STRUCTURE IMMEDIATELY

Do not receive NIL income as an individual any longer than necessary. Establish your business infrastructure now.

Step 1: Form an LLC A Limited Liability Company separates your personal finances from your business finances. This does two things: it protects your personal assets if your business is ever sued, and it gives you the structural foundation for smarter tax strategy. Formation costs \$50–\$500 depending on your state.

Step 2: Open a Business Checking Account Every NIL payment goes into this account. Every business expense is paid from this account. Your personal account never mixes with this account. This separation is the foundation of clean tax records.

Step 3: Consider S-Corp Election Once your NIL income exceeds \$50,000–\$80,000 annually, work with a CPA to evaluate an S-Corp election. Below \$50,000, the cost of running payroll and the additional CPA fees typically erase the tax savings. Above \$80,000, it almost always makes clear financial sense. With an S-Corp, you pay yourself a reasonable salary (subject to self-employment tax) and take remaining profits as distributions (not subject to self-employment tax).

On \$100,000 of NIL income, the S-Corp election can save you \$5,000–\$12,000 in self-employment taxes annually. That savings compounds into significant wealth over a career.

### NIL TAX DEDUCTIONS — TRACK EVERY DOLLAR

As a self-employed athlete, legitimate business expenses reduce your taxable income. Every dollar deducted saves you your marginal tax rate. Track and deduct:

- Training and coaching fees — personal trainers, position coaches, specialized athletic development
- Sports equipment — cleats, pads, gloves, anything not provided by your school
- Travel expenses — mileage, flights, hotels for business-related appearances and training
- Agent and management fees — deductible as a business expense
- Professional photography and videography — for your personal brand

- Home office — if you have a dedicated space for managing your NIL business
- Phone and internet — the business-use percentage
- Legal and professional fees — your attorney, CPA, and financial advisor
- Marketing and promotion — social media ads, website, branding

Keep every receipt. Use a simple spreadsheet or an app like Expensify or QuickBooks Self-Employed to log expenses in real time.

## READING YOUR NIL CONTRACT — RED FLAGS TO KNOW

Never sign a contract you have not had an attorney review. NIL contracts range from straightforward to exploitative. Know what you are signing:

**Exclusivity Clauses** Some brands will try to lock you out of competing categories for the duration of the deal. A shoe company might want exclusivity over all footwear, apparel, and athletic equipment. If your deal is worth \$10,000 but it prevents you from signing \$50,000 in other deals, it is a \$10,000 contract with a \$50,000 opportunity cost.

**Social Media Requirements** Posts, stories, mentions — all of these have a market rate. Understand what you are committing to before signing. Post requirements should be explicitly listed in the contract with deadlines, content specifications, and approval processes.

**Morals Clauses** Brands include language allowing them to terminate the deal and, in some cases, seek repayment if you engage in behavior they deem damaging to their brand. Understand exactly what triggers these clauses.

**Payment Terms** Net-30, net-60, and milestone-based payments are common. Know when you get paid and what triggers payment. If a brand goes dark after delivery, you need contractual remedies.

**Intellectual Property** Some contracts attempt to claim ownership of content you create for the deal — or even your likeness beyond the deal term. An attorney will spot this immediately.

## AGENT AND MANAGER RED FLAGS

Your first NIL deals will likely come through a collective, your school's compliance office, or direct brand outreach. As your profile grows, agents and managers will appear. Most are legitimate. Some are not. Watch for:

- Upfront fees — Legitimate agents earn commissions on deals they close. Anyone asking for payment before they deliver a deal is not acting in your interest
- Pressure to sign quickly — "This opportunity expires tomorrow" is a manipulation tactic, not a real deadline
- Unregistered agents — Many states require NIL agents to register. Verify before signing representation agreements
- Verbal promises not in writing — If it's not in the contract, it doesn't exist
- No track record — Ask for references. Talk to other athletes they have represented

- Taking a cut of income they didn't generate — Your representation agreement should specify which deals they are entitled to commission on

## NCAA COMPLIANCE — KNOW THE LINES

NIL rules are set by both the NCAA and your individual state. They change frequently. The general framework:

- You can be compensated for the use of your name, image, and likeness
- You cannot be compensated for athletic performance (pay-for-play remains prohibited)
- Compensation cannot be conditioned on enrollment at a specific school
- Your school's compliance office is your first resource — use them

Violating NIL rules can jeopardize your eligibility. Every deal should be reported to your compliance office before signing. This is non-negotiable.

Important: NIL rules are among the fastest-changing areas of sports law. The landscape shifted significantly with the House v. NCAA settlement in 2024, which introduced revenue-sharing mechanisms that continue to be implemented. Always verify current NCAA, conference, and school-specific policies directly before signing any deal — do not rely solely on any guide, including this one.

## NIL INCOME AND FINANCIAL AID — THE INTERACTION NOBODY WARNS YOU ABOUT

This is one of the most overlooked financial risks for college athletes on scholarship. NIL income is real income — and real income can affect your Expected Family Contribution (EFC) on the FAFSA, which directly impacts need-based financial aid eligibility.

If you are receiving need-based aid (Pell Grants, institutional grants, subsidized loans) and your NIL income is significant, your aid package may be recalculated. The timing matters: aid is typically based on prior-year income, so a strong NIL year can affect the following year's aid package.

What to do:

- Talk to your school's financial aid office before your first NIL deal deposits — not after
- Understand whether your aid is need-based (affected by income) or merit-based (typically not affected)
- If you are on athletic scholarship, confirm with your compliance office whether NIL income affects any scholarship terms
- Work with a CPA who understands both the tax treatment and the financial aid interaction — these are connected decisions, not separate ones

The worst outcome: a student athlete who earns \$25,000 in NIL income, loses \$18,000 in need-based aid because of it, and ends up \$7,000 ahead on paper but worse off in practice because nobody connected the dots in advance.

## PLANNING FOR THE CAREER AFTER SPORTS

Every athletic career ends. The average NFL career is 3.3 years. The average NBA career is 4.5 years. NIL deals fade when your playing days do. The athletes who thrive after sports are the ones who used the platform while they had it to build a bag that doesn't depend on their performance.

That time is now. Not after the career. Now.

- Invest every NIL dollar you don't absolutely need
- Build your personal brand as a media asset, not just an athletic identity
- Network intentionally — the business relationships you build during your career will outlast your career
- Start thinking about your post-sports identity now, while you still have leverage and visibility

The platform you have today is worth more than it will ever be again. Use it like you know that.

### Chapter 7 Action Box

Confirm with your compliance office that your current or pending NIL deals are reported and approved

Open a dedicated tax savings account and transfer 30–35% of every NIL payment into it immediately upon receipt

Get an attorney to review any NIL contract before you sign — specifically check exclusivity clauses, IP ownership, and morals clauses

Make your first quarterly estimated tax payment if you haven't — calculate using IRS Form 1040-ES or ask your CPA

**NIL deal coming? Get the free pre-deal checklist.**

Download at

**YOUNGMONEYCREATORS.COM**

Check whether your financial aid is need-based and whether your NIL income will affect next year's package — talk to the financial aid office before it surprises you

C H A P T E R

08

# Content Creators

*Your Financial Playbook*

continued on next page

*(For YouTubers, TikTokers, Instagram creators, podcasters, and anyone monetizing a digital platform)*

## **THE CREATOR ECONOMY HAS A TAX PROBLEM NOBODY TALKS ABOUT**

The creator economy has minted real millionaires. It has also produced thousands of creators who made real money and have nothing to show for it — because the platforms that pay you don't withhold a single dollar in taxes, and the industry that sells you on "living your passion" has zero interest in explaining your quarterly tax obligations.

Here's your reality: if you are monetizing your content in any way — AdSense, brand deals, merch, memberships, Patreon, anything — you are self-employed. The IRS sees you exactly the same as any other independent contractor. Everything in Chapter 7 about NIL taxes applies to you. This chapter covers the creator-specific details on top of that foundation.

## **HOW CREATOR INCOME IS TAXED BY SOURCE**

**Platform Ad Revenue (YouTube AdSense, TikTok Creator Fund)** Paid out gross with no withholding. Taxable as self-employment income. Subject to federal income tax + 15.3% self-employment tax. Platforms will send you a 1099 if you earn over \$600. Track every payment.

**Brand Deals and Sponsorships** Also paid gross. Taxable as self-employment income. Every brand that pays you over \$600 in a calendar year is required to send you a 1099-NEC. Even if they don't send one, you are required to report the income. The IRS receives a copy of every 1099 filed.

**Merchandise Sales** If you are selling through a platform like Printful, Printify, or your own Shopify store, revenue is taxable. If you are holding inventory, there are additional accounting considerations — work with a CPA who understands e-commerce.

**Course Sales and Digital Products** Taxable as ordinary self-employment income. If you are collecting sales tax on products, you have additional state-level compliance requirements.

**Affiliate Income** Commissions from affiliate programs are self-employment income. Track every payment, even small ones — they add up and the IRS sees them all.

## **THE CREATOR BUSINESS STRUCTURE**

**Form Your LLC Before You Monetize** The moment you begin generating meaningful income from content, form an LLC. This separates your personal liability from your business activities, creates a foundation for business banking, and opens access to business tax deductions. Formation is typically \$50–\$500 depending on your state.

**Open a Business Checking Account** All content revenue flows into this account. All business expenses are paid from this account. This clean separation makes tax time straightforward and ensures no deduction is missed.

**Business Credit Card** Apply for a business credit card tied to your LLC. Run all business purchases through it. At year-end, you have a perfect record of every deductible expense. Choose a card with rewards — creators spend significant money on equipment and software, and those points compound.

## CONTENT CREATOR TAX DEDUCTIONS

Everything you spend to create, publish, and grow your content is potentially deductible:

**Equipment** Camera, lenses, lighting equipment, microphones, audio interfaces, tripods, stabilizers, drones. If it is used to create content, it is deductible. Section 179 of the tax code allows you to deduct the full cost of qualifying equipment in the year of purchase rather than depreciating it over time.

**Home Office** If you have a dedicated space used regularly and exclusively for your content business — an editing suite, recording studio, or dedicated office — you can deduct a percentage of your rent or mortgage, utilities, and internet based on the square footage of that space.

**Software and Subscriptions** Adobe Creative Suite, Final Cut Pro, editing software, music licensing subscriptions (Epidemic Sound, Artlist), scheduling tools, email marketing platforms, project management tools — all deductible.

**Phone and Internet** The business-use percentage of your phone bill and internet service is deductible. If you use your phone 70% for business, deduct 70% of the monthly cost.

**Travel** If you travel for content — to cover an event, attend a brand partnership activation, film on location — that travel is deductible. Flights, hotel, ground transportation, and 50% of meals.

**Props, Wardrobe, and Sets** Items purchased specifically for use in your content are deductible. Items that serve a dual personal purpose require documentation.

**Education and Training** Courses, books, coaching, conferences that improve your content creation skills or business acumen are deductible.

**Professional Services** Your CPA, attorney, talent manager, and business consultant fees are fully deductible.

## BRAND DEAL CONTRACTS — KNOW WHAT YOU'RE SIGNING

Brand deals are the highest-margin income source in the creator economy. They are also the area where creators most frequently leave money on the table or unknowingly sign bad terms.

**Know Your Rate** Your rate should be based on your engaged audience, not your follower count. A creator with 50,000 highly engaged followers in a specific niche is more valuable to a brand than a creator with 500,000 passive followers in a broad niche. Research industry rates. A starting benchmark for mid-tier creators: \$100–\$200 per 10,000 followers per post, adjusted significantly upward for strong engagement.

**Deliverable Clarity** Every deal should specify exactly what you are delivering: number of posts, platform, content type (story vs. feed post vs. video), minimum duration content must stay live, required disclosures (FTC requires

#ad or #sponsored), approval process, and revision rounds.

**Usage Rights** When a brand pays you for content, they often want to use that content in their own marketing — on their website, in paid ads, in email campaigns. Usage rights command a premium. A post-production usage fee of 30%–50% of the base rate per platform per 3-month period is standard for repurposed content.

**Exclusivity Premium** If a brand wants exclusivity in their category for the duration of your deal, charge for it. Lost opportunity has a price. Exclusivity should command a 25%–100% premium depending on how competitive your category is.

**Payment Terms** 50% upfront before content creation, 50% upon delivery is standard for creators with leverage. Net-30 from delivery is acceptable. Anything beyond Net-60 requires negotiation or is a red flag.

### PLATFORM DIVERSIFICATION: PROTECT YOUR INCOME

The most dangerous financial position for a creator is being 100% dependent on one platform. Algorithm changes, policy violations, or platform decline can eliminate your income overnight. Build across multiple revenue streams:

- Platform ad revenue (YouTube, TikTok, Facebook)
- Brand partnerships (your highest-margin income)
- Merchandise and physical products
- Digital products (courses, presets, ebooks, templates)
- Membership communities (Patreon, Substack, Discord)
- Live events and appearances
- Affiliate marketing

Each revenue stream you add reduces the catastrophic risk of any single one disappearing.

#### Chapter 8 Action Box

List every income source from your content — AdSense, brand deals, merch, memberships, affiliates — and confirm you have a tax reserve for all of it

Identify your top three most valuable brand deal categories and research current market rates so you stop undercharging

Review your last three brand deal contracts for usage rights, exclusivity, and deliverable specs — know what you signed

Set up your tax tracking system: separate business account, expense categories, and a quarterly payment calendar

Add at least one new revenue stream this quarter that you own outright — a digital product, a paid community, or a course

---

C H A P T E R

# 09

## The Entrepreneur's Budget

*Cash Flow Is King*

continued on next page

*The most common pattern in small business distress looks like this: the owner shows a P&L that looks healthy — \$280,000 in revenue, \$190,000 in expenses, \$90,000 in profit. Then they show the business bank account: \$4,200. "Profitable" on paper and functionally broke in practice. CPAs who work with young entrepreneurs see this constantly. The diagnosis is always the same: they managed revenue, not cash flow. This chapter is the one that separates entrepreneurs who build real businesses from entrepreneurs who build impressive income statements that can't cover the bills.*

## REVENUE IS VANITY. PROFIT IS SANITY. CASH FLOW IS REALITY.

A business can be profitable and still fail. That happens when invoices are outstanding, inventory has been purchased, payroll is due, and the account is empty — even though technically the business is "making money." That is a cash flow crisis, and it kills businesses that had every reason to survive.

Cash Flow = Money In – Money Out, measured over time.

Positive cash flow: more is arriving than leaving. Negative cash flow: you're burning reserves. Most business failures aren't caused by a bad product or a bad idea. They're caused by running out of cash before profitability catches up. Know this distinction like your name.

## CALCULATING YOUR CASH RUNWAY

Your cash runway is the answer to this question: If income stopped today, how long could I operate before I cannot pay my obligations?

$$\text{Cash Runway} = \text{Cash Reserves} \div \text{Monthly Fixed Overhead}$$

If you have \$30,000 in reserves and \$5,000 in monthly fixed costs, you have 6 months of runway. Six months is the minimum. During high-earning periods, your primary job is building and protecting this number — not expanding your lifestyle.

## THE FEAST-AND-FAMINE CYCLE — HOW TO BEAT IT

Entrepreneurs with irregular income face a psychological trap: during high months, income feels permanent. During slow months, it feels like the business is dying. Neither feeling is accurate. The solution is a system, not optimism.

**The Sweep System** Every month, after covering your essential expenses and setting aside taxes, sweep excess profits into your business reserve account. Not your personal account. Not into a new purchase. Into reserves. During slow months, you draw from reserves to maintain operations without panic.

**The Minimum Viable Month (MVM)** Calculate the absolute minimum your business needs to function for 30 days: essential payroll, rent, minimum inventory, software, and utilities. This is your MVM number. Know it exactly. Your reserve target is 6 months of MVM.

## REVENUE DIVERSIFICATION

The most dangerous business has one revenue stream or one major client. If that stream dries up, the business is over. Build multiple revenue streams with intention:

- Products AND services
- Multiple client relationships (no single client should represent more than 20% of revenue)
- Recurring revenue AND project-based revenue
- Digital AND physical offerings where applicable

### Chapter 9 Action Box

Build a simple P&L for your business: revenue minus cost of goods sold minus operating expenses equals net profit

Calculate your owner pay percentage — what you actually take home versus what the business earns

Identify your top revenue stream and your most expensive cost line — optimize both

Check whether any single client represents more than 20% of your revenue — if yes, that is a risk to address

Set a target for building a 3-month operating expense reserve for the business

C H A P T E R

# 10

## Building Generational Wealth

*Your Legacy*

continued on next page

## RICH VS. WEALTHY: THE DISTINCTION THAT CHANGES EVERYTHING

Rich means high income. Rich people have impressive checks and impressive expenses to match. A lot of rich people are one bad month from financial stress. Rich is a rate — it depends on the faucet staying on.

Wealthy means assets generating income whether you show up or not. Wealthy people's bag works around the clock. Wealth is a position — it doesn't require your presence to keep growing.

The shift from rich to wealthy comes down to one behavioral change: stop converting income into consumption and start converting it into assets. Every car you don't lease is a down payment on a rental property. Every watch you don't buy is three years of index fund contributions. Every dollar deployed into an asset is a dollar that goes to work for you indefinitely.

Most young earners never make this shift. Not because they lack discipline — but because nobody ever told them which assets to buy, in what order, at what income level. That roadmap starts now.

## THE ASSET STACK: WHAT TO OWN AND WHEN

Wealth is built by accumulating assets — things that hold value or generate income — rather than liabilities that drain it. Here is the order in which most young earners should build their asset stack, from foundation to advanced:

**Layer 1: Cash Reserves (First 6 months)** Before any investment, build 3–6 months of living expenses in a high-yield savings account. This is not an investment — it is insurance against being forced to sell investments at the wrong time. Without this layer, one emergency destroys every layer above it.

**Layer 2: Retirement Accounts (Immediately after Layer 1)** Roth IRA first (annual contribution limit adjusts for inflation — verify the current year limit at [IRS.gov](https://www.irs.gov); as of 2025 it is \$7,000, or \$8,000 if you are over 50). Every dollar here grows tax-free for decades. A 23-year-old who maxes their Roth IRA for 10 years and never contributes again will have more in retirement than someone who starts at 35 and contributes for 30 years. After the Roth, if you have a SEP-IRA or Solo 401(k) through self-employment, these allow significantly higher contributions — up to \$70,000/year as of 2025 (check [IRS.gov](https://www.irs.gov) for the current year limit).

**Layer 3: Taxable Brokerage Account** Once retirement accounts are maxed, invest additional funds in a taxable brokerage account. Same index fund strategy as Chapter 5, but without the contribution limits. This account is your flexible wealth — accessible before retirement age without penalties, and the primary vehicle for most high-earning young earners who outgrow retirement account limits quickly.

**Layer 4: Real Estate** A single rental property — even one unit — fundamentally changes your relationship with wealth. You now own an asset that tenants pay down for you, that appreciates over time, and that generates monthly cash flow. The standard entry point for young earners is a house hack: purchase a 2–4 unit property, live in one unit, and rent the others. The rental income covers your mortgage. You are building equity on someone else's dollar and living for free or near-free.

Requirements to get started:

- Credit score above 620 (ideally 720+ for best rates)
- 3.5%–20% down payment depending on loan type
- Documented income history (at least 2 years of tax returns for self-employed buyers)
- A market where rent covers PITI (principal, interest, taxes, insurance) with cash flow remaining

Real estate is not passive in the early stages. Property management, maintenance decisions, and tenant issues require attention. But the wealth-building mechanics — leverage, appreciation, cash flow, and tax advantages (depreciation, 1031 exchanges) — make it the most powerful wealth vehicle available to someone who is not yet managing institutional capital.

