



What Is Income?

WEEK 02

Understanding NIL Payments and Revenue Streams

For student-athletes participating in NIL opportunities, understanding what counts as income is crucial. Whether you're paid for a social media post, a brand appearance, or a personal merchandise sale, each source of revenue carries financial and legal responsibilities. Knowing what constitutes income and how to track it will help you avoid surprises during tax season and empower you to manage your money like a professional.

What Is Income?

Income is money received in exchange for goods, services, or use of your name, image, and likeness (NIL).

In the NIL world, income can come in many forms:

- **Cash** payments from brands or sponsors
- **Royalties** or commissions on product sales
- **Payment** for personal appearances, autograph signings, or speaking engagements
- **Non-cash compensation** such as free gear, travel, meals, or services
- **Advertising revenue** from platforms like YouTube, TikTok, or Twitch

All of these may be considered ****taxable income****, even if you didn't receive cash.

Types of NIL Revenue Streams

Sponsorships/Endorsements

Brands pay you to promote their products on social media or in person.

Merchandise Sales

You sell apparel or gear branded with your name, logo, or likeness.

Appearance Fees

You're paid to attend or speak at events.

Content Monetization

You earn money from platforms like YouTube, Instagram, or TikTok.

Autographs/Personalized Items

Fans purchase signed memorabilia or custom products.

Training/Coaching Services

You provide lessons or clinics and charge a fee.

Licensing Deals

You license your brand to be used on merchandise produced by others.

Understanding which category your income falls into helps with reporting and tracking it correctly.

Cash vs. Non-Cash Income

Many student-athletes are surprised to learn that ****non-cash compensation**** is also considered income.

For example:

- Free clothing or equipment valued over a certain amount
- Airline tickets, hotel stays, or gift cards
- Exclusive experiences provided in exchange for NIL promotion