**Layer 5: Business Equity** If you run a business, the most valuable asset you can own is the business itself — specifically, a business that can generate revenue without requiring your constant presence. This is the transition from self-employed to business owner. It requires systems, employees or contractors, and documented processes that outlast any individual. A business you can sell for 3–5x annual profit is a wealth-building vehicle that no index fund can replicate.

**Layer 6: Private Investments and Alternative Assets** At higher net worth levels (typically \$500K+), diversification into alternative investments becomes relevant: private equity stakes in operating businesses, angel investing in early-stage companies, syndicated real estate deals. These are illiquid, higher-risk, and require accredited investor status (\$200K+ individual income or \$1M+ net worth). This layer is for when the foundation is fully built — not before.

LAYER 1	<b>Cash Reserves</b> 3–6 months of expenses in a high-yield savings account — build this first
LAYER 2	<b>Retirement Accounts</b> Roth IRA first, then SEP-IRA or Solo 401(k) — decades of tax-free compounding
LAYER 3	<b>Taxable Brokerage</b> Index funds, no contribution limits — your flexible long-term wealth vehicle
LAYER 4	<b>Real Estate</b> Rental properties, house hacking — tenants pay down your equity for you
LAYER 5	<b>Business Equity</b> A scalable business you can sell — the biggest wealth multiplier available to you

<b>LAYER 6</b>	<p><b>Private Investments</b></p> <p>Angel deals, syndicated real estate — only after layers 1–5 are fully built</p>
--------------------	--

**THE WEALTH TIMELINE: A 20-YEAR PICTURE**

For a young earner who starts at 22 with the discipline to implement this guide, here is what the wealth-building arc realistically looks like:

Age	Milestone	How
22–25	\$50K–\$100K net worth	Emergency fund built, Roth IRA contributions started, LLC formed, tax strategy in place
25–30	\$150K–\$300K net worth	Brokerage account growing, first real estate purchase, business credit established
30–35	\$500K–\$750K net worth	1–2 rental properties, retirement accounts compounding, business scaling
35–40	\$1M+ net worth	Multiple income streams, trust and estate plan in place, assets generating passive income
40–50	\$2M–\$5M+ net worth	Real estate portfolio, business equity, legacy structures protecting wealth across generations

These numbers are not guaranteed — they depend on income level, consistency, and market conditions. But they represent what is achievable for someone who starts young and stays intentional. The most important variable is not the income — it is the start date.

**THE PRIVATE FAMILY BANK**

Old-money families don't just accumulate wealth — they architect systems that keep wealth inside the bloodline rather than bleeding out to banks, the IRS, and uninstructed heirs. The private family bank is one of those systems.

Here is how it works in practice:

A family builds capital across retirement accounts, investment portfolios, and real estate equity. When a family member needs funding for a business venture, a down payment, or an investment opportunity, they borrow from

the family capital pool at a modest interest rate — typically 3%–6% — rather than from a commercial bank. The interest they pay goes back into the family pool, not to a bank. The repayment terms are documented and enforced like any legitimate loan.

This requires three things to function:

- Capital: Enough accumulated wealth in accessible accounts to make loans meaningful
- Trust infrastructure: The legal structures — typically a family LLC or trust — that hold and protect the capital pool (covered in Chapter 15)
- Financial literacy in the family: Every member who participates must understand the rules, the documentation requirements, and why the system exists

The private family bank is not a charitable fund. Loans are documented. Repayment is expected. The structure exists to give family members access to capital at terms no bank would offer, while keeping the interest income inside the family rather than enriching a commercial institution.

You cannot build this overnight. You build the capital first. You build the legal infrastructure next. You build the culture of financial accountability within your family over years of consistent modeling and conversation. Start the capital accumulation now. The structure comes later — but it only works if the capital exists to put into it.

## TEACHING THE NEXT GENERATION

If you're 22 reading this — you probably don't have kids yet. This section still matters to you. Read it now so you understand why you're doing all of this, and what you're building toward.

Here's the brutal reality: the majority of wealthy families lose everything by the third generation. Not because of bad luck. Not bad markets. Underprepared heirs. Money without financial literacy is a gift wrapped in a time bomb. The kid who inherits \$500,000 without understanding taxes, assets, or how wealth actually works — that money is gone inside a decade. Every decision you're making right now is either building something that lasts or something that disappears the moment you're not around to manage it.

The solution isn't complicated. But it requires you to be intentional about it long before it feels urgent.

Model the behavior first. How you talk about money, how you make decisions, how you treat it as a tool rather than a status symbol — the people around you are watching all of it. You are already teaching them, whether you mean to or not.

Document your strategy. Write down the principles behind your financial decisions. The investment philosophy. The tax strategies. The structures you've built and why. This is your playbook for the people who come after you — so they're building on what you created, not starting from scratch.

Have the hard conversations early. The family members who find out about your trust after you're gone are the ones who contest it in court. The ones who understood it, helped shape it, and agreed to its terms are the ones who honor it. Talk about money openly. It is not bad luck to plan for the future — it is the only responsible thing to

do.

If you do have children now — or when you do: open a custodial investment account. Let them watch \$100 grow. Teach them the difference between owning something and owing something before they're teenagers. A 12-year-old who understands assets and liabilities is already ahead of most adults.

The greatest legacy you can build is not the money itself. It is the knowledge, the systems, and the values that make sure the money outlasts you.

### Chapter 10 Action Box

Write down your vision of generational wealth: what does it look like in one generation? Two?

Review the six asset layers in this chapter — identify which ones you currently have and which are your next target

Open a custodial investment account for a child or young family member if applicable — even \$100 starts the lesson

Schedule a conversation with an estate attorney to begin (or review) your basic estate plan

Write a one-page financial philosophy document — your principles, your strategy, your "why" — so future generations have the context

C H A P T E R

# 11

---

## Tax Strategies

*Keep More of What You Make*

continued on next page

---

## ALSO KNOWN AS: THE "BROKE ON PAPER" STRATEGY

---

### BROKE ON PAPER

Let me put you on to something most people never find out.

You can earn \$300,000 a year and legally show the IRS \$60,000 in taxable income. Your accounts are growing. Your business is thriving. The bag is moving. And your tax bill reflects almost none of it.

This is not a loophole. Not a scheme. Not illegal. This is the tax code working exactly the way it was designed — rewarding business owners, real estate investors, and people who understand the incentives with deductions, depreciation, and retirement contributions that reduce the number the IRS actually taxes.

The wealthy call it being "broke on paper." What it really means: your money is deployed in structures and accounts that the IRS has explicitly decided not to tax — or to defer taxing — because you're doing exactly what Congress wanted you to do with it.

Here's what the broke-on-paper strategy looks like in practice:

- Business expenses reduce your revenue before it's ever counted as income
- Retirement contributions pull money out of your taxable income entirely
- Depreciation on property and equipment lets you deduct the cost of assets over time — sometimes all at once
- S-Corp structure eliminates self-employment tax on the portion of income above your salary
- The Augusta Rule lets your business pay you rent — tax-free to you personally

This chapter is not for people trying to game the system. It's for people ready to learn how the system actually works. The IRS publishes all of this. Your CPA knows all of this. After this chapter, so do you.

---

## THE TAX CODE IS A SET OF INCENTIVES — WRITTEN FOR YOU

Here is what most high-earners don't understand: the tax code was not written to take your money. It was written to incentivize specific economic behaviors — business ownership, real estate investment, job creation, retirement savings. Every incentive in the code is a legal way to reduce what you owe. The wealthy don't evade taxes. They understand the incentives and use them.

## YOUR ENTITY STRUCTURE — THE FOUNDATION OF TAX STRATEGY

**Sole Proprietor (The Most Expensive Option)** If you are earning self-employment income without a business entity, you are a sole proprietor by default. Every dollar of profit is subject to full self-employment tax (15.3%) plus income tax. This is the least tax-efficient structure available and there is no reason to stay here once your income exceeds \$20,000–\$30,000 annually.

LLC (The Foundation) Form an LLC immediately. It costs \$50–\$500. By itself, an LLC is a "pass-through" entity — profits pass to your personal tax return and are subject to self-employment tax. The real value of an LLC at this stage is liability protection and the foundation for the next step.

S-Corporation Election (The Game Changer) Once your net profit exceeds \$40,000–\$50,000 annually, elect S-Corp status for your LLC. This single move can save you \$5,000–\$20,000 per year by allowing you to:

- Pay yourself a "reasonable salary" (subject to self-employment tax)
- Take remaining profits as distributions (NOT subject to self-employment tax)

The real net savings number: Factor in payroll processing costs (\$500–\$2,000/year), any state-level S-Corp taxes (see the state warning below), and the cost of a CPA who handles S-Corp returns (typically \$1,000–\$2,500 more than a basic Schedule C). The gross savings are real — the net savings after these costs are what you should calculate before electing. At \$50K net profit, the math barely works. At \$100K+, it works clearly.

The S-Corp Math: `` Net Profit: \$150,000

Without S-Corp: Self-employment tax (15.3% × \$150,000) = \$22,950

With S-Corp: Reasonable salary: \$60,000 SE tax on salary: \$9,180 Distributions: \$90,000 (no SE tax) Total SE tax: \$9,180

Annual savings: \$13,770 ``

Work with a tax professional to determine the correct "reasonable salary" for your situation. The IRS scrutinizes this number — too low and it triggers an audit.

**TAX STRATEGY SAVINGS OVERVIEW — Self-Employed Earner at \$100K Net Profit**

*Estimates vary by income, state, and structure. Work with a CPA to calculate your specific numbers.*

STRATEGY	EST. ANNUAL SAVINGS	QUALIFIES WHEN
<b>S-Corp Election</b>	<b>\$5,000 – \$20,000</b>	Net profit exceeds \$50K/year
<b>Solo 401(k) / SEP-IRA</b>	<b>\$4,400 – \$15,000+</b>	Any self-employment income
<b>Augusta Rule</b>	<b>\$1,400 – \$8,400</b>	You own your home + have a business
<b>QBI Deduction (20%)</b>	<b>\$3,000 – \$12,000</b>	Pass-through income, income limits apply
<b>Section 179 / Bonus</b>	<b>Varies widely</b>	Equipment, vehicle, tech purchases
<b>Home Office Deduction</b>	<b>\$1,000 – \$3,500</b>	Dedicated workspace used exclusively for business

**WARNING**

Everything in this chapter covers federal taxes. State taxes are a separate calculation and the math can change significantly depending on where you live. Run the S-Corp math with your CPA before filing Form 2553 — the federal savings are real everywhere, but your net savings after state taxes depend on your state.

State-by-state breakdown:

California — the most common trap. California charges S-Corps an \$800/year minimum franchise tax plus an additional 1.5% tax on S-Corp net income. On \$150,000 in distributions, that's \$2,250 in additional state cost on top of federal. The S-Corp election still usually makes sense, but your net savings are lower than the federal-only calculation shows.

Texas, Florida, Nevada, and other no-income-tax states — the S-Corp math works exactly as shown throughout this chapter.

New York, New Jersey, Illinois, Massachusetts — significant state income tax that interacts differently with S-Corp distributions. Some states tax S-Corp income at the corporate level in addition to the individual level. Run the numbers with a local CPA before electing.

**POWER DEDUCTIONS FOR YOUNG EARNERS**

The Augusta Rule (Section 280A) You can rent your personal home to your business for up to 14 days per year, tax-free to you personally, while the business deducts the payment as an expense. Host a board meeting, strategy session, or business retreat at your home and pay yourself the market rate. 14 days × market rate (\$500–\$2,000/day) = significant tax savings.

Important: The IRS scrutinizes Augusta Rule deductions heavily. To survive an audit, you must have documented evidence: a written rental agreement between you and your business at a verifiable market rate, meeting minutes or an agenda showing business was actually conducted, and a paper trail showing the business made a real payment to you. "We had a meeting at my house" with no documentation is not sufficient. Social media posts from a party at your home on the same date as your claimed "strategy retreat" are the kind of thing that turns a legal deduction into a fraud charge. Do this right or don't do it at all — your CPA must be involved before you take this deduction.

QBI Deduction (Section 199A) Qualified Business Income deduction allows eligible self-employed individuals to deduct up to 20% of their net business income. On \$100,000 of net business income, this could reduce your taxable income by \$20,000.

Critical limitation for this guide's audience: The IRS classifies many athletes, performers, and consultants as "Specified Service Trade or Business" (SSTB) owners. If your business falls into that category, this deduction starts

phasing out at around \$197,000 in taxable income (single) and disappears completely around \$247,000 (numbers adjust for inflation — verify current thresholds at IRS.gov or with your CPA). That means a NIL athlete or high-earning creator at \$200K+ may not qualify for this deduction at all. Do not assume you qualify. Ask your CPA specifically whether your business activity is classified as an SSTB before you count on this deduction.

Section 179 / Bonus Depreciation Purchase qualifying business equipment (computers, cameras, vehicles used >50% for business) and deduct the full cost in the year of purchase rather than depreciating it over years. This accelerates your deductions significantly.

Health Insurance Premium Deduction Self-employed individuals can deduct 100% of health insurance premiums for themselves and their families. This is a dollar-for-dollar reduction in taxable income.

Retirement Account Contributions Solo 401(k): Up to \$70,000/year (as of 2025), all pre-tax. SEP-IRA: Up to 25% of net self-employment income. Every dollar contributed reduces your taxable income now while building tax-deferred wealth.

Real Estate Depreciation Rental property owners can deduct depreciation against rental income and, in some cases, against ordinary income. Cost segregation studies can accelerate this depreciation dramatically. This is one of the primary reasons wealthy investors love real estate.

## QUARTERLY TAXES — THE SYSTEM

Set up a separate high-yield savings account named "TAX — HANDS OFF." Every time income arrives, immediately transfer 30–35% of self-employment income, or 25% of W-2 income above withholding. Make quarterly estimated payments on the IRS schedule. Never arrive at April with a surprise bill — that surprise includes penalties.

## HIRE A CPA. NOT A TAX PREPARER.

A tax preparer fills out forms based on what you give them. A CPA proactively identifies strategies, flags opportunities, and structures your finances throughout the year to minimize your legal tax liability. The right CPA who specializes in your niche — athletes, creators, entrepreneurs — will save you 3–10× their annual fee in taxes. This is not an expense. It is an investment with a measurable ROI.

→ *WORKSHEET: Open the Tax Leak Calculator and complete all six steps with your actual income numbers. Step 2 shows your quarterly penalty exposure. Step 3 shows every deduction you're missing. Step 4 shows your S-Corp savings. Step 6 gives you the total 10-year cost of your current structure. That final number is what this chapter just gave you the tools to fix.*

**Find a CPA who actually works with young earners.**

Vetted resources and referrals at

**[YOUNGMONEYCREATORS.COM](https://www.youngmoneycreators.com)**

---

C H A P T E R

# 12

## Crypto Investing

*Digital Assets Done Right*

*Before this chapter: here's the real picture. Some people have made \$400,000 on Bitcoin and paid \$180,000 in short-term capital gains taxes they never planned for because they sold too early. Some have lost \$60,000 on altcoins someone hyped in a Discord server. Some tax returns have a crypto section that requires 47 pages of transaction history. This is not an anti-crypto chapter — but crypto is a high-risk, high-volatility asset class with tax treatment so complex that most people get it completely wrong. This chapter tells you how to be in the game without letting it blow up everything else you're building.*

## HOW TO ACTUALLY START — THE FIRST FIVE STEPS

Most guides tell you what to buy. Almost none tell you how to actually do it. Here is the exact sequence.

Step 1: Choose a regulated US exchange. Coinbase, Kraken, or Gemini. All three are regulated, US-based, and support tax reporting integrations. Avoid offshore exchanges with high leverage products until you deeply understand what you're doing.

Step 2: Create your account and complete identity verification. All regulated exchanges require KYC (Know Your Customer) verification — government ID, SSN, sometimes a photo. This takes 1–3 days. Do it before you're ready to buy so you're not waiting when the moment comes.

Step 3: Enable two-factor authentication (2FA) immediately. Use an authenticator app (Google Authenticator or Authy) — not SMS. SIM-swap attacks specifically target crypto accounts. This is not optional.

Step 4: Link a bank account and start with a small purchase. Dollar-cost average in. Your first purchase should be small enough that if it drops 50% overnight, you lose nothing you care about. You are learning the mechanics, not deploying capital.

Step 5: Set up your tax tracking software before your second purchase. CoinTracker, Koinly, or TaxBit. Connect your exchange account on day one. Cost basis tracking from the beginning saves dozens of hours and potential thousands in incorrect tax calculations later. This step feels premature. It isn't.

## THE FRAMEWORK BEFORE THE INVESTMENT

Before we talk about which assets to consider, understand the order of operations. Crypto belongs in your portfolio only after the foundation is solid. Emergency fund: funded. High-interest debt: gone. Retirement accounts: being contributed to. Index funds: invested in. Then — and only then — does crypto get a seat at the table.

The allocation: 5%–10% of your total investable portfolio. Not 5–10% of your income. Of your total portfolio. Crypto has crashed 70–80% from peak multiple times in its history. That crash should hurt your feelings — not damage your foundation.

## THE ONLY TWO YOU NEED TO UNDERSTAND FIRST

Bitcoin (BTC) The first cryptocurrency and the only one with true institutional adoption and sovereign-level legitimacy. El Salvador made it legal tender. Multiple publicly traded companies hold it on their balance sheets.

Spot Bitcoin ETFs are now approved in the US. Bitcoin's fixed supply (21 million coins will ever exist) is its fundamental value proposition — it is designed to be deflationary in a world of inflationary fiat currency. If you hold any crypto, Bitcoin is the foundation.

Ethereum (ETH) The infrastructure layer of the decentralized web. Smart contracts, DeFi protocols, NFT infrastructure, and thousands of applications run on Ethereum. It has real utility beyond store of value. Second in market cap and institutional legitimacy only to Bitcoin.

For beginners: Bitcoin first. Ethereum second. Nothing else until you deeply understand what you're buying and why.

## THE FIVE RULES

Rule 1: Never invest more than you can afford to lose 100% of. Crypto has dropped 80%+ from peak multiple times.

Rule 2: Dollar-cost average — invest a fixed amount weekly or monthly regardless of price. This removes emotion and averages your cost basis over time.

Rule 3: Not your keys, not your coins. If it sits on an exchange (Coinbase, Kraken, Binance), the exchange holds your crypto. Hardware wallets (Ledger, Trezor) give you true ownership.

Rule 4: Every sale, swap, or purchase using crypto is a taxable event. Use CoinTracker, Koinly, or TaxBit to track every transaction. Failing to report crypto taxes is a federal crime.

Rule 5: Hold for at least one year before selling. Short-term capital gains (under 1 year) are taxed as ordinary income — up to 37%. Long-term capital gains (over 1 year) are taxed at 0%, 15%, or 20%. Patience has a direct dollar value.

## CRYPTO TAX TREATMENT — THE FULL PICTURE MOST PEOPLE MISS

This is where most crypto holders get hurt. The IRS has been auditing crypto aggressively since 2019, and the most common problem isn't people hiding income — it's people who genuinely didn't understand the rules.

Every one of these is a taxable event:

- Selling crypto for cash
- Trading one crypto for another (BTC → ETH is a sale, not an exchange)
- Buying goods or services with crypto
- Receiving crypto as payment for work (taxed as ordinary income at receipt, then capital gains on later sale)
- Earning crypto from a referral bonus or airdrop

These are NOT taxable events:

- Buying crypto with dollars and holding it

- Transferring crypto between your own wallets
- Gifting crypto (recipient takes your cost basis; gift tax rules apply above the annual exclusion amount — \$19,000/year per recipient as of 2025, verify the current limit at IRS.gov as it adjusts for inflation)

### Short-Term vs. Long-Term Capital Gains — The Math That Changes Everything

This is the single most important tax decision you make in crypto. Sell before one year: your profit is taxed at your ordinary income rate (22%–37% for most earners in this guide's audience). Sell after one year: taxed at 0%, 15%, or 20% depending on your total income.

On a \$50,000 gain:

- Sold at 11 months: taxed at 32% = \$16,000 tax bill
- Sold at 13 months: taxed at 15% = \$7,500 tax bill
- Difference from waiting 2 months: \$8,500

### Staking Income — Taxed Differently Than Capital Gains

If you earn rewards from staking crypto (earning new tokens for locking up your holdings to validate transactions), the IRS treats that income as ordinary income at the time you receive it — at the fair market value on the day of receipt. This is the same treatment as a 1099 payment.

This means: if you stake ETH and earn \$3,000 in staking rewards across the year, you owe ordinary income tax on \$3,000 even if you never sold anything. Your cost basis in those earned tokens is the value at which you received them — which matters when you eventually sell.

### The Wash Sale Rule Does NOT Apply to Crypto

This is a tax strategy almost no one in the target audience knows about. The wash sale rule (which prevents you from selling a stock at a loss and immediately rebuying it to claim the loss) does NOT apply to cryptocurrency under current law.

#### WARNING

Congress has attempted to extend wash sale rules to crypto in multiple bills. This benefit exists today but is not permanent — it is a gap in the current tax code that lawmakers have repeatedly tried to close. Do not build a long-term strategy that depends on it remaining unchanged. Verify current IRS guidance with a tax professional before executing, as the law may have changed after this guide was written.

What this means practically: if Bitcoin drops 30% and you're sitting on a loss, you can sell, immediately rebuy Bitcoin at the same price, and claim the capital loss on your tax return — locking in a deduction while maintaining your position. This is called tax loss harvesting and it's completely legal for crypto under current rules.

Example: You bought \$20,000 in Bitcoin. It drops to \$14,000.

- Sell: \$6,000 capital loss realized
- Immediately rebuy \$14,000 in Bitcoin
- Claim \$6,000 loss on your return — offsets capital gains or reduces ordinary income by up to \$3,000/year (excess carries forward)
- You still own the same Bitcoin at a new, lower cost basis

Do this through a qualified CPA who tracks your cost basis properly. Sloppy execution creates more problems than it solves.

### NFT Tax Treatment

NFTs (non-fungible tokens) are treated as property by the IRS — the same as other crypto. But some NFTs may be classified as collectibles, which carry a maximum 28% capital gains rate regardless of holding period (higher than the standard 20% long-term rate). The classification depends on what the NFT represents. If you've had significant NFT activity, this is a conversation for a CPA with crypto experience specifically.

### Track Everything From Day One

The IRS requires you to report crypto transactions with cost basis. "I don't know what I paid for it" is not an acceptable answer — it results in the IRS assuming a \$0 cost basis, meaning you owe tax on 100% of the sale price.

Use CoinTracker, Koinly, or TaxBit from the moment you start. Connect every wallet and exchange. Export your tax forms annually. This takes 30 minutes to set up and saves hours — and potentially thousands of dollars — at tax time.

#### Chapter 12 Action Box

If you hold crypto, set up CoinTracker, Koinly, or TaxBit today and connect all wallets and exchanges

Document your cost basis for every crypto holding you currently own — get exact purchase prices and dates

Calculate what percentage of your total portfolio is in crypto — ensure it fits within your risk tolerance

Review your crypto holdings and identify which are for long-term holding vs. trading — hold 12+ months when possible for long-term capital gains rates

If you've had significant NFT activity, flag it for your CPA before tax season



C H A P T E R

# 13

## Credit Is Power

*Master It Like the Wealthy Do*

continued on next page

## THE MINDSET SHIFT THAT UNLOCKS EVERYTHING

People who aren't building wealth use credit to buy things they can't afford. The wealthy use credit as leverage to acquire assets that generate income. That is not a small distinction — it is the entire difference between the debt cycle and the wealth-building cycle.

Your credit score is your financial reputation with every lender in the country. A 780+ score gets you the lowest available rates on mortgages, business loans, and investment financing. A 580 score gets you predatory rates that quietly add hundreds of thousands of dollars to your lifetime cost of borrowing. The difference between a 3.5% and 7% mortgage rate on a \$400,000 home over 30 years is more than \$175,000. Same house. Two very different outcomes. The score determines which one you get.

### KEY STAT

The difference between a 580 credit score and a 780 credit score on a \$400,000 mortgage is more than \$175,000 over 30 years. Same house. Same bank. Two completely different outcomes — determined entirely by a number you control.

## THE FIVE FACTORS — KNOW THEM COLD

1. **Payment History** — 35% of your score Never miss a payment. Set up autopay for the minimum on every account. One missed payment drops your score 50–100 points and stays on your report for 7 years.
2. **Credit Utilization** — 30% of your score Keep balances below 10% of your available limit at all times — not 30%, not the commonly cited threshold. The wealthiest individuals with 800+ scores maintain utilization below 5% by paying balances in full before the statement closes.
3. **Length of Credit History** — 15% of your score Never close old credit card accounts, even ones you don't use. Age is an asset. A 10-year-old account you never touch is building your score passively.
4. **Credit Mix** — 10% of your score Credit cards + installment loans (auto, personal, student) + mortgage demonstrates you can manage multiple types of credit responsibly.
5. **New Credit Inquiries** — 10% of your score Each credit application triggers a hard inquiry that temporarily reduces your score. Space applications at least 6 months apart.

## THE FIVE CREDIT SCORE FACTORS — Know Your Weights

**35%**

### Payment History

Never miss. Set autopay on every account.

<b>30%</b>	<b>Credit Utilization</b> Keep balances below 10% of your limit — not 30%.
<b>15%</b>	<b>Length of History</b> Never close old cards. Age is an asset.
<b>10%</b>	<b>Credit Mix</b> Cards + installment loans + mortgage = full picture.
<b>10%</b>	<b>New Inquiries</b> Space applications 6+ months apart.

## BUILDING BUSINESS CREDIT — THE ADVANCED MOVE

Once your personal credit score reaches 740+, begin building credit under your business's EIN (Employer Identification Number). Business credit is separate from personal credit and allows you to:

- Secure higher credit limits without personal guarantees
- Build a credit profile that protects your personal assets
- Access business financing for growth without touching personal savings

The Business Credit Building Sequence:

1. Form your LLC and obtain an EIN from the IRS (free at IRS.gov)
2. Open a business checking account and business credit card
3. Register with Dun & Bradstreet to establish a DUNS number
4. Open net-30 vendor accounts (Uline, Quill, Grainger) — buy small amounts, pay in full, on time
5. After 6–12 months of payment history, apply for a business credit card from a major issuer
6. Build toward Tier 2 and Tier 3 business credit over 18–24 months

Business credit takes time to build. Start now.

CHAPTER

# 14

---

## Insurance

*The Wealth Protection Nobody Talks About*

continued on next page

24 years old, D1 track athlete, \$60,000 in NIL income, trajectory pointing straight up — and then he tore his Achilles in month three of his junior year. Season over. NIL deals paused. He had no disability policy. No income protection of any kind. \$4,200 in savings, \$1,800/month in fixed expenses. He wasn't ruined — his parents stepped in for six months. But he was 24 years old, watching the bag he'd built evaporate in real time, fully dependent on family just to keep the lights on. A \$40/month disability policy rewrites that entire story. Insurance isn't exciting. It doesn't build wealth. But it is the only thing standing between one bad day and years of progress disappearing.

### IF BUDGET IS TIGHT — BUY IN THIS ORDER

Not everyone can afford all four coverages immediately. If you're prioritizing, here is the sequence that protects the most with the least spend:

Priority	Coverage	Why First	Approx. Monthly Cost
1	Health insurance	A single ER visit without coverage can generate \$30,000+ in bills that take years to resolve	\$0–\$600 (subsidy-dependent)
2	Disability insurance	Your income is your most valuable asset — this protects it	\$40–\$150
3	Umbrella liability	Cheapest protection relative to what it covers — \$1M for ~\$20/month	\$15–\$25
4	General liability (business)	Required once you have a business with any public exposure	\$35–\$125
5	Term life insurance	Only urgent if someone depends on your income	\$20–\$35

Start at the top and work down as your income grows. Health first — always. No exceptions.

### WHY INSURANCE BELONGS IN A FINANCE GUIDE FOR YOUNG EARNERS

Most young earners skip insurance because they feel invincible. Because it costs money that feels wasted when nothing goes wrong. And because nobody explains what they actually need in plain language.

Here is the honest truth: insurance is not about expecting disaster. It is about recognizing that your financial plan has a single point of failure — you. Your income depends on your ability to work, create, perform, and show up. One injury, one illness, one lawsuit can interrupt or eliminate that income entirely. The question is not whether you can afford insurance. The question is whether your financial plan can survive without it.

## THE FOUR COVERAGES EVERY YOUNG EARNER NEEDS

### 1. Health Insurance — Non-Negotiable

If you are under 26, you may still be on a parent's plan. Confirm this and know the expiration date. Once you're off, your options:

- **Employer plan:** If you have W-2 income, use it. Employer-sponsored health insurance is almost always the most cost-effective option.
- **ACA Marketplace:** If you're self-employed, shop at Healthcare.gov. Your income level determines your subsidy. Self-employed earners with variable income often qualify for significant premium subsidies.
- **Health Share Plans:** Lower monthly cost but not insurance — they are cost-sharing arrangements. They do not provide the same legal protections. Research carefully before relying on one.

Cost without a subsidy: \$300–\$600/month for a healthy young adult on a mid-tier plan. Factor this into your budget before you need it.

### 2. Disability Insurance — Critical for Athletes, Creators, and Self-Employed Earners

Disability insurance replaces a percentage of your income (typically 60–70%) if you become unable to work due to injury or illness. For a young earner whose entire income depends on their physical presence, performance, or creative output — this is the most important insurance you own.

Why it matters more for this audience:

- **NIL athletes:** one season-ending injury eliminates the income that made the NIL deal possible
- **Content creators:** a health crisis that prevents filming, posting, or engaging breaks the algorithm and the income
- **Entrepreneurs:** most small business owners have no sick days and no backup — they are the business

Short-term disability covers 3–6 months of inability to work. Long-term disability kicks in after that and can cover years or decades of income replacement.

What to look for:

- **"Own-occupation" definition:** pays if you cannot perform YOUR specific occupation, not just any job. This is critical for athletes and specialized creators.
- **Benefit period:** how long it pays (2 years, 5 years, to age 65)
- **Elimination period:** how long you wait before benefits start (30, 60, or 90 days — longer = cheaper premium)
- **Non-cancelable policy:** the insurer cannot change your rate or cancel the policy as long as you pay premiums

Typical cost: \$40–\$150/month depending on age, health, occupation, and benefit amount. One of the cheapest protections relative to what it covers.

### 3. Liability Insurance — LLC Is Not Enough

Your LLC protects your personal assets from business lawsuits — but only if you maintain the separation between personal and business finances, and only up to the limits of the structure.

General Liability Insurance covers claims of bodily injury, property damage, and personal injury arising from your business activities. If you're a creator filming in a rented space, an entrepreneur with a physical product, or an athlete doing brand appearances — general liability is essential.

Cost: \$400–\$1,500/year depending on industry and coverage limits.

Umbrella Insurance adds a layer of liability coverage on top of your auto and homeowner's (or renter's) insurance. A \$1 million umbrella policy typically costs \$150–\$300/year. For a young earner with growing assets and a public profile — an athlete, creator, or visible entrepreneur — umbrella insurance is one of the best-value purchases available.

Errors and Omissions (E&O) / Professional Liability covers claims that your professional advice or services caused financial harm to a client. If you consult, coach, or advise in any professional capacity, this is worth researching.

#### 4. Life Insurance — Simple Answer for Young Earners

Most young earners without dependents don't need life insurance yet. If someone depends on your income — a child, a spouse, a parent you support — you need it. If no one depends on your income, it is not urgent.

When you do need it: term life insurance only. A 20–30 year level term policy provides a death benefit for a fixed period at a fixed premium. A healthy 25-year-old can get \$500,000 in coverage for \$20–\$35/month.

What to avoid: Whole life and universal life insurance products are frequently sold to young earners as "investment vehicles." They are expensive, complex, and almost always outperformed by simply buying term insurance and investing the premium difference in index funds. Unless you have a specific estate planning need (which your estate attorney, not your insurance agent, should identify), buy term only.

### **INCOME PROTECTION FOR ATHLETES: THE SPECIFIC CONVERSATION**

If you are an NIL athlete or professional athlete, you have a unique risk profile that standard disability insurance may not fully address. Your income is tied not just to your ability to work in general, but to your ability to perform in your specific sport.

Additional coverage to research:

- Permanent Total Disability (PTD) insurance specifically for athletes — covers career-ending injury
- Loss of Value (LOV) insurance — available to high-profile college athletes, covers the difference between expected professional contract value and actual contract value if an injury reduces draft stock
- Athletic-specific disability policies through sports agent networks and specialized insurers

These are not cheap. But for a Division I athlete with professional potential, the calculus is real. Talk to your agent, your financial advisor, and a sports insurance specialist — not as separate conversations, but as one coordinated conversation where all three are in the room.

### Insurance Action Box

Confirm current health insurance coverage and expiration date

If self-employed: get a quote for ACA marketplace plan at [Healthcare.gov](https://www.healthcare.gov)

Get a disability insurance quote — look for "own-occupation" definition

Add umbrella insurance to your existing auto/renter's policy (call your current insurer — often takes one phone call)

If you have a business: get a general liability quote

If you have dependents: get term life insurance quotes (20-year level term)

If you're an athlete with professional upside: ask your agent about PTD and LOV coverage

C H A P T E R

# 15

## Trusts and Legacy Planning

*Think Like Old Money*

continued on next page

## THE WEALTH TRANSFER SYSTEM NOBODY TEACHES YOU

A will is a letter to a judge. It says who you want your assets to go to — but a court process called probate has to enforce it first. Probate is public. Anyone can read your will. It's slow, taking months to years. It's expensive — legal fees can eat 3–8% of your estate's value. And it invites family conflict, because every interested party has standing to contest.

A trust is different. It's a private legal structure. Assets inside it bypass probate entirely — they transfer directly to your beneficiaries upon your death, according to your exact instructions, with complete privacy. No court. No delays. No public record. No family circus in a courthouse.

This is why every serious wealth builder eventually stops relying on a will alone. And why you need to understand this now, not later.

## THE TRUST YOU NEED FIRST: REVOCABLE LIVING TRUST

A Revocable Living Trust is the foundation of every serious estate plan. You create the trust, transfer your assets into it (your home, your brokerage accounts, your LLCs), and you remain the trustee — fully in control — during your lifetime. You can modify or revoke it at any time.

Upon your death or incapacitation, your named Successor Trustee takes over seamlessly. Assets distribute to your beneficiaries according to your instructions. No court. No delay. No public record.

The Cost: A comprehensive estate plan including a Revocable Living Trust, a pour-over will, power of attorney, and healthcare directive typically costs \$2,000–\$6,000 with a qualified estate planning attorney. This is not an expense — it is infrastructure that protects everything you have built.

## FUND YOUR TRUST — THIS STEP MOST PEOPLE MISS

A trust that exists on paper but holds no assets is useless. After signing the trust document, you must transfer assets into it:

- Re-title your real estate in the trust's name
- Change investment account ownership to the trust
- Update beneficiary designations
- Transfer LLC interests into the trust

Most people sign a trust and never fund it. Their estate goes through probate anyway. Work with your attorney through this step completely.

## IRREVOCABLE TRUST — THE ASSET PROTECTION TOOL

For high-net-worth earners, an Irrevocable Trust offers what a Revocable Trust cannot: asset protection and estate tax reduction. When you transfer assets into an Irrevocable Trust, you give up control of those assets — but they

are removed from your taxable estate and shielded from creditors.

For young athletes and entrepreneurs with significant assets and potential legal exposure, this is worth a detailed conversation with your attorney.

### **SPENDTHRIFT TRUST — PROTECTING HEIRS FROM THEMSELVES**

If you are leaving money to children or young family members, a Spendthrift Trust allows you to specify exactly how and when they receive distributions. They cannot access the principal directly or pledge it to creditors. The trustee manages distributions according to your instructions — for education, for housing, for business purposes — preventing the inheritance from being consumed quickly.

This is how you leave a legacy that actually lasts rather than wealth that disappears within a generation.

### **DYNASTY TRUST — WEALTH THAT OUTLASTS YOU BY GENERATIONS**

A Dynasty Trust is the structure old money uses to keep wealth in the family across multiple generations — sometimes indefinitely. Where a standard trust distributes assets to your children and closes, a Dynasty Trust holds assets in trust for your grandchildren, great-grandchildren, and beyond, often spanning 100 years or more depending on state law.

Why it matters: Without a dynasty trust, wealth transferred to heirs is subject to estate taxes at each generational transfer. Each generation pays. Each generation loses a portion. A dynasty trust removes assets from the taxable estate permanently — they pass from generation to generation inside the trust structure, growing and compounding without repeated estate tax exposure.

How it works: Assets are transferred into the trust (often irrevocably). The trust holds, manages, and distributes assets according to your instructions across generations. A corporate trustee (a bank or trust company) typically manages the trust long-term because individual trustees die. Beneficiaries can receive income distributions, principal for specific purposes (education, home purchase, business start), or both — according to whatever rules you set.

Who needs to think about this now: If you are building significant wealth early — a growing business, appreciated real estate, substantial investment accounts — a dynasty trust is the single most powerful generational wealth tool available. It requires an irrevocable transfer, which means giving up control of those assets. That is the tradeoff. The benefit is that those assets compound inside the trust, shielded from estate taxes, creditors, and divorce proceedings, for generations.

States that favor dynasty trusts: South Dakota, Delaware, Nevada, and Alaska have the most favorable dynasty trust laws — no rule against perpetuities, strong asset protection statutes, and no state income tax on trust income. If your estate attorney recommends a dynasty trust, they will likely discuss establishing it in one of these states regardless of where you live.

Cost and timing: Dynasty trusts are complex and require specialized estate planning attorneys. They are not the first trust you establish — you start with the Revocable Living Trust and build from there as your net worth grows. If you are approaching \$1M in assets, this is a conversation worth having.

## YOUR COMPLETE WEALTH PROTECTION STACK

By the time you have meaningful assets, your estate plan should include:

1. Revocable Living Trust — avoids probate, maintains control
2. Pour-Over Will — catches any assets not in the trust
3. Durable Power of Attorney — designates someone to manage finances if incapacitated
4. Healthcare Directive / Living Will — specifies medical wishes
5. Life Insurance — sufficient to cover dependents and estate obligations
6. Beneficiary Designations — updated and aligned with your trust on all accounts

Revisit this stack every 3–5 years and after every major life event: marriage, divorce, new child, significant asset acquisition, or major change in net worth.

### Chapter 15 Action Box

If your net worth is approaching \$250,000 or you own real estate or a business, schedule a consultation with an estate attorney to determine whether a trust makes sense for your situation

Verify that beneficiary designations on all financial accounts and insurance policies are current and intentional

Review whether a revocable living trust makes sense for your current asset level — ask the attorney to walk you through probate costs in your state

Check that your life insurance coverage is adequate for anyone who depends on your income

Set a calendar reminder to review your complete wealth protection stack every 3 years

## YOUR COMPLETE MONEY MOVES ACTION PLAN

### 30-DAY FINANCIAL FOUNDATION LAUNCH

Week 1: Money Basics

- Calculate your current net worth (assets minus liabilities)
- Open a dedicated tax savings account — name it "TAX — DO NOT TOUCH"
- Transfer 30% of all outstanding self-employment income into it today
- Pull your credit report free at AnnualCreditReport.com
- Open a Roth IRA and make your first contribution

#### Week 2: Structure

- Form your LLC (your state's Secretary of State website)
- Apply for your EIN at IRS.gov (free, takes 5 minutes)
- Open a dedicated business checking account
- Set up autopay on all personal bills
- Interview and hire a CPA who specializes in your income type

#### Week 3: Invest

- Open a brokerage account (Fidelity or Vanguard recommended)
- Set up automatic monthly contributions to a total market index fund
- Fund your Roth IRA to the annual maximum (verify the current limit at IRS.gov)
- If self-employed income exceeds \$50K, discuss Solo 401(k) with your CPA

#### Week 4: Protect

- Get term life insurance quotes (especially if you have dependents)
- Schedule a consultation with an estate planning attorney
- Update beneficiary designations on all accounts
- Create or update your will as a bridge until your trust is established

→ *WORKSHEET: This section is your 30-Day Action Checklist in summary form. Open the full checklist companion document — it breaks each week into daily actions with checkboxes, adds accountability prompts, and has space for your notes. Use that version to track your real progress.*

## YOUR WEALTH TEAM — BUILD THIS GROUP

Role	What They Do	When You Need Them
CPA / Tax Strategist	Minimizes taxes year-round, quarterly payments, entity strategy	Immediately
Fiduciary Financial Advisor	Investment strategy, retirement planning	Once you have \$25K+ to invest
Business / Estate Attorney	LLC, contracts, trust, legacy planning	Immediately for LLC; trust when assets grow
Insurance Specialist	Life, disability, umbrella coverage	Immediately if you have income others depend on
Bookkeeper	Monthly financial records, expense tracking	Once business revenue exceeds \$50K/year

*Money Moves: The Young Earner's Complete Guide to Financial Freedom*

B O N U S

**B1**

---

**IF YOU'RE ALREADY BEHIND**

*THE DAMAGE CONTROL PLAYBOOK*

continued on next page

---

## FOR EVERYONE WHO PICKED UP THIS GUIDE AFTER THE MISTAKE, NOT BEFORE IT

---

Most finance guides assume you're starting clean. You're not. Maybe you owe the IRS money you don't have. Maybe you already spent the NIL check. Maybe you've been running your whole operation through a personal account for years with no receipts, no structure, no backup. Maybe you've got \$40,000 in credit card debt from a year when the income dropped and the expenses didn't.

This chapter is for you. Not the version of you that should have done this earlier. The version that's here right now.

First thing to understand: being behind is not a character flaw. It is a starting point. Second thing: the path out is not complicated — but it requires doing the right things in the right order, not everything at once, and not in a panic.

---

### IF YOU OWE THE IRS BACK TAXES

This is the most urgent financial emergency a young earner can face because the IRS has collection powers no other creditor has — wage garnishment, bank levies, tax liens on your property, and seizure of future refunds. Interest and penalties compound fast: the current IRS underpayment rate is approximately 8% annually, plus a 0.5% monthly failure-to-pay penalty.

Do these in order. Do not skip steps.

**Step 1 — Know the exact number.** Log in to IRS.gov and create an account. View your transcript. Know your total balance owed, what years it covers, and whether a lien has been filed. You cannot negotiate what you don't know.

**Step 2 — Stop the bleeding today.** If you are currently earning self-employment income, start setting aside 30% immediately. Every dollar you earn from this point forward without a tax reserve makes the problem larger. Stopping the accumulation is as important as addressing what's already owed.

**Step 3 — File any unfiled returns first.** The IRS's anger at unfiled returns exceeds its concern about unpaid taxes. You cannot negotiate a payment plan, offer in compromise, or penalty abatement while returns are unfiled. File them all — even if you can't pay. Filing stops the failure-to-file penalty (5% per month, up to 25%) from continuing to accrue.

**Step 4 — Contact the IRS before they contact you.** Call the IRS directly or have a CPA or enrolled agent (EA) contact them on your behalf. A CPA or EA who specializes in IRS resolution can negotiate on your behalf using tools unavailable to individuals:

- **Installment Agreement:** Monthly payment plan. Penalties and interest continue but collection action stops.
- **Currently Not Collectible (CNC) status:** If you genuinely cannot pay anything right now, the IRS can temporarily suspend collection. Interest still accrues, but no one is coming after your bank account.

- Offer in Compromise (OIC): If your total assets and income are below a threshold, you may qualify to settle your tax debt for less than owed. The IRS accepts fewer than 40% of OIC applications — get professional help if you pursue this.
- Penalty Abatement: If you have a clean compliance history before this issue, first-time penalty abatement can eliminate significant penalties — sometimes thousands of dollars — with a single written request.

What not to do: Do not ignore IRS notices. Do not call a tax relief company that advertises on TV. Many of these are scams or charge \$5,000–\$10,000 for services a good CPA charges \$1,500–\$2,500 to perform. Hire a CPA or enrolled agent with documented IRS resolution experience.

---

### IF YOU HAVE NO EMERGENCY FUND AND HIGH FIXED COSTS

This is the most common financial starting point for the guide's audience: income that looks strong, expenses that have grown to match it, and zero buffer. One slow month, one missed payment, one unexpected expense — and the whole structure shakes.

The sequence to stabilize:

1. Calculate your true monthly floor. List every non-negotiable fixed expense. This is the minimum you need to survive. Know this number exactly.
2. Identify what's cuttable immediately. Streaming services, dining, anything non-essential in Bucket 4. This is temporary — you're building a buffer, not a lifestyle change. Cutting \$400–\$600/month for 90 days puts you \$1,200–\$1,800 ahead.
3. Open a high-yield savings account today. Move your existing savings into it if it isn't already there. At 4–5% APY, your buffer earns something while it sits.
4. Set a minimum emergency fund target. One month of fixed expenses is the floor. Three months is stability. Six months is freedom. Build to one month first before you do anything else with surplus cash.
5. Freeze all non-essential lifestyle spending until you hit one month of reserves. This is temporary. It is not permanent deprivation. It is a finite sprint with a defined finish line.

---

### IF YOU HAVE CREDIT CARD DEBT ABOVE 20% INTEREST

This is the one situation where "invest first" logic breaks completely. A 25% interest rate is a guaranteed 25% annual loss on every dollar you carry. No investment reliably beats that. Pay this off before investing beyond your employer match.

The fast payoff sequence:

1. Stop adding to the balance today. Cut up the card if necessary. Move it to a different drawer. Freeze it in a block of ice. Whatever creates friction between you and new charges.

2. Call your card issuer and request a lower rate. This works more often than people expect. If you have a history of on-time payments, call and say: "I've been a customer for X years, I've always paid on time, and I'd like to request a rate reduction." Success rate: 20–30%. Takes 5 minutes. Costs nothing.
3. Research balance transfer options. Many cards offer 0% APR on balance transfers for 12–18 months. Moving high-interest debt to a 0% card for a period can save hundreds in interest while you pay it down — but only if you have a plan to pay it off before the promotional rate expires.
4. Apply every available dollar above minimums to the highest-rate card. Not split across all cards — concentrated on the worst one first. When it's gone, roll the full payment to the next.

---

### IF YOU'VE BEEN OPERATING WITHOUT AN LLC FOR YEARS

The liability exposure is real but not retroactive. You cannot undo the risk you've already incurred — but you can stop it from continuing tomorrow.

Form the LLC this week. Not this month. This week. Instructions at your state's Secretary of State website. \$100–\$200 in most states, 1–2 hours of your time. Get the EIN the same day at IRS.gov.

After formation:

- Open a business checking account in the LLC's name
- Begin routing all income to the LLC account only
- Pay yourself a regular owner's draw from the LLC to personal
- Update any contracts, invoices, or service agreements to reflect the LLC

Three years of operating as a sole proprietor hasn't destroyed anything — you're just starting the protection now. The best time to form an LLC was when you started the business. The second best time is today.

---

### THE RECOVERY MINDSET

Being behind doesn't mean you've lost. It means you're starting from a real number instead of a hypothetical one.

Every person who starts from behind — IRS debt, no savings, no structure, bad contracts — has one thing in common: shame. They wait longer than they should to get help because admitting the situation feels like admitting failure. So the problem compounds while they avoid it.

It is not failure. It is information. The number on the IRS notice, the credit card statement, the empty savings account — those are data points. Not verdicts. You act on data. You don't recover from verdicts.

Get the real number. Make the first move. The rest follows from there.

B O N U S

**B2**

**WHO'S TRYING TO TAKE YOUR MONEY**

*THE FINANCIAL PREDATORS GUIDE*

continued on next page

---

## YOUNG EARNERS WITH VISIBLE INCOME ARE TARGETS. HERE'S HOW TO SPOT THE PEOPLE WORKING AGAINST YOU.

---

*Here's what I've seen: a "financial advisor" who put a 22-year-old athlete into whole life insurance products that paid the advisor \$18,000 in commissions and gave the client a 3% return. A business manager who "handled everything" and was skimming 2% off the top for four years before anyone noticed. A cousin's restaurant investment that lost \$80,000 in eight months. A crypto "opportunity" a high school friend pitched at a family reunion. None of these people walked in announcing themselves as threats. That's the whole point. This chapter tells you what to look for.*

---

### PREDATOR TYPE 1: THE COMMISSION-BASED "FINANCIAL ADVISOR"

This is the most common financial threat to young earners with growing income. The majority of people who call themselves "financial advisors" are actually registered representatives — salespeople licensed to sell financial products and compensated by commission when you buy them. The fiduciary minority — fee-only advisors legally required to act in your interest — is a much smaller group.

Their income depends on selling you specific products. Your financial outcomes are not how they get paid.

What they sell:

- Whole life and universal life insurance packaged as "investment vehicles"
- Variable annuities with surrender charges of 7–10 years
- Actively managed mutual funds with front-end loads (fees) of 3–5%
- Proprietary investment products with embedded fees

The math on whole life as an investment: A whole life policy might have a premium of \$500/month. The advisor earns 50–100% of first-year premiums in commission — \$3,000–\$6,000 upfront. The policy's cash value grows at 2–4% annually. A term policy + index fund investment with the same \$500/month consistently outperforms over 20+ years.

How to protect yourself: Ask exactly one question before hiring any financial professional: "Are you a fiduciary?"

A fiduciary is legally required to act in your best interest. A registered representative is not. If they say yes, ask them to put it in writing. If they hesitate, leave.

Look for advisors with the CFP (Certified Financial Planner) designation who operate on a fee-only basis — they charge you a flat fee or percentage of assets under management. They earn nothing from product sales. Their incentive is your portfolio growth.

Find fee-only fiduciaries at: [NAPFA.org](http://NAPFA.org) (National Association of Personal Financial Advisors)

---

### PREDATOR TYPE 2: THE BAD AGENT OR MANAGER

Sports agents and business managers serve a real function. The best ones are worth every percentage point. The bad ones are extraordinarily expensive.

Red flags in agent/manager relationships:

- No written contract clearly defining compensation. If the arrangement isn't in writing with specific percentages and scope of services, it isn't an arrangement — it's a handshake deal waiting to be reinterpreted against you.
- They "handle" your bank account. An agent or manager who has direct access to your bank account and makes payments on your behalf without your direct approval on each transaction is a liability. You should approve every material payment. Period.
- They receive your checks directly. Some business managers receive client income into a master account and distribute it. This is a structural red flag unless they are a licensed fiduciary with bonded insurance and full transparency into all transactions. Even then, review every statement monthly.
- They earn undisclosed referral fees. If your manager refers you to a CPA, an attorney, or a financial advisor and receives a fee for that referral without disclosing it, that is a conflict of interest and potentially illegal depending on the state.
- They discourage you from having your own CPA. A legitimate manager welcomes independent review of their work. Anyone who resists your having separate financial oversight is protecting something you haven't found yet.

The right structure: Your agent negotiates deals. Your manager coordinates business operations. Your CPA handles taxes. Your attorney reviews contracts. These are four separate people with four separate loyalties to you — not a consolidated power structure where one person "handles everything."

---

### **PREDATOR TYPE 3: ATHLETE-TARGETED PONZI SCHEMES AND BAD INVESTMENTS**

Ponzi schemes targeting professional athletes and high-earning young people are documented frequently in financial crime cases. They follow patterns you can learn to recognize.

The common presentation:

- Returns that sound extraordinary and guaranteed (10–20% per month, "can't-lose" real estate deals, private investment opportunities "not available to the public")
- Urgency and scarcity ("this round closes Friday," "limited spots," "I'm doing you a favor")
- Social proof from people you know or respect (if your teammate is in it, that means your teammate was the first target)
- Complex or vague explanations of how the returns are generated
- Pressure to bring in friends and family (referral commissions — classic Ponzi structure)

The real estate variant: Private real estate deals offering "guaranteed 15% annual returns" are almost universally fraudulent or deeply flawed. Legitimate real estate investments do not come with guaranteed returns. Anyone guaranteeing returns on a real estate investment is either lying or doesn't understand what they're selling.

The crypto variant: New token launches, "presale opportunities," DeFi protocols promising 100%+ APY. Most of these are either Ponzi structures, rug pulls (the founders take the money and disappear), or legitimate but wildly risky. The question is always: where does the return come from? If there's no clear, logical, sustainable answer — it's not an investment, it's a transfer of wealth from you to them.

The one rule that stops almost all of this: If you can't explain exactly how the investment generates returns in one clear sentence, you don't invest. No exceptions. Complexity is a hiding place for fraud.

---

#### **PREDATOR TYPE 4: THE INCOMPETENT CPA**

Not malicious — just wrong. A CPA who primarily serves W-2 employees filing simple returns is not equipped to handle self-employment income, NIL tax structure, S-Corp elections, or creator deductions. Filing incorrectly costs as much as not filing.

Signs your CPA may be wrong for your situation:

- They don't ask you about your business structure before preparing your return
- They have never heard of "S-Corp election" or can't explain how it applies to your income
- Your Schedule C shows no deductions beyond the most basic ones
- They don't ask about quarterly estimated tax payments proactively
- They charge less than \$500 to prepare a self-employment return (complexity costs money — a \$150 tax return for a \$200K earner is a red flag)

The fix: Find a CPA who works primarily with self-employed earners, small business owners, or specifically with creators and athletes. Ask for referrals from people in your income category — not from family members whose tax situation looks nothing like yours.

---

#### **PREDATOR TYPE 5: THE ENTOURAGE ECONOMY**

This is the most personal category and the hardest to address without damaging relationships. But it is real, and it is consistent across nearly every high-income young earner in this demographic.

When your financial status rises, a structure forms around you. Friends who expect to be paid for "helping." Family members with business ideas that need startup funding. A childhood friend who becomes your unofficial manager. A cousin who's now handling your "social media." People who present as your team but function as an extraction mechanism.

None of them are villains. Most of them genuinely care about you. But care and financial damage are not mutually exclusive — and that's the trap.

The protection system is in Chapter 6 — the giving budget, the documented loan agreements, the deflection script. The recognition here is simpler: the people most likely to drain your bag are not strangers. They are the people closest to you, who watched you come up and feel entitled to benefit from it without having built anything themselves.

Proximity to your success is not equity in it. Love does not obligate you to fund someone else's financial decisions. You can be generous within a structure. You cannot be generous without one and stay wealthy.

---

### **PREDATOR TYPE 6: THE SOCIAL MEDIA FINANCIAL PREDATOR**

This is the predator the target audience of this guide encounters most frequently — and almost no finance book addresses it because most finance books were written before this threat existed at scale.

The fake financial advisor in your DMs. They have a verified-looking profile, 40,000 followers, photos with luxury cars, screenshots of "gains," and a link to their free masterclass. They DM you after you post about making money. They offer to "help you grow your money." They are not financial advisors. They are either outright scammers or unregistered brokers selling high-commission products. A real financial advisor does not cold-DM strangers on Instagram. Real advisors have clients. They do not need to hunt.

How to verify: any legitimate financial advisor can be looked up on FINRA's BrokerCheck at [brokercheck.finra.org](https://brokercheck.finra.org). Type in their name. If they don't appear, they are not registered. Do not send money to an unregistered financial person. Full stop.

The crypto influencer paid to pump tokens. Celebrities, athletes, creators, and micro-influencers are paid significant money to promote new token launches, NFT projects, and DeFi protocols to their audiences. In many cases this is done without disclosure — meaning the person promoting the investment is being paid to do so while presenting it as a genuine recommendation. When the promotional window ends, the promoters sell their holdings. The price drops. Everyone who bought based on the promotion loses money.

This is not conspiracy — it is documented extensively in SEC enforcement actions. Several high-profile athletes and entertainers have faced legal consequences for undisclosed crypto promotion.

The rule: never buy any investment because someone on social media told you to. If a creator whose primary content is lifestyle, sports, or entertainment is suddenly promoting a crypto token — they were paid to do it. Treat it accordingly.

The finance "guru" selling courses built on cherry-picked returns. Different from the previous two — not necessarily a scammer, but dangerous. These are real people who made money in a specific market condition (2020–2021 crypto bull run, 2019–2020 real estate, certain stock plays) and now sell courses teaching their "system." The

returns they show are real. The conditions that produced them often are not repeatable. The fine print they don't show: results are not typical, past performance does not indicate future results, and the primary income stream for most of them is the course, not the strategy they're teaching.

Nothing in this category is inherently fraudulent. But it is consistently misleading. The most reliable signal that a financial education product is worth buying: the person selling it primarily makes money from the strategy they teach, not from selling courses about it.

---

### **THE TWO-QUESTION FILTER**

Before any financial decision — investment opportunity, new advisor, business partnership, loan to a friend — run it through two questions:

1. How does the person presenting this make money from my decision? Follow the financial incentive. A commission-based advisor makes money when you buy. A Ponzi operator makes money when you invest. A family member asking for a loan makes money when you say yes. Understanding the incentive doesn't mean saying no — it means seeing the situation clearly.
2. What happens if this goes wrong? Not what's likely. What's possible. If the worst-case scenario is catastrophic — losing everything in an investment, a loan that destroys a relationship, a business partnership that ends in litigation — the upside has to be extraordinary to justify it. Most of the time, it isn't.

These two questions won't stop every mistake. They will stop the obvious ones. And the obvious ones are the ones that cost the most.

---

B O N U S

**B3**

**THE RESELLER'S FINANCIAL PLAYBOOK**

continued on next page

---

## SNEAKER FLIPS, AMAZON FBA, EBAY, STOCKX, AND EVERY HUSTLE IN BETWEEN — HERE'S HOW TO BUILD IT INTO REAL WEALTH

---

### THE MISTAKE EVERY RESELLER MAKES

You found the come-up. You know how to source, how to price, how to move product. The bag is coming in — Venmo deposits, PayPal payments, platform payouts. You're stacking.

And then April hits and you owe the IRS \$11,000 you didn't set aside. Or a 1099-K arrives from PayPal and you have no idea how to handle it. Or you've been running five figures through your personal account and your bank freezes it for "suspicious activity."

Reselling is one of the most legitimate, scalable income streams available to young earners right now. But almost nobody treats it like a business. The ones who do — who structure it correctly, track it properly, run it through the right accounts — are the ones who scale from a side hustle to a six-figure operation without the IRS dismantling it.

This chapter tells you exactly how to be that person.

---

### FIRST: THE IRS SEES EVERY TRANSACTION NOW

This is the most important thing to understand before anything else. The platforms report you. Any payment platform — PayPal, Venmo, CashApp, eBay, StockX, Facebook Marketplace, GOAT, Depop, Poshmark, Etsy — is required to send you (and the IRS) a 1099-K once you cross the reporting threshold for that tax year.

The threshold is dropping fast. Before 2022 it was \$20,000 and 200 transactions. The IRS has been phasing it down: \$5,000 for 2024 returns, \$2,500 for 2025 returns, and a final floor of \$600 — meaning one transaction — starting with 2026 returns. Check the IRS website for the current year's threshold before you file. The direction is one-way: down.

One pair of Jordans. One Supreme drop. One anything over \$600. The IRS will eventually see all of it.

What this means practically:

- You cannot "forget" to report resale income. The IRS already has the number.
  - The only question is whether you report it correctly (with deductions) or incorrectly (without deductions and overpaying).
  - Getting this right saves you thousands. Getting it wrong is not a gray area — it's tax fraud.
- 

### YOUR RESALE INCOME IS SELF-EMPLOYMENT INCOME

Resale income goes on Schedule C of your personal tax return — the same form as any other self-employed person or freelancer. It is NOT casual hobby income (unless you genuinely lose money year after year, but that creates its

own problems).

The good news: Schedule C is where the deductions live. The difference between a reseller who panics at tax time and one who pays almost nothing is almost always: deductions.

Your tax obligation breakdown:

- Federal income tax: 10–37% depending on your total income bracket
- Self-employment tax (SE tax): 15.3% on net profit (the equivalent of both employer and employee Social Security/Medicare)
- State income tax: varies

On \$50,000 net resale profit, without any tax planning, you could owe \$20,000–\$22,000 between federal income tax and SE tax. With proper deduction tracking and structure, that number can drop significantly. The CPA pays for itself ten times over.

---

## COST OF GOODS SOLD (COGS) — YOUR MOST POWERFUL DEDUCTION

The IRS does not tax your revenue. It taxes your profit. Profit = Revenue minus Cost of Goods Sold minus Business Expenses.

Cost of Goods Sold (COGS) is what you actually paid for the items you sold. This is the single biggest deduction most resellers miss — either because they don't track it or because they paid in cash and have no receipt.

**Example:** `` Revenue (total sales): \$85,000 Cost of Goods Sold: (\$52,000) ← what you paid for inventory Gross Profit: \$33,000 Business Expenses: (\$8,500) Net Profit (what IRS taxes): \$24,500 ``

Without tracking COGS, the IRS taxes you on \$85,000. With it, you're taxed on \$24,500. That difference — on a 30% effective tax rate — is \$18,150 in taxes you don't owe.

What counts as COGS:

- The purchase price of every item you resold
- Shipping costs paid to acquire inventory
- Fees paid to source products (memberships, buy fees at auctions, etc.)
- Cost of items that didn't sell (still tracked as inventory — deducted when sold)

Track it from day one: Every time you buy inventory, log it. Date, item, source, price paid. A spreadsheet works. Software like Seller Ledger, GoDaddy Bookkeeping, or QuickBooks Self-Employed works better.

---

## BUSINESS EXPENSE DEDUCTIONS

Everything you spend to run your resale operation is a deductible business expense. Most resellers leave thousands on the table here.

Deductible reseller expenses:

Expense	Notes
Platform selling fees (eBay, StockX, GOAT, Poshmark, Depop, Etsy)	Deductible as selling expenses
PayPal / Stripe / payment processing fees	Typically 2.9% + \$0.30 per transaction — adds up
Shipping costs (postage, packaging materials, tape, boxes, poly mailers)	Fully deductible
Printer and label maker	Section 179 — deduct full cost in year of purchase
Storage unit for inventory	Monthly cost is fully deductible
Phone bill (business use percentage)	Typically 50–80% for active resellers
Internet bill (business use percentage)	Same — 50–80%
Computer / laptop	Section 179 if used primarily for business
Camera and photography equipment	Fully deductible if used for product photos
Mileage to source inventory	67¢ per mile (2024 rate) — log every trip
Mileage to post office / shipping locations	Same
CPA / tax preparation fees	Fully deductible
Reselling courses, books, memberships	Deductible as education/business development
Cleaning supplies for item prep	Deductible
Software (inventory management, bookkeeping)	Fully deductible
Authentication fees (for sneakers, cards, etc.)	Deductible as cost of goods / selling expense

## THE INVENTORY TRACKING SYSTEM YOU NEED

You need a simple system to track three things: what you bought, what you sold, and what you still have (your current inventory). This is not optional — it's the foundation of your tax return and the foundation of knowing if your business is actually profitable.

Minimum viable tracking setup:

Option 1 — Spreadsheet (free, works fine when starting out)

Keep one spreadsheet with columns:

- Date purchased
- Item description
- Source (where you bought it)
- Cost paid
- Date sold
- Platform sold on
- Sale price
- Platform fee (%)
- Net proceeds
- Profit/loss on item

Total your cost column for COGS. Total your net proceeds column for revenue. The difference is gross profit.

Option 2 — Dedicated reseller software (\$10–\$30/month)

Tools like Seller Ledger, MyReseller Genie, or Vendoo connect to your selling platforms and pull in data automatically. At volume (100+ sales/month), this is worth every dollar.

The cash purchase problem: If you source at thrift stores, swap meets, auctions, or from individuals and pay cash — you still have a record. Text messages where you agreed on a price. Photos of the item before and after. A log entry made the same day. Courts and the IRS accept contemporaneous records even without a formal receipt. Create the record when the transaction happens.

---

## SEPARATE YOUR MONEY — BUSINESS ACCOUNT IS NON-NEGOTIABLE

Running your resale income through your personal checking account is a mistake with consequences:

1. Banks flag it. High transaction volume on a personal account triggers fraud reviews and potential freezes.
2. Tax time is a nightmare. Sorting your grocery bill from your COGS at year end costs you hours and increases your CPA bill.
3. No LLC protection. If you've formed an LLC (which you should at volume), mixing personal and business funds "pierces the veil" — you lose liability protection.

Set up:

- Business checking account (any major bank offers free or low-cost business accounts — Mercury, Relay, or a local credit union are popular with resellers)
  - All resale income goes into this account only
  - All inventory purchases come from this account only
  - Pay yourself a set transfer to your personal account on a schedule
- 

## WHEN TO FORM AN LLC

The question is not if. The question is when.

Form an LLC when ANY of these are true:

- You're earning \$1,000+ per month in resale income consistently
- You sell items where authenticity disputes are possible (sneakers, cards, luxury goods)
- You have inventory worth more than a few thousand dollars
- You're buying from wholesale suppliers who require a business entity
- You want to open a business bank account (most require an LLC)

LLC benefits for resellers:

- Liability protection — if a buyer claims fraud or damage, they're suing the LLC, not you personally
- Business credibility — suppliers, consignment shops, and platforms take you more seriously
- Tax flexibility — opens the door to S-Corp election if your profits grow significantly
- Business bank account access

Cost: Most states charge \$50–\$200 to form an LLC. File yourself at your state's Secretary of State website. Get your EIN at [IRS.gov](https://www.irs.gov) for free on the same day.

---

## RESALE TAX CERTIFICATE — STOP PAYING SALES TAX ON INVENTORY

If you buy items to resell (not to use yourself), you are not the end consumer. You do not owe sales tax on those purchases. Most resellers don't know this and pay thousands in unnecessary sales tax on their inventory.

A resale certificate (also called a reseller's permit or resale license) is a document you provide to vendors that exempts you from paying sales tax on inventory you plan to resell.

How to get one:

- Register for a sales tax permit in your state (usually free to low-cost at your state's Department of Revenue website)
- You'll receive a permit number and the ability to complete resale certificates

- Provide the certificate to any vendor you purchase inventory from

What this means in practice:

- Buying from wholesale suppliers: present your resale certificate = no sales tax
- Buying from retail stores for resale: present your certificate at checkout
- Sourcing from thrift stores/individuals: typically not applicable (too small, no formal transaction)

Your obligation in return: You must collect and remit sales tax on items you sell to end consumers, depending on where your buyers are located. This is where it gets complicated at scale. Ask your CPA about economic nexus rules — if you sell into a state above certain thresholds, you may owe that state's sales tax even without a physical presence there.

## THE QUARTERLY TAX CALENDAR FOR RESELLERS

Resale income is self-employment income, which means the IRS expects you to pay taxes quarterly — not just at year end.

Missing quarterly payments triggers penalties even if you pay in full on April 15.

Quarter	Income Covered	Due Date
Q1	January 1 – March 31	April 15
Q2	April 1 – May 31	June 15
Q3	June 1 – August 31	September 15
Q4	September 1 – December 31	January 15 (following year)

Simple quarterly tax system:

1. Every time money comes into your business account, transfer 30% into a separate tax savings account immediately
2. On each quarterly due date, calculate what you actually owe and pay it at IRS.gov (free)
3. Keep any surplus in the tax account — it's your buffer and your year-end cushion

At \$30,000 net annual profit, you owe roughly \$9,000–\$10,000 in combined federal taxes. Set aside \$750–\$833/month and you'll never have a bad April.

## SCALING YOUR RESALE BUSINESS INTO REAL WEALTH

Most resellers plateau at the same level for years because they reinvest nothing strategically. The reseller who builds actual wealth treats the operation like a portfolio:

Level 1 — Solo operation, \$0–\$50K/year revenue Focus: Track COGS and expenses, open business account, get EIN, file Schedule C, set aside 30% for taxes

Level 2 — Scaling operation, \$50K–\$200K/year revenue Focus: Form LLC, get resale certificate, open business credit, consider S-Corp election at \$80K+ net profit, hire a CPA, explore hiring a VA or part-time help (makes their wages deductible)

Level 3 — True business, \$200K+/year revenue Focus: S-Corp election (potentially saving \$15,000–\$25,000/year in SE tax), trademark your brand if applicable, business credit line for inventory float, documented SOPs to reduce owner-dependence, explore wholesale accounts that require established business relationships

The wealth play: The resale operation funds the investment account. Every profitable month, 20% of net profit goes directly to your Roth IRA and brokerage account. The business builds the capital. The investments build the wealth. Those are two different machines — both need to run.

---

## ONE PLATFORM, ONE ACCOUNT, ONE TAX ID

The fastest way to create a compliance nightmare:

- Selling across 6 platforms under different names or accounts to avoid the 1099-K threshold
- Using family members' accounts to split income
- Accepting only Zelle or cash to avoid documentation

The IRS has seen all of this. Platform splitting to avoid the 1099-K reporting threshold is tax evasion, not tax strategy. The correct move is to embrace the documentation, run it through proper accounts, maximize every legitimate deduction, and pay only what you actually owe — which, with proper tracking, is significantly less than what most resellers think they owe.

The right setup, summarized:

- One LLC
- One EIN
- One business bank account
- One bookkeeping system
- One CPA who understands e-commerce and resale
- Every platform connected to that one business identity

Clean books, maximum deductions, no surprises in April.

---

### Reseller Action Box

**This week:**

Open a dedicated business checking account (Mercury or Relay — both free, both reseller-friendly)

Start tracking every purchase and sale in a spreadsheet or Seller Ledger

Apply for your EIN at IRS.gov (free, 5 minutes)

Calculate what you've received in platform income so far this year and set aside 30%

**This month:**

Form your LLC at your state's Secretary of State website

Apply for your state resale certificate / sales tax permit

Set up quarterly tax calendar reminders for all four due dates

Connect your selling platforms to one bookkeeping tool

**This quarter:**

Consult a CPA who works with e-commerce sellers

Review your full COGS and expense list with them

Determine if S-Corp election makes sense at your current income level

Set up automatic 20% transfer from business account to investment account on the 1st of each month

---

*The reseller who tracks everything, structures correctly, and invests consistently isn't just flipping product — they're building a business that funds a portfolio. Two machines running at once. That's how the bag compounds.*

---

B O N U S

**B4**

**MAKE YOUR BAG SPEND TWICE**

continued on next page

---

## THE CREDIT CARD REWARDS STRATEGY FOR YOUNG EARNERS WHO ACTUALLY SPEND MONEY

---

### THE SETUP NOBODY EXPLAINS

Every dollar you spend either disappears or it doesn't. For most people, spending is one-directional — money leaves, nothing comes back. For people who understand the credit card rewards system, every dollar you were going to spend anyway earns a fraction of its value back in travel, cash, or points. Same purchase. Different outcome.

This is not about gaming the system. It is not about churning cards irresponsibly or applying for 15 accounts. It is about recognizing that you are going to spend money on rent, food, flights, equipment, software, and lifestyle regardless — and the question is simply whether those dollars earn anything on their way out the door.

The average young earner in the guide's target demographic spends \$2,500–\$5,000 per month across all categories. At even a modest 2% return rate, that is \$600–\$1,200 per year in pure value — before signup bonuses. With a thoughtful setup, the realistic annual return is \$2,000–\$4,000 in travel or cash for someone spending at that level. That is not life-changing money. But it is real money, earned passively, from behavior you were doing anyway.

The non-negotiable rule before any of this works: You must pay your full balance every single month, on time, without exception. The moment you carry a balance, interest charges eliminate every reward you've earned — typically within the first statement cycle. Rewards cards charge 20–30% APR. A 2% rewards rate evaporates against a 25% interest rate in 26 days. If you carry balances, this chapter is not for you yet. Pay off the cards you have, then come back.

---

### THE THREE-CARD FRAMEWORK

You don't need ten credit cards. You need three, each with a specific job.

**Card 1 — The Daily Driver (Everyday Spending)** This card handles everything that isn't travel or business: groceries, dining, gas, subscriptions, personal purchases. Look for a card that offers elevated rewards in the spending categories where you actually spend the most. Most young earners spend heavily on food and entertainment — find a card that rewards those categories at 3x–5x the base rate.

What to look for:

- No annual fee, or an annual fee under \$100 with rewards that clearly exceed it
- High reward multipliers in your top 2–3 spending categories
- Flexible redemption (cash back, statement credit, or transfer to travel partners)
- No foreign transaction fee if you travel internationally

Card 2 — The Travel Card (Flights, Hotels, Points) This card has one job: earn points or miles on travel purchases and redeem them for free or heavily discounted travel. The signup bonus on a premium travel card — typically earned by hitting a minimum spend threshold in the first 90 days — can be worth \$500–\$1,500 in travel value alone.

What to look for:

- Large signup bonus with a spend requirement you can hit naturally (don't manufacture spending to hit a bonus)
- Points that transfer to multiple airline and hotel programs — flexibility matters more than the headline number
- Travel credits that offset the annual fee (lounge access, TSA PreCheck credit, hotel night credits)
- Strong base earn rate on travel purchases

The annual fee on a premium travel card typically runs \$250–\$550. This sounds like a lot until you account for the credits built into the card. Most people who run the math find the credits alone — airline fee credit, hotel credit, lounge access value — exceed the annual fee before they've earned a single point.

Card 3 — The Business Card (All Business Spending) Every expense that runs through your business should run through a business credit card — not your personal card, not your debit card. This card serves two purposes simultaneously: it earns rewards on your business spending, and it builds your business credit profile (if the issuer reports to business credit bureaus).

What to look for:

- Reports to business credit bureaus (builds business credit score — critical for future financing)
- High earn rate on categories relevant to your business: advertising, shipping, software, travel, office supplies
- Liability protection: unlike debit cards, credit cards offer zero-liability fraud protection
- Expense tracking and reporting features (makes tax time significantly easier)
- Employee card capability if you have a team

Keep this card completely separate from your personal cards. All business income covers this balance. All business expenses go on this card. Your bookkeeper and CPA will thank you at year end.

---

## THE SIGNUP BONUS MATH

The signup bonus is the single highest-value moment in credit card rewards. A card that offers 60,000 points after \$4,000 in spending in the first 90 days sounds like marketing language — until you understand what those points are actually worth.

Point values vary by program and redemption method, but a general benchmark: most transferable points are worth 1.5–2.5 cents each when redeemed strategically for travel. At 2 cents per point, 60,000 points = \$1,200 in

travel value. For spending \$4,000 you were going to spend anyway.

The signup bonus strategy:

- Open a new rewards card when you have a large planned expense coming up — equipment purchase, business investment, quarterly tax payment on a card that allows it, travel booking
- Hit the minimum spend naturally without manufacturing purchases
- Never open a new card within 60–90 days of applying for a mortgage or major loan (hard inquiries temporarily lower your score)
- Space new card applications at least 6 months apart to protect your credit score

The break-even test for any card with an annual fee: Add up all the credits and perks the card includes (lounge access value, statement credits, travel credits). If that total exceeds the annual fee before you count a single point earned, the card is net-positive on fee alone. Points earned become pure upside.

---

## HOW POINTS ACTUALLY WORK (THE PART MOST PEOPLE SKIP)

Not all points are equal. The way you redeem determines whether your points are worth 0.5 cents each or 2.5 cents each — a 5x difference on the same points.

Redemption hierarchy (least to most valuable):

1. Gift cards / merchandise — Almost always the worst value. Avoid.
2. Statement credit at fixed rate — Typically 1 cent per point. Fine for simplicity.
3. Travel portal bookings — Usually 1–1.5 cents per point. Decent.
4. Transfer to airline / hotel partners — The highest-value option. When you transfer points to an airline partner and book a business or first class seat at the partner's award rate, you can extract 2–5+ cents per point. This is where the real leverage lives.

Transfer partners explained: Major rewards programs let you move your points into airline miles or hotel points at a 1:1 ratio (usually). A flight that costs \$1,200 in cash might cost 40,000 miles on the airline's award chart. If you transfer 40,000 points to book that flight, you've extracted 3 cents per point — triple the baseline rate.

You do not need to become an expert in award charts to benefit from this. Start with cash back or portal redemptions. As you accumulate points and plan a significant trip, spend 30 minutes learning your program's transfer partners. One good redemption on a business class flight will make the concept permanent in your mind.

---

## STACKING CARDS WITHOUT HURTING YOUR CREDIT

The fear most people have about opening multiple cards: won't this destroy my credit score?

The answer is: temporarily, slightly — and only if you do it wrong.

How credit card applications affect your score:

- Each application triggers a hard inquiry, which reduces your score by approximately 5 points
- This impact fades within 12 months and disappears within 24 months
- Opening a new account increases your total available credit, which lowers your credit utilization ratio — this is positive for your score over time
- The average age of your accounts decreases when you open new ones — this is the actual long-term impact to manage

The right pace:

- Open no more than 1–2 new cards per year if you have a credit score under 720
- With a score above 750, you have more flexibility — 2–3 cards per year is generally manageable
- Never open a card within 6 months of applying for an auto loan, mortgage, or major business financing
- Keep utilization below 30% on each card and below 10% on your oldest card

The one thing that protects your score regardless: pay on time, every time. Payment history is 35% of your FICO score. One missed payment does more damage than five new card applications.

---

## FOR THE BUSINESS OWNER AND CREATOR

If you run a business or earn self-employment income, the math on rewards improves significantly — because your spending base is higher and more of it is concentrated in high-reward categories.

A creator spending \$2,000/month on ads, \$500/month on software, \$800/month on travel, and \$1,000/month on equipment is running \$4,300/month through business-adjacent spending. At a blended 3x earn rate, that generates roughly 155,000 points per year from business spending alone — before personal spending, before signup bonuses.

At 2 cents per point redeemed strategically: \$3,100 in annual travel value from spending you were going to make anyway.

Additional advantage for business owners: business credit cards typically have higher credit limits than personal cards, which makes hitting signup bonus minimums easier and keeps personal utilization low.

The setup for business owners:

1. Business card handles all deductible business expenses — earns rewards AND simplifies tax tracking
2. Personal travel card handles all travel — flights, hotels, car rentals, even Uber and Airbnb
3. Daily driver card handles everything else

Three cards, clear lanes, no overlap, no confusion at year end.

---

## THE ANNUAL AUDIT

Every 12 months, spend 30 minutes running this review:

- Is each card still earning at the best rate for its category? Reward structures change. A card that was best-in-class for dining two years ago may have been surpassed.
- Are you actually using each card's credits? Annual fee is only justified if you're capturing the credits. If you're paying for lounge access you never use, the math has changed.
- Has your spending pattern shifted? If you've moved from heavy travel to heavy equipment purchases, your card lineup should reflect it.
- Is there a better signup bonus available? If you're planning a large purchase, is now the right time to open a new card and capture a bonus?

This is not a complex process. It is a 30-minute annual review that keeps your setup optimized and ensures every dollar you spend is working as hard as possible.

### Credit Card Rewards Action Box

This week:

List every credit card you currently own, its reward rate, and its annual fee

Calculate your top three monthly spending categories by dollar amount

Determine if any current card offers elevated rewards in those categories

Check whether you're carrying any balance — if yes, focus on payoff before rewards strategy

This month:

Identify the gap in your current setup (missing daily driver, travel card, or business card)

Research cards that reward your highest spending categories — focus on reward structure, not just signup bonus

Open your first or next rewards card if your credit score is 700+ and you have no balance

Set up autopay for the full balance on every card — do this once and never think about it again

This quarter:

Route all business expenses through a business credit card

Track your total rewards earned and redemption value — see the system working

Learn the basics of your points program's transfer partners if you have 50,000+ points accumulated

Plan your first strategic redemption — even a domestic flight on points changes how you think about this system

---

*Every dollar you spend is a choice. Run it through the right card and some of it comes back. Run it through a debit card and it's gone forever. Same dollar. Completely different outcome. That is the entire game.*

---

*Money Moves: The Young Earner's Complete Guide to Financial Freedom For educational purposes only. Consult a licensed financial professional for personalized advice.*

COMPANION DOCUMENT 1

## Case Studies: Jordan, Aaliyah & Darius

# REAL MONEY. REAL MISTAKES. REAL RESULTS.

## THREE CASE STUDIES FROM THE MONEY MOVES FRAMEWORK

Composite profiles based on common patterns. Names and details are illustrative.

## HOW TO USE THESE CASE STUDIES

Reading financial strategies in the abstract is one thing. Watching them play out in a real situation — with real income numbers, real mistakes, and real dollar outcomes — is something different. These three profiles represent the most common patterns Andrae Alexander sees in his practice: the NIL athlete who got a check before they got a plan, the content creator whose income exploded faster than their knowledge, and the young entrepreneur who built revenue before they built structure.

Each case study shows the mistake, the cost, and what the corrected path looked like. Find the one that most resembles your situation. The numbers will tell you something about your own.

## CASE STUDY 1: THE NIL ATHLETE

**JORDAN M. | AGE 20 | DIVISION I BASKETBALL | YEAR ONE NIL EARNINGS: \$78,000**

### The Situation

Jordan signed his first NIL deal at the start of his sophomore year — a regional sportswear brand and two local restaurant partnerships. Total deposits across the year: \$78,000. He had never filed taxes as a self-employed person. He had no LLC. His agent took 15% off the top (\$11,700), leaving \$66,300 in Jordan's account.

Jordan spent the year focused on basketball. His mom handled his personal finances. Nobody mentioned quarterly estimated taxes.

### The Mistake

April of his junior year, Jordan's tax preparer delivered the number: \$19,400 owed to the IRS. Federal self-employment tax on the \$66,300, plus federal income tax, plus a \$2,100 underpayment penalty for missing all four quarterly payments.

Jordan had \$6,200 in his account.

He paid the balance over 18 months on an IRS installment agreement, which added another \$1,400 in interest and penalties. Total cost of not knowing: \$22,900 — and 18 months of financial stress during the most important athletic period of his career.

### What the Money Moves Framework Would Have Done

Step 1 — Tax reserve, immediately. The day the first deposit cleared, 30% goes to a separate savings account labeled "IRS — DO NOT TOUCH." On \$78,000 gross: \$23,400 set aside. Actual tax owed: \$19,400. Jordan would have had \$4,000 left over after paying in full on April 15.

Step 2 — LLC formed before deal #1. A single-member LLC costs \$150 in most states and takes one afternoon. Every NIL payment goes to the LLC. Jordan is now operating as a business, not an individual — liability protection, business account, foundation for S-Corp election as income grows.

Step 3 — Quarterly payments made. April 15, June 15, September 15, January 15. Four payments of roughly \$4,850 each, made from the tax reserve account. No penalty. No installment plan. No interest.

Step 4 — Deductions captured. Jordan's phone (used for brand deal content and communication): \$1,200/year deduction. Gym equipment for training content: \$800 deduction. Travel to two brand appearances not covered by the brand: \$1,400 deduction. CPA fee: \$500 deduction. Total additional deductions: ~\$3,900, saving approximately \$1,170 in taxes.

### The Outcome — Corrected Path

	Jordan's Actual Outcome	Money Moves Outcome
Tax owed	\$19,400 + \$2,100 penalty	\$18,230 (deductions applied)
Tax paid on time	No — installment plan	Yes — from reserved funds
Penalties and interest	\$3,500	\$0
Money left after taxes	\$0 (negative for 18 months)	\$5,070

	Jordan's Actual Outcome	Money Moves Outcome
Invested in Roth IRA	\$0	\$5,000
Net worth after year one	Negative	+\$5,070

Total swing: \$26,470 — the difference between starting wealth-building at 20 and starting it in debt.

### Jordan's Next Move (Year Two)

With structure in place, Year Two NIL earnings of \$95,000 looked completely different. Quarterly taxes handled automatically. S-Corp election explored (income approaching the threshold where it saves money). First \$6,000 in Roth IRA contributed. Net worth at end of year two: +\$31,400.

*"The mistake didn't ruin me. But it cost me two years of momentum I can't get back. The compounding I missed at 20 — that's the real price."*

## CASE STUDY 2: THE CONTENT CREATOR

### AALIYAH T. | AGE 24 | LIFESTYLE & FINANCE CREATOR | ANNUAL INCOME: \$183,000

#### The Situation

Aaliyah's TikTok account crossed 500,000 followers in month seven. Brand deals followed immediately — skincare, fashion, a fintech app, two supplement brands. By the end of her second full year creating, she had invoiced \$183,000: \$142,000 in brand deals, \$28,000 in AdSense across YouTube and TikTok, \$13,000 in affiliate commissions.

She had a personal checking account and a Venmo. No LLC. No business account. No CPA. She reported all income as a W-2 employee on her first tax filing (incorrect) because she didn't know the difference.

#### The Mistake — Actually Two Mistakes

**Mistake 1: Wrong tax filing.** Reporting 1099 self-employment income as W-2 income led to a notice from the IRS six months after filing. Corrected return required, plus amended filing fees, plus self-employment tax that hadn't been calculated. Additional tax owed on correction: \$8,200.

**Mistake 2: The exclusivity clause she didn't read.** One brand deal — \$22,000 for three posts — contained a 12-month exclusivity clause covering the entire "personal finance and banking" category. Aaliyah signed without reading it. Four months later, a competing fintech offered her \$45,000 for a campaign. She couldn't take it. Cost of not reading one clause: \$45,000 in lost income.

Total cost of both mistakes in year two: \$53,200.

### What the Money Moves Framework Would Have Done

Tax structure: LLC formed before the first brand deal deposited. EIN obtained. Business checking account opened — all brand deal payments invoiced from the LLC. CPA retained (\$1,500/year) specializing in creator income. Quarterly estimated taxes paid from 30% tax reserve.

On \$183,000 gross:

- 30% tax reserve: \$54,900 set aside
- Deductions: camera equipment (\$3,200), ring lights and studio setup (\$1,800), editing software (\$600/year), phone (\$1,440/year), home office (\$2,400/year), CPA fees (\$1,500), course and business education (\$2,200), travel to brand activations (\$3,100)
- Total deductions: ~\$16,240
- Taxable income after deductions: ~\$166,760
- Estimated total tax (SE + federal income): ~\$52,000
- Tax reserve surplus: \$2,900

Contract protection: The exclusivity clause is the first thing Aaliyah's attorney reviews before signing. Standard response: exclusivity costs 2–3x the base rate. The \$22,000 brand deal should have been \$44,000–\$66,000 with a 12-month exclusivity clause attached. She signs at \$52,000 or walks. The deal either pays appropriately or it doesn't get signed.

### The Outcome — Corrected Path

	Aaliyah's Actual Outcome	Money Moves Outcome
Tax error penalty	\$8,200	\$0
Lost exclusivity income	\$45,000	\$0 (clause priced or declined)
Deductions captured	~\$2,000 (partial)	\$16,240
Tax savings from deductions	~\$600	~\$4,872
Total year-two loss from mistakes	\$53,200	\$0
Roth IRA funded	\$0	\$7,000 (maxed)
Brokerage investment	\$0	\$12,000

Total swing: \$53,200 in avoided losses + \$19,000 in assets built = \$72,200 difference in a single year.

### Aaliyah's Build

By year three, Aaliyah's content income had grown to \$240,000. S-Corp election saved her \$14,200 in self-employment tax. Business credit line established — \$25,000 at 0% for 15 months — used to fund a studio build-out that doubled her production quality and led to three additional brand deal inquiries that month. Net worth at end of year three: \$118,000.

*"I was making six figures and had nothing to show for it. Not because I was spending recklessly — I just had no structure. The money was flowing through me, not to me."*

## CASE STUDY 3: THE YOUNG ENTREPRENEUR

**DARIUS K. | AGE 27 | E-COMMERCE / CLOTHING BRAND | ANNUAL REVENUE: \$310,000 | NET PROFIT: \$94,000**

### The Situation

Darius built his clothing brand from his apartment. Year one: \$40,000 in revenue. Year two: \$130,000. Year three: \$310,000. He reinvested everything — inventory, ads, a part-time employee, a small warehouse unit.

He operated as a sole proprietor for all three years. Personal and business money flowed through the same Chase checking account. His "bookkeeping" was a Notes app on his phone. He had never heard of S-Corp election. His net profit of \$94,000 was being taxed at the full self-employment rate — 15.3% on every dollar before income tax.

A conversation with a friend who mentioned his tax advisor had "saved him \$12,000 this year" sent Darius looking for answers.

### The Cost of Three Years Without Structure

*Self-employment tax overpaid (years 1–3, approximate):*

- Year 1: \$40,000 net × 15.3% = \$6,120 SE tax (appropriate without S-Corp)
- Year 2: \$75,000 net × 15.3% = \$11,475 SE tax (S-Corp would have saved ~\$5,700)
- Year 3: \$94,000 net × 15.3% = \$14,382 SE tax (S-Corp would have saved ~\$8,200)

Three-year SE tax overpayment compared to proper structure: ~\$13,900

*Deductions missed across three years: Darius paid for his phone, internet, a portion of his rent (home office), mileage to the warehouse and post office, equipment, and packaging materials — all from his personal account, with no receipts, no tracking. Conservative estimate of missed deductions over three years: \$31,000. At a 28% effective tax rate, that's \$8,680 in overpaid taxes.*

*Total three-year cost of no structure: approximately \$22,580 in overpaid taxes.*

Not counting the personal liability exposure from operating without an LLC, the business credit he didn't build, or the financing he couldn't access.

### What the Money Moves Framework Would Have Done

Year One — Foundation: LLC formed at \$40,000 revenue (the threshold where it makes sense). EIN obtained. Business checking account opened. Simple bookkeeping software (\$20/month). Every business expense tracked from day one. Tax reserve at 30% of net profit set aside quarterly.

Year Two — Deductions: Home office deduction established: dedicated workspace = \$2,400/year deduction. Vehicle mileage tracked via MileIQ app: 4,200 business miles × \$0.67 = \$2,814 deduction. Phone and internet: \$1,800/year. Software and subscriptions: \$1,200/year. Contractor payments properly documented on 1099-NEC. Total additional deductions year two: \$8,214, saving \$2,300 in taxes.

Year Three — S-Corp Election: Net profit crosses \$80,000. CPA recommends S-Corp election. Darius sets a reasonable salary of \$52,000. Remaining \$42,000 in profit taken as S-Corp distribution — not subject to self-employment tax.

SE tax calculation:

- Old structure:  $\$94,000 \times 15.3\% = \$14,382$
- S-Corp structure:  $\$52,000 \text{ salary} \times 15.3\% = \$7,956$
- Annual savings: \$6,426

Business credit built (years 1–2): EIN → Dun & Bradstreet DUNS number registered → three net-30 vendor accounts → business credit card. By year three, Darius has a Paydex score of 80 and a \$30,000 business line of credit at 7.9% APR — used to float inventory for Q4 peak season instead of using personal savings.

### The Outcome — Corrected Path

	Darius's Actual (3 Years)	Money Moves Path (3 Years)
SE tax paid	\$31,977	\$21,531
SE tax savings	—	\$10,446
Deductions captured	~\$4,000 (partial)	~\$24,000
Tax savings from deductions	~\$1,120	~\$6,720
Business credit established	No	Yes — \$30K line
Roth IRA contributions	\$0	\$21,000 (3 years maxed)
Business account separation	No	Yes — audit protection

Three-year total swing: \$17,166 in tax savings + \$21,000 in Roth IRA + \$30,000 in business credit access = \$68,166 in measurable financial difference.

## Darius at Year Four

With structure established, year four looked different. Revenue grew to \$480,000. S-Corp election saving \$9,200/year. Bookkeeper hired part-time — their wages fully deductible. Augusta Rule applied: two "business planning retreats" hosted at his home netted \$4,800 in tax-free income. First rental property purchased using business credit and personal savings as down payment. Net worth crossing \$200,000 for the first time.

*"Three years of doing it wrong cost me \$22,000 in taxes I didn't have to pay. That's a down payment. That's a year of maxed Roth IRA. That's gone. The only thing I can do now is not make the same mistake in year four."*

---

## THE COMMON THREAD

Three different people. Three different income sources. Three different mistakes.

Same root cause: earning money before learning the rules.

Jordan lost \$22,900 to taxes and penalties he didn't have to pay. Aaliyah lost \$53,200 to a filing error and a contract she didn't read. Darius lost \$22,580 over three years to structural choices that nobody told him to make differently.

Combined: \$98,690 in avoidable losses across three young earners in their first few years of significant income.

None of them were reckless. None of them were irresponsible. They were just operating without the framework.

You have the framework now. The question is whether you use it.

---

*Profiles are composite illustrations based on common patterns. All figures are approximate and for educational purposes only. Individual results depend on specific circumstances. Consult a licensed tax and financial professional for guidance on your situation.*

*This document is a companion to Money Moves: The Young Earner's Complete Guide to Financial Freedom.*

COMPANION DOCUMENT 2

## Your 12-Month Implementation Sequence

# THE MONEY MOVES 12-MONTH SEQUENCE

**DO THESE THINGS, IN THIS ORDER, IN THIS TIMEFRAME — AND YOUR FINANCIAL LIFE WILL BE UNRECOGNIZABLE A YEAR FROM NOW**

## WHY ORDER MATTERS

The guide you just read covers a lot of ground. Tax strategy. Investing. Business structure. Credit. Real estate. Insurance. Legacy planning. Debt. All of it is important. None of it is equally urgent.

The most common reason young earners implement nothing from a finance guide isn't lack of motivation — it's paralysis from too many options. They try to do everything and end up doing nothing, or they start with something that should come later and skip the foundation that makes everything else work.

This sequence tells you exactly what to do, when, and in what order. It is not a comprehensive guide to each strategy — the main guide covers that. This is the execution roadmap.

Follow it. The order is deliberate.

*Already partway through? If you're reading this after already implementing some of these steps, find your current position in the sequence and start there. Don't restart from Month 1 if you already have an LLC and a tax savings account — pick up at the first unchecked milestone and move forward. The sequence works whether you start at zero or at month 8.*

## MONTHS 1–2: FOUNDATION

### STOP THE BLEEDING. KNOW THE NUMBERS. BUILD THE BASE.

The priority during this phase: Emergency stability and information. You cannot build on what you don't understand, and you cannot build at all if you're financially hemorrhaging. Every action in months 1–2 is about getting a clear picture and plugging the obvious holes.

---

#### Week 1 — The Audit

- Calculate your exact net worth (Net Worth Tracker worksheet)
- List every income source with monthly average amounts
- List every debt: balance, rate, minimum payment
- List every fixed expense
- Check your credit score
- Log in to IRS.gov and verify you have no outstanding balance or notices

What you're doing: Getting a baseline. You cannot fix what you haven't measured.

---

#### Week 2 — The Accounts

- Open a dedicated tax savings account (label it "IRS — DO NOT TOUCH")
- Move 30% of all outstanding 1099/self-employment income received this month into it
- Open a high-yield savings account if you don't have one (target: 4%+ APY)
- Set up autopay on all bills — eliminate the risk of a late payment
- Cancel subscriptions you haven't used in 30 days

What you're doing: Structuring your accounts so money flows to the right places automatically.

---

#### Week 3 — The Budget

- Complete the 50/20/20/10 Budget Template for this month
- Identify your three largest discretionary expenses
- Identify anything in your "needs" bucket that is actually lifestyle
- Calculate how much you're currently setting aside for investing (if anything)
- Set a realistic Bucket 4 (lifestyle) cap for next month

What you're doing: Getting control of where money is actually going versus where it should go.

---

#### Week 4 — The Tax Leak Calculator

Complete the Tax Leak Calculator worksheet

Calculate your estimated quarterly tax obligation for the current quarter

Set calendar reminders for all four quarterly due dates (April 15, June 15, Sept 15, Jan 15)

Pay any current-quarter estimated taxes owed

What you're doing: Stopping the IRS penalty clock before it starts.

---

### Month 2 — High-Interest Debt

Identify all debt above 8% interest rate — this is your immediate target

Choose payoff method: avalanche (highest rate first) or snowball (smallest balance first)

Set a fixed monthly extra payment and automate it

If you have credit card debt above 20%: research 0% balance transfer options

If you have IRS debt: hire an enrolled agent or CPA and initiate contact with the IRS now

What you're doing: Eliminating guaranteed losses (high-interest debt) before building anything else.

---

## MONTHS 3–4: STRUCTURE

### **BUILD THE LEGAL AND PROFESSIONAL INFRASTRUCTURE THAT PROTECTS EVERYTHING YOU EARN.**

The priority during this phase: Getting properly structured. An LLC, an EIN, a business account, a CPA, and a basic understanding of your tax obligations. This is the unglamorous work that most young earners skip — and that costs them the most.

---

### Month 3 — Legal Structure

Form your LLC at your state's Secretary of State website

Apply for your EIN at IRS.gov (free, 5 minutes)

Open a dedicated business checking account in the LLC's name

Begin routing all self-employment/business income to the business account only

Set up a regular owner's draw schedule (transfer from business to personal on a fixed day each month)

Update all invoices, contracts, and payment information to reflect the LLC

*Milestone: By the end of Month 3, you are operating as a business, not an individual.*

---

### Month 4 — The Professional Team

Hire a CPA who specializes in your income type (self-employed / creator / athlete / entrepreneur)

Schedule your first meeting — bring the Tax Leak Calculator, your income sources, and your entity docs

---

Discuss: quarterly tax optimization, deduction strategy, S-Corp election eligibility

Get a referral for a business attorney (contracts, LLC operating agreement review)

Identify who is currently on your "wealth team" and who is missing (reference the Wealth Team table in the guide)

Get a disability insurance quote — especially if your income depends on your physical presence or creative output

*Milestone: By the end of Month 4, you have professional oversight of your financial decisions.*

---

## MONTHS 5–6: INVESTING

### START THE WEALTH ENGINE. SET IT AND LET IT RUN.

The priority during this phase: Getting money into tax-advantaged accounts and beginning the investing habit. The exact amount matters less than the habit. A \$100/month investor at 22 beats a \$1,000/month investor at 35. Start now. Increase later.

---

#### Month 5 — Retirement Accounts

Open a Roth IRA if you don't have one (Fidelity, Vanguard, or Schwab — all free)

Make your first contribution — even \$50 — this week

Set up automatic monthly contributions (match your Bucket 2 allocation)

Choose your investment: a single total market or S&P 500 index fund covers it completely

If self-employed and earning \$50K+: ask your CPA about Solo 401(k) or SEP-IRA eligibility

If your employer offers a 401(k) match: confirm you're contributing enough to capture the full match

*Milestone: By the end of Month 5, money is moving into investments automatically, every month, without your involvement.*

---

#### Month 6 — Taxable Investment Account

Open a taxable brokerage account (Fidelity, Vanguard, or Schwab)

Fund it with any Bucket 2 surplus above your Roth IRA contribution

Set up automatic recurring investment — same index fund strategy as your Roth

Review your total investment allocation: what percentage of investable assets is in index funds vs. crypto vs. individual stocks?

If crypto allocation exceeds 10% of investable assets: rebalance toward index funds

Calculate your current investment rate as a percentage of available income — goal is 20%+

*Milestone: By the end of Month 6, you have two investment accounts running on autopilot.*

---

## MONTHS 7–8: PROTECTION

### INSURANCE, ESTATE BASICS, AND THE PEOPLE CONVERSATION.

The priority during this phase: Making sure everything you've built in months 1–6 is protected. One lawsuit, one injury, one missing beneficiary designation, one absence of a will — any of these can undo years of progress. This phase is not exciting. Do it anyway.

---

#### Month 7 — Insurance Audit

Confirm health insurance is active and adequate

Purchase disability insurance if you haven't — "own-occupation" definition, 60-day elimination period

Add umbrella insurance to your existing auto and renter's/homeowner's policy (call your insurer — 15-minute conversation, ~\$200/year)

If you have a business: get general liability insurance quote

If you have dependents: get term life insurance quote (20-year level term, \$500K–\$1M coverage)

If you're an athlete with professional potential: ask your agent about PTD and LOV coverage

*Milestone: By the end of Month 7, one bad day cannot financially destroy everything you've built.*

---

#### Month 8 — Estate Basics and People

Designate or update beneficiaries on ALL financial accounts (retirement, brokerage, life insurance)

Create a basic will (LegalZoom works for simple situations; an estate attorney is worth it for anything complex)

Establish your giving budget — a specific dollar amount per month for family support, gifts, and generosity — and stick to it

Establish the financial boundary script with anyone who regularly asks for money

Audit your "entourage economy" — identify anyone receiving financial benefit from your income without a documented, fair arrangement

*Milestone: By the end of Month 8, your assets have clear destinations and your financial relationships have clear boundaries.*

---

## MONTHS 9–10: ADVANCED TAX STRATEGY

### NOW THAT THE FOUNDATION EXISTS, OPTIMIZE IT.

The priority during this phase: Working with your CPA to implement the strategies that require structure to execute. These cannot be done without the LLC, the business account, the CPA, and the income history that you've now built.

---

### Month 9 — Tax Strategy Deep Dive

Review year-to-date income with your CPA

Assess S-Corp election eligibility (net self-employment income \$80K+?)

If eligible: begin the S-Corp election process (Form 2553, typically filed by March 15 for the current tax year)

Set a reasonable salary amount with your CPA and begin running payroll through your LLC/S-Corp

Research the Augusta Rule: if you use your home for business meetings, document every qualifying event

Review QBI (Section 199A) deduction eligibility — up to 20% of qualified business income

Maximize Bucket 3 (business reinvestment) spending before year-end for Section 179 deductions

---

### Month 10 — Year-End Tax Planning

Review all four quarterly tax payments — are you on track to avoid underpayment penalties?

Make any remaining deductible purchases before December 31

Max out Roth IRA contribution for the year (\$7,000 in 2025, \$7,000+ in 2026)

Review business expense documentation — every receipt should be logged and categorized

If you had a high-income year: discuss with CPA whether a Solo 401(k) or SEP-IRA contribution makes sense to reduce taxable income before filing

Schedule your year-end CPA meeting now (they book up in December)

*Milestone: By the end of Month 10, your tax strategy is executing — not just planned.*

---

## MONTHS 11–12: WEALTH BUILDING AND CREDIT

### **BUILD THE INFRASTRUCTURE THAT MULTIPLIES EVERYTHING.**

The priority during this phase: Business credit, long-term wealth planning, and setting the trajectory for year two and beyond.

---

### Month 11 — Business Credit

Register with Dun & Bradstreet at DNB.com (free — creates your business credit file)

Open accounts with 2–3 net-30 vendors that report to business credit bureaus

Apply for a business credit card (separate from personal — builds business credit and separates expenses)

Review your personal credit score — 740+ is your target

If below 740: identify the top factors and address them (utilization, payment history)

---

### Month 12 — Year One Review and Year Two Blueprint

---

Complete the 12-month Net Worth Tracker — compare Month 1 to Month 12

Calculate your investment account growth from automated contributions

Review your total tax bill for the year — what did you save vs. the Tax Leak Calculator estimate?

Set three specific financial goals for Year Two with dollar amounts and dates

Review your wealth team — does anyone need to be replaced or added?

Research real estate if your financial foundation is solid: emergency fund complete, debt under control, investments running, taxes handled

Celebrate what you've built — and don't stop

## YOUR 12-MONTH SCORECARD

At the end of Month 12, check each milestone:

Milestone	Target	Your Status
Emergency fund	3 months of fixed expenses	_____ months
High-interest debt (8%+)	Eliminated	Yes / No / In progress
LLC formed	Yes	Yes / No
CPA hired	Yes	Yes / No
Roth IRA open and funded	Yes	Yes / No
Quarterly taxes current	Yes	Yes / No
Disability insurance	Active	Yes / No
Beneficiaries designated	All accounts	Yes / No / Partial
Business credit file	Established	Yes / No
Net worth change	Positive	+/- \$ _____

10 out of 10: You have built a financial foundation that most people in your income bracket will never build. Year two is about scale — more investment, more strategy, more wealth.

7–9 out of 10: Strong year. The 1–3 items you missed are your Year Two priorities. Do those first.

Below 7: Pick the 3 most impactful incomplete items and finish them before starting anything new.

## THE ONLY THING THAT ACTUALLY MATTERS

This sequence is a framework. It is not a law. Life doesn't follow a 12-month script — income spikes, income drops, opportunities appear, emergencies happen. Use this as a guide, not a contract with yourself.

The only thing that actually determines whether this works is forward motion. One step today is worth more than a perfect plan that never gets started. You don't have to do everything at once. You just have to keep moving forward.

Every month you execute any part of this sequence, you are further ahead than you were. That compounds. Not just financially — it compounds as a habit, as an identity, as the way you approach every future financial decision.

The people who build real wealth are not the smartest people. They are not the highest earners. They are the people who started early, stayed consistent, and never fully stopped.

Start. Stay consistent. Don't stop.

---

*This document is a companion to Money Moves: The Young Earner's Complete Guide to Financial Freedom For educational purposes only. Consult licensed financial and tax professionals for advice specific to your situation.*

COMPANION DOCUMENT 3

## 50/20/20/10 Budget Template

# 50/20/20/10 BUDGET TEMPLATE

## MONEY MOVES

The four-bucket system for fast money earners

## HOW THE FRAMEWORK WORKS

Most budget systems were designed for people with stable, predictable paychecks. This one was designed for you — the NIL athlete with a check that dropped unexpectedly, the creator whose brand deal income is lumpy, the entrepreneur with a revenue month that doubles the last one.

The 50/20/20/10 framework doesn't require you to obsess over every coffee purchase. It requires you to nail four numbers every month — and let the rest take care of itself.

The Four Buckets:

- 50% — Needs: Everything required to keep your life running
- 20% — Investing: Wealth that grows while you sleep
- 20% — Business Reinvestment: Fuel for your income engine
- 10% — Lifestyle: Your reward for executing the other 90%

Variable income rule: If your income fluctuates month to month, use a 3-month rolling average as your base number. Do NOT budget off a single big month. Budget off what's reliable.

## STEP 1: CALCULATE YOUR AVAILABLE INCOME

*Complete this section first. Everything else flows from it.*



Expense	Monthly Amount	Notes
Housing		
Rent / Mortgage	\$	
Renter's / Homeowner's insurance	\$	
Utilities (electric, gas, water)	\$	
Internet	\$	
Transportation		
Car payment	\$	
Car insurance	\$	
Gas / fuel	\$	
Food		
Groceries	\$	
Health		
Health insurance premium	\$	
Prescriptions / recurring medical	\$	
Minimum Debt Payments		
Student loan minimums	\$	
Credit card minimums	\$	
Personal loan minimums	\$	
Phone		
Cell phone bill	\$	
Other Essentials		
Childcare / dependent expenses	\$	
Other: _____	\$	

Expense	Monthly Amount	Notes
BUCKET 1 TOTAL	\$	
Budget Allocation	\$	(50% of Available)
Over / Under	+/- \$	

If over budget: Identify what's discretionary in this list. A streaming service in "necessities" is lifestyle creep hiding in the wrong bucket.

## BUCKET 2: INVESTING — 20% = \$ \_\_\_\_\_

*Wealth that grows without you. Every dollar here is a future employee working for you 24/7.*

Investment Vehicle	Monthly Contribution	Notes
Roth IRA	\$	Max: \$7,000/yr (\$583/mo)
Traditional IRA	\$	Max: \$7,000/yr (\$583/mo)
401(k) / Solo 401(k)	\$	Max: \$23,500/yr (2025)
Brokerage account (index funds)	\$	No limit
SEP-IRA	\$	Max: 25% of net self-employment income
Real estate (down payment savings)	\$	
Other investment vehicle	\$	
BUCKET 2 TOTAL	\$	
Budget Allocation	\$	(20% of Available)
Over / Under	+/- \$	

Andrae's note: If you can't hit 20% right now, start at 10% and scale up. The single worst investing decision is waiting until you can "afford" to invest. Start with what you have, automate it, and increase by 1% every quarter.

## BUCKET 3: BUSINESS REINVESTMENT — 20% = \$ \_\_\_\_\_

Fuel for your income engine. This is the bucket most budgets miss — and why most young earners plateau.

Business Investment	Monthly Amount	Notes
Equipment & Tools		
Camera, mic, studio gear	\$	Often Section 179 deductible
Computer / tech equipment	\$	Often Section 179 deductible
Software / subscriptions (business)	\$	
Marketing & Branding		
Ads / paid promotion	\$	
Photographer / videographer	\$	
Website / hosting	\$	
Education & Skills		
Courses / coaching / masterminds	\$	
Books / subscriptions	\$	
Professional Services		
CPA / accountant	\$	
Attorney (contracts, LLC setup)	\$	
Business coach / advisor	\$	
Operations		
Team / freelancers / VA	\$	
Business insurance	\$	
Office / studio space	\$	
Other: _____	\$	
BUCKET 3 TOTAL	\$	
Budget Allocation	\$	(20% of Available)

Business Investment	Monthly Amount	Notes
Over / Under	+/- \$	

Tax note: Many Bucket 3 expenses are tax-deductible business expenses. Track receipts for everything in this column — your CPA will thank you.

## BUCKET 4: LIFESTYLE — 10% = \$ \_\_\_\_\_

*This is your reward. Spend every dollar of this guilt-free — because you earned the other 90% first.*

Lifestyle Expense	Monthly Amount	Notes
Dining out / restaurants	\$	
Entertainment (concerts, events, etc.)	\$	
Clothing / fashion (above basics)	\$	
Travel / vacations	\$	
Gifts	\$	
Hobbies	\$	
Personal care / grooming (above basics)	\$	
Other: _____	\$	
BUCKET 4 TOTAL	\$	
Budget Allocation	\$	(10% of Available)
Over / Under	+/- \$	

The rule: When Bucket 4 is empty, stop spending on lifestyle. No exceptions. This is how the budget self-enforces.

## STEP 3: MONTHLY SUMMARY



If you're a W-2 employee only: Enter your take-home (net) pay as Available Income. Your employer already handles taxes.

If you're self-employed / 1099 only: Set aside 30% in a separate tax savings account BEFORE filling in any bucket. Never touch it until quarterly estimated taxes are due.

If you have mixed income (W-2 + 1099): Set aside 30% on your 1099 income only. Your W-2 income enters Available Income at take-home.

If income is highly variable (creator, athlete, entrepreneur): Use a 3-month rolling average: add last 3 months of income, divide by 3. Build your budget on that number. When a big month hits, direct the surplus to Bucket 2 first.

---

*This worksheet is part of Money Moves: The Young Earner's Complete Guide to Financial Freedom For educational purposes only. Consult a licensed financial and tax professional for personalized advice.*

COMPANION DOCUMENT 4

**Net Worth Tracker**

# NET WORTH TRACKER

## MONEY MOVES

Your wealth snapshot — updated every 30 days

## HOW TO USE THIS SHEET

Net worth = what you OWN minus what you OWE. This single number is the most honest measure of your financial health — more honest than income, more honest than your account balance on any given day. Track it monthly. The goal is a rising trend, not perfection.

When to update: On the 1st of every month. Set a recurring calendar reminder now.

What counts: Real values only. Your car is worth what Kelley Blue Book says, not what you paid. Your business equity is what someone would pay for it today, not your revenue. Be ruthless with your estimates — optimism here is expensive.

## SECTION 1: YOUR ASSETS (What You Own)

Enter current estimated values. Use \$0 for anything that doesn't apply yet.

Asset Category	Current Value
Cash & Liquid	
Checking account(s)	\$ _____
Savings account(s)	\$ _____
Cash on hand	\$ _____

Asset Category	Current Value
SUBTOTAL — Cash & Liquid	\$ _____
Investments	
Brokerage / investment accounts	\$ _____
Roth IRA	\$ _____
Traditional IRA / 401(k) / 403(b)	\$ _____
Crypto holdings (current market value)	\$ _____
Other investments	\$ _____
SUBTOTAL — Investments	\$ _____
Business & Income Assets	
Business equity (estimated sale value)	\$ _____
NIL contract remaining value	\$ _____
Accounts receivable / money owed to you	\$ _____
SUBTOTAL — Business Assets	\$ _____
Physical Assets	
Real estate — primary home (market value)	\$ _____
Real estate — rental / investment property	\$ _____
Vehicle(s) — KBB value	\$ _____
Equipment / gear (camera, tools, etc.)	\$ _____
Jewelry / collectibles / other	\$ _____
SUBTOTAL — Physical Assets	\$ _____

**TOTAL ASSETS:** \$ \_\_\_\_\_

## SECTION 2: YOUR LIABILITIES (What You Owe)

Enter current outstanding balances — NOT monthly payments.

Liability Category	Current Balance
Debt	
Student loans	\$ _____
Federal student loans	\$ _____
Private student loans	\$ _____
Credit cards	
Card 1: _____	\$ _____
Card 2: _____	\$ _____
Card 3: _____	\$ _____
SUBTOTAL — Credit Cards	\$ _____
Loans	
Auto loan(s)	\$ _____
Personal loans	\$ _____
Business loans / lines of credit	\$ _____
Family / friend loans	\$ _____
SUBTOTAL — Loans	\$ _____
Real Estate Debt	
Mortgage — primary home	\$ _____
Mortgage — rental / investment	\$ _____
SUBTOTAL — Real Estate Debt	\$ _____
Tax Obligations	
Estimated taxes owed (current quarter)	\$ _____
Back taxes / IRS balance	\$ _____



Month	Total Assets	Total Liabilities	Net Worth	Monthly Change
Month 11	\$	\$	\$	+/- \$
Month 12	\$	\$	\$	+/- \$

## NET WORTH MILESTONES

Mark each one when you hit it. These are real, meaningful checkpoints.

First positive net worth — more assets than liabilities

\$10,000 net worth

\$25,000 net worth

\$50,000 net worth

\$100,000 net worth — the first six figures

\$250,000 net worth

\$500,000 net worth

\$1,000,000 net worth — the first comma

## MARCUS'S NOTE

The number you write down today is just a starting point. I've worked with athletes who had a negative net worth of \$200,000 on paper — debt, penalties, nothing in investments. Within 36 months of using a framework like this, they crossed into positive territory and never looked back.

The number doesn't judge you. It informs you. Use it.

*This worksheet is part of Money Moves: The Young Earner's Complete Guide to Financial Freedom For educational purposes only. Consult a licensed financial professional for personalized advice.*

COMPANION DOCUMENT 5

## 30-Day Action Checklist

# 30-DAY MONEY MOVES ACTION CHECKLIST

## MONEY MOVES

Your first month. Do this once and your financial life changes forever.

## BEFORE YOU START

This checklist is not a reading exercise. It is a doing exercise. Every item here has one job: move you from knowing to acting. The gap between people who build wealth and people who don't isn't intelligence — it's execution.

Print this page. Check boxes with a pen. The physical act of completion matters.

Time required: Most items take 30 minutes or less. A few take an afternoon. None require money you don't have.

Important: You don't have to complete every item to see results. Completing 70% of this checklist puts you ahead of 95% of people in your income bracket. Start. Don't wait for a perfect week that doesn't exist.

## WEEK 1: BUILD YOUR FOUNDATION

### DAYS 1–7: KNOW WHERE YOU STAND

#### Day 1 — Your Numbers

Fill out your Net Worth Tracker worksheet (assets minus liabilities)

Write down your exact monthly gross income from all sources

Identify your three biggest monthly expenses

Calculate what percentage of your income currently goes to needs, investing, and lifestyle

Write down your single biggest financial mistake or blind spot

#### Day 2 — Your Accounts

Confirm you have a checking account (operational — day-to-day spending)

Confirm you have a savings account separate from checking

Open a dedicated tax savings account if self-employed (label it "IRS — DO NOT TOUCH")

Transfer your current tax reserve (30% of all 1099/self-employment income received this month) into that tax account

Log into every financial account you own and write down the current balance

### Day 3 — Your Budget

Fill out the 50/20/20/10 Budget Template for this month

Identify which expenses are in the wrong bucket (lifestyle items hiding as "needs")

Cancel or pause any subscription you haven't used in 30+ days

Set up automatic transfers on payday: 20% to investing account, 30% to tax savings (if self-employed)

### Day 4 — Your Debt

List every debt you owe: balance, interest rate, minimum payment

Identify your highest-interest debt (this is your target)

Calculate how long it takes to pay off your credit card balance paying only minimums (eye-opening exercise)

Decide: debt avalanche (highest rate first) or debt snowball (smallest balance first) — and commit to one

### Day 5 — Your Credit

Check your credit score (free via Credit Karma, Experian, or your bank app)

Pull your free annual credit report at [AnnualCreditReport.com](https://www.annualcreditreport.com)

Dispute any errors on your credit report (errors affect 1 in 5 reports)

Confirm you have at least one credit card you pay off in full every month

If score is below 700: identify the top two reasons and make a plan to address them

### Day 6 — Your Income Sources

List every income source: type (W-2 / 1099 / business / investment), frequency, and average amount

Identify which income source is most at risk (job loss, deal expiration, algorithm change)

Identify one realistic way to add a second or third income stream in the next 90 days

If you have NIL income: confirm you've set aside 30–35% for taxes on all payments received

### Day 7 — Review Week 1

Update your Net Worth Tracker with today's numbers (if Day 1 was earlier this week)

Identify the one thing from Week 1 that had the most impact

Share this checklist with one person who needs it (accountability multiplier)

## WEEK 2: BUILD YOUR PROTECTION

### DAYS 8–14: STRUCTURE YOUR MONEY LEGALLY

#### Day 8 — Business Structure

Determine if you need an LLC (any self-employment income = yes, you do)

If no LLC yet: research your state's LLC formation process and cost

If already have LLC: confirm your registered agent information is current

Note: S-Corp election is separate from forming an LLC — research if you're earning \$50K+ net self-employment income

#### Day 9 — Your EIN

Apply for an Employer Identification Number (EIN) at IRS.gov — free, takes 5 minutes

Write your EIN down and store it securely

If you already have an EIN: verify you know it and have the IRS confirmation letter

#### Day 10 — Business Banking

Open a dedicated business checking account (your LLC's account, not your personal account)

Never pay personal expenses from your business account — this is called "piercing the corporate veil" and it eliminates your LLC liability protection

Set up direct deposit of all business income into the business account

Transfer your owner's draw (salary from your business to yourself) on a regular schedule

#### Day 11 — Insurance Audit

Confirm you have health insurance (marketplace, employer, or parent's plan if under 26)

Check your renter's or homeowner's insurance — is it current? Is the coverage amount accurate?

If you own a business: research general liability insurance for your industry

If NIL athlete or public figure: research umbrella liability policy (typically \$1M coverage for ~\$200/year)

#### Day 12 — Contracts & Agreements

Review any contracts you've signed in the last 12 months

Identify any active exclusivity clauses that limit your earning ability

If you have a manager, agent, or advisor: confirm their compensation structure is in writing

Make a list of all professionals currently working on your financial matters (CPA, attorney, financial advisor)

#### Day 13 — Find Your CPA

If you don't have a CPA: ask for referrals from other NIL athletes, creators, or business owners in your network

Interview at least 2–3 CPAs before deciding — ask specifically: "Do you work with NIL athletes/content creators/entrepreneurs?"

Confirm your CPA understands self-employment tax, quarterly estimated taxes, and business entity strategy

Schedule your onboarding meeting or first call

#### Day 14 — Review Week 2

Confirm LLC status (formed, in progress, or date to form)

Confirm EIN obtained

Confirm business account open

Confirm CPA identified or contact in process

Identify anything from Week 2 still incomplete — schedule it

## WEEK 3: BUILD YOUR TAX STRATEGY

### DAYS 15–21: STOP LEAVING MONEY ON THE TABLE

#### Day 15 — Quarterly Taxes

Determine if you owe quarterly estimated taxes (any 1099/self-employment income = yes)

Write down the four quarterly due dates: April 15, June 15, September 15, January 15

Calculate what you owe for the current quarter (income × 30%, or use IRS Form 1040-ES worksheet)

Set a calendar reminder for every quarterly due date for the next 12 months

#### Day 16 — Deduction Audit

Make a list of every expense you paid for in the last month that relates to your work or business

Common missed deductions — check each that applies to you:

Home office (dedicated space used exclusively for work)

Phone bill (business use percentage)

Internet bill (business use percentage)

Equipment: camera, mic, computer, lighting gear

Software and subscriptions (Adobe, editing tools, project management)

Professional development: courses, books, coaching, masterminds

Travel for business (flights, hotel, 50% of meals)

Vehicle mileage for business use (67¢ per mile in 2024)

CPA and legal fees

Uniform or work-specific clothing

---

### Day 17 — Augusta Rule Research

Read about IRS Section 280A (Augusta Rule) — you can rent your home to your business for up to 14 days per year, tax-free

If you have a business: discuss with your CPA whether this strategy applies to your situation

If applicable: document every "business meeting" or "strategic planning session" held at your home

### Day 18 — Retirement Account Setup

Open a Roth IRA if you don't have one (Fidelity, Vanguard, or Schwab — free to open)

Contribute something to it today — even \$50. The habit matters more than the amount initially.

If self-employed and earning \$50K+: research Solo 401(k) or SEP-IRA options with your CPA

Set up automatic monthly contributions to your Roth IRA

### Day 19 — Business Credit Foundation

Confirm your LLC is formed and EIN is obtained (prerequisite for business credit)

Register your business with Dun & Bradstreet at DNB.com (free — this creates your business credit file)

Write down your DUNS number after registration

Research net-30 vendors that report to business credit bureaus (Uline, Quill, Grainger)

### Day 20 — S-Corp Election Research

Calculate your current self-employment tax burden (15.3% on net self-employment income)

Determine if you earn \$50,000+ in net self-employment income annually

If yes: ask your CPA about S-Corp election and the "reasonable salary" structure

Understand the math: on \$150K net income, S-Corp election can save \$13,000–\$14,000 in SE tax annually

### Day 21 — Review Week 3

Confirm quarterly tax amounts calculated and calendar reminders set

Confirm deduction list is complete and receipts are organized

Confirm Roth IRA open and first contribution made

Note any tax strategies to discuss with CPA at your next meeting

---

## WEEK 4: BUILD YOUR WEALTH ENGINE

### DAYS 22–30: SET THE MACHINE IN MOTION

#### Day 22 — Investment Account Setup

Confirm Roth IRA is open and funded

Open a taxable brokerage account if you don't have one (Fidelity, Vanguard, or Schwab)

Purchase your first index fund: choose one broad-market fund (Total Stock Market or S&P 500 index)

Set up automatic recurring investment (even \$100/month is a life-changing habit)

#### Day 23 — Investment Strategy

Write down your investment strategy in one sentence: "I invest in \_\_\_\_\_ because \_\_\_\_\_"

Decide on your asset allocation: stocks vs. bonds vs. real estate (general rule: 100 minus your age = stock percentage)

If you currently have crypto: calculate what percentage of your total investments it represents. Should not exceed 5–10%.

Set a rule: you will not check your investment accounts more than once per month

#### Day 24 — Emergency Fund

Calculate your emergency fund target (3–6 months of Bucket 1 expenses)

Check your current savings balance against that target

Set up a high-yield savings account (HYSA) for your emergency fund if you don't have one — look for 4%+ APY

Set automatic monthly transfer to your HYSA until emergency fund target is reached

#### Day 25 — Wealth Team Assessment

Identify who is currently on your wealth team:

CPA / Tax professional

Financial advisor (fee-only — NOT commission-based)

Attorney (business / contracts / estate)

Insurance agent

Mentor (someone further ahead in your financial journey)

Identify the biggest gap on your team

Make one outreach to fill that gap this week

#### Day 26 — Legacy Planning Basics

Research what a basic estate plan includes (will, healthcare directive, power of attorney)

If you have dependents, significant assets, or business interests: schedule consultation with an estate attorney

Designate beneficiaries on ALL financial accounts (retirement, life insurance, investment accounts) — many people skip this and it creates serious legal problems

Check that beneficiary designations are up to date (especially after major life changes)

#### Day 27 — Giving Budget

Determine your giving allocation: a set percentage or dollar amount per month

The Money Moves framework suggests giving comes from intentional surplus, not guilt — define YOUR rule  
 If you support family members financially: establish the exact dollar amount you give per month and do not exceed it

Practice the phrase: "I have a set amount I'm able to contribute right now. I'm not able to change that amount."

### Day 28 — 90-Day Financial Goals

Write down three specific financial goals for the next 90 days:

- Goal 1: \_\_\_\_\_
- Goal 2: \_\_\_\_\_
- Goal 3: \_\_\_\_\_

Each goal must be: specific (dollar amount or action), measurable, and time-bound

Write down what success looks like for each one

### Day 29 — Systems & Automation

Confirm automatic investing is set up (Roth IRA, brokerage)

Confirm automatic tax savings transfer is set up (30% of 1099 income on deposit day)

Confirm automatic emergency fund savings is set up

Review any subscriptions or automatic payments — remove anything no longer needed

Schedule a monthly "money date" on your calendar: 30 minutes, first of every month, to review budget and net worth

### Day 30 — 30-Day Reflection

Update your Net Worth Tracker with today's numbers

Compare to Day 1: what changed?

Review your 50/20/20/10 Budget: how did you actually do this month?

Identify the single most valuable action you took this month

Identify the single biggest thing still left undone — and schedule it for the first week of next month

Share your results with your accountability partner

## MY COMMITMENT

I, \_\_\_\_\_, commit to executing this 30-day plan with discipline and consistency. I understand that financial freedom is not a feeling — it is a series of correct decisions made consistently over time. I am capable of making those decisions.

Signature: \_\_\_\_\_

Date I started: \_\_\_\_\_

Date I finished: \_\_\_\_\_

Net worth when I started: \$ \_\_\_\_\_

Net worth at 30 days: \$ \_\_\_\_\_

## YOUR SCORE

Count your completed checkboxes:

Score	What It Means
80–100%	You are operating at a level most people never reach. Keep going.
60–79%	Solid execution. The incomplete items are your next 30-day target.
40–59%	Good start. Pick the 5 most important incomplete items and finish them this week.
Below 40%	Start over. Pick the 10 most impactful items and only do those. Done beats perfect.

*This worksheet is part of Money Moves: The Young Earner's Complete Guide to Financial Freedom For educational purposes only. Consult a licensed financial and tax professional for personalized advice.*

COMPANION DOCUMENT 6

## Tax Leak Calculator

# YOUR TAX LEAK CALCULATOR

## MONEY MOVES

Find out exactly what you're currently losing — before you lose it

## THE SETUP

Most young earners don't know they're overpaying taxes. Not because they're doing anything wrong — but because they're doing nothing. Not setting up the right entity. Not tracking deductions. Not making quarterly payments. Not structuring their income.

Each of those gaps has a dollar amount attached to it. This calculator shows you yours.

Fill in the yellow boxes. The math is already done for you.

## STEP 1: YOUR INCOME PICTURE

Source 1 – Self-employment / 1099 / NIL income: \$ \_\_\_\_\_

Source 2 – Business revenue (net profit): \$ \_\_\_\_\_

Source 3 – W-2 employment income: \$ \_\_\_\_\_

Source 4 – Content / creator income: \$ \_\_\_\_\_

Source 5 – Other (investments, rental, etc.): \$ \_\_\_\_\_

TOTAL GROSS INCOME: \$ \_\_\_\_\_

Of that total, how much is self-employment / 1099? \$ \_\_\_\_\_

(This is the number we'll use for most calculations below)

## STEP 2: THE QUARTERLY TAX PENALTY LEAK

If you earned self-employment income and did NOT make quarterly estimated tax payments, you owe a penalty — even if you pay in full on April 15.

Self-employment income (from Step 1): \$_____
Estimated annual tax owed:
Self-employment income × 30%: \$_____
IRS underpayment penalty rate (2025): ~8% annually
Divide annual tax by 4 (quarterly): \$_____
Multiply by penalty rate × months late:
Q1 missed (due April 15, 9 months late): \$_____ × 8% × (9/12) =
\$_____
Q2 missed (due June 15, 7 months late): \$_____ × 8% × (7/12) =
\$_____
Q3 missed (due Sept 15, 4 months late): \$_____ × 8% × (4/12) =
\$_____
Q4 missed (due Jan 15, 1 month late): \$_____ × 8% × (1/12) =
\$_____
TOTAL QUARTERLY PENALTY IF ALL MISSED: \$_____

This is money you owe on top of your tax bill — for doing nothing wrong except not knowing the schedule.

*Typical range: \$800–\$4,500 for someone earning \$50K–\$150K in self-employment income*

## STEP 3: THE DEDUCTION LEAK

These are write-offs most young earners miss entirely. Check every box that applies to your situation. Each one reduces your taxable income by the estimated amount shown — which reduces your tax bill at your marginal rate.

Your estimated marginal tax rate (federal income tax + self-employment tax combined):

If total income is \$30,000-\$60,000: use 38% (10-12% federal + 15.3% SE + ~5% state avg)

If total income is \$60,000-\$100,000: use 48% (22% federal + 15.3% SE + ~5% state avg)

If total income is \$100,000-\$200,000: use 55% (24-32% federal + 15.3% SE + ~5% state avg)

Your estimated marginal rate: \_\_\_\_\_%

Deduction	Do You Have This?	Estimated Annual Amount	Tax Saved (× Your Rate)
Home office (dedicated workspace)	Yes / No	\$1,200-\$4,800	\$ _____
Phone bill (business %)	Yes / No	\$600-\$1,800	\$ _____
Internet bill (business %)	Yes / No	\$600-\$1,200	\$ _____
Vehicle mileage (log required)	Yes / No	\$1,000-\$5,000	\$ _____
Equipment (camera, computer, gear)	Yes / No	\$500-\$8,000	\$ _____
Software and subscriptions	Yes / No	\$300-\$2,400	\$ _____
Education / courses / coaching	Yes / No	\$500-\$5,000	\$ _____
CPA and professional fees	Yes / No	\$500-\$2,500	\$ _____
Travel for business	Yes / No	\$500-\$5,000	\$ _____
Health insurance premiums (self-employed)	Yes / No	\$2,400-\$8,000	\$ _____
Retirement contributions (Roth/SEP/Solo 401k)	Yes / No	\$1,000-\$23,500	\$ _____

TOTAL DEDUCTIONS YOU QUALIFY FOR: \$ \_\_\_\_\_  
 TOTAL TAX SAVED IF CAPTURED: \$ \_\_\_\_\_

If you're not currently claiming these deductions, this is money you are giving away.

*Typical range: \$2,000–\$15,000 in tax savings for someone earning \$75K–\$200K with proper deduction tracking*

## STEP 4: THE S-CORP ELECTION LEAK

If your net self-employment income exceeds \$80,000 per year, you are almost certainly overpaying self-employment tax. This is the biggest single savings available to most self-employed earners — and the least known.

Net self-employment income (after deductions): \$ \_\_\_\_\_

IS THIS NUMBER BELOW \$80,000?  
 → S-Corp election likely not worth it yet. Skip to Step 5.

IS THIS NUMBER ABOVE \$80,000?  
 → Calculate your potential savings below:

Current SE tax (without S-Corp):  
 Net income × 15.3%: \$ \_\_\_\_\_

S-Corp structure (with reasonable salary):  
 Reasonable salary estimate (60% of net income): \$ \_\_\_\_\_  
 Salary × 15.3% (SE tax on salary only): \$ \_\_\_\_\_  
 Distribution (remaining 40% of net income): \$ \_\_\_\_\_  
 Distribution × 0% (no SE tax on distributions): \$0

S-Corp SE tax total: \$ \_\_\_\_\_

ANNUAL SE TAX SAVINGS WITH S-CORP ELECTION: \$ \_\_\_\_\_

*Example: \$150,000 net income → \$22,950 SE tax without S-Corp → \$13,770 SE tax with S-Corp → \$9,180 annual savings*

*Typical range: \$6,000–\$20,000 annually for earners between \$80K–\$300K net self-employment income*

## STEP 5: THE MISSED INVESTMENT COMPOUNDING LEAK

This one doesn't show up on a tax bill. It shows up 20 years from now.

How old are you right now? \_\_\_\_\_

If you start investing \$500/month today at 8% average annual return:

By age 40: \$ \_\_\_\_\_

By age 50: \$ \_\_\_\_\_

By age 60: \$ \_\_\_\_\_

If you wait 5 years to start (invest same \$500/month):

By age 40: \$ \_\_\_\_\_

By age 50: \$ \_\_\_\_\_

By age 60: \$ \_\_\_\_\_

USE THIS TABLE (approximate values):

Starting at 22, \$500/month at 8%:

Age 40: \$240,000 | Age 50: \$624,000 | Age 60: \$1,477,000

Starting at 27, \$500/month at 8%:

Age 40: \$136,000 | Age 50: \$394,000 | Age 60: \$967,000

Starting at 32, \$500/month at 8%:

Age 40: \$67,000 | Age 50: \$240,000 | Age 60: \$624,000

COST OF WAITING 5 YEARS (age 22 vs. 27): ~\$510,000 by age 60

COST OF WAITING 10 YEARS (age 22 vs. 32): ~\$853,000 by age 60

Every year you delay investing \$500/month costs you approximately \$100,000 in long-term wealth.

## STEP 6: YOUR TOTAL TAX AND WEALTH LEAK SUMMARY

Quarterly penalty leak (Step 2): \$\_\_\_\_\_

Missed deductions leak – annual (Step 3): \$\_\_\_\_\_

S-Corp election leak – annual (Step 4): \$\_\_\_\_\_

TOTAL ANNUAL FINANCIAL LEAK: \$\_\_\_\_\_

Over 5 years (assuming same income level): \$\_\_\_\_\_

(Multiply annual leak × 5)

Over 10 years (assuming same income level): \$\_\_\_\_\_

(Multiply annual leak × 10)

Investment compounding cost of delay (Step 5): \$\_\_\_\_\_

TOTAL 10-YEAR COST OF NO FINANCIAL STRUCTURE: \$\_\_\_\_\_

## WHAT TO DO WITH THIS NUMBER

The number in that last box is what staying financially unstructured costs you over the next decade. It is not a worst-case scenario. It is a conservative estimate based on strategies that are legal, available to you right now, and used by every financially educated person in your income bracket.

The next step is not complicated. It is three things:

1. Open a tax savings account today. Move 30% of every self-employment deposit into it immediately.
2. Find a CPA who works with your income type this week. Bring this calculator to the meeting.
3. Open a Roth IRA and make your first contribution this month. The amount doesn't matter yet. The start date does.

Every day you wait, the number in that box gets larger.

## MARCUS'S NOTE

I fill out a version of this calculator with every new client in our first meeting. The number in that final box almost always lands somewhere between \$40,000 and \$180,000 over ten years — money they were on track to give away without knowing it.

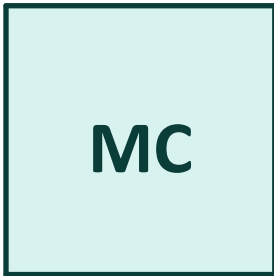
Nobody I've ever shown this to was happy about that number. But every single one of them was grateful to see it when they still had time to change it.

You have time to change it. Do the math. Then do something about it.

---

*This worksheet is part of Money Moves: The Young Earner's Complete Guide to Financial Freedom. Figures are estimates for educational illustration only. Tax calculations depend on individual circumstances, state taxes, deductions, and filing status. Consult a licensed tax professional for figures specific to your situation.*

## ABOUT THE AUTHOR



## Andrae Alexander

Founder, Young Money Creators

Creator, Money Moves Financial Education Platform

Andrae Alexander spent the first part of his career inside the financial services industry — working adjacent to CPAs, tax strategists, estate attorneys, and wealth managers who served high-earning professionals, athletes, and entrepreneurs. What he noticed: the most powerful financial strategies were being reserved for clients who could afford \$400-an-hour advisory fees. Everyone else was getting generic advice, free YouTube videos, and tools built for people with W-2 jobs and predictable income. That gap — between what the professionals knew and what young earners actually had access to — became the project.

Over the past decade, Andrae has built financial education resources for self-employed earners, NIL athletes, digital creators, and entrepreneurs across the country. His workshops, courses, and coaching programs have focused specifically on the people traditional financial education ignores: the 22-year-old with a \$60,000 NIL deal and no idea what self-employment tax is. The creator hitting six figures for the first time. The entrepreneur whose revenue is growing while their savings account isn't.

The strategies in this guide are drawn from years of observing and documenting what licensed professionals actually do for their highest-earning clients — and translating that into action anyone can implement. Every tax strategy has been cross-referenced with CPAs who specialize in self-employed and creator income. Every investing framework is grounded in the same principles used by fiduciary advisors serving entrepreneurs and athletes.

*A note on credentials: Andrae is a financial educator, not a licensed CPA, attorney, or registered investment advisor. The strategies in this guide are educational frameworks, not personalized financial advice. The right implementation partner — a CPA who understands your income type, an attorney who knows your state's laws, a fiduciary advisor who knows your full financial picture — remains irreplaceable. This guide gives you the vocabulary, the framework, and the questions to ask. The licensed professionals you hire give you the execution.*

**YOUNGMONEYCREATORS.COM**

YOUNGMONEYCREATORS

---

# The knowledge gap is closed.

You now have the same framework used by the athletes, creators, and entrepreneurs who turned fast money into lasting wealth. The only variable left is you.

---

**Start with Chapter 1.  
Pick one thing. Do it today.**

**YOUNGMONEYCREATORS.COM**

[@youngmoneycreators](#)

[Instagram](#) · [YouTube](#) · [TikTok](#) · [Twitter/X](#)

---

For educational purposes only. The strategies in this guide are not personalized financial, legal, or tax advice. Consult licensed financial and tax professionals for advice specific to your situation.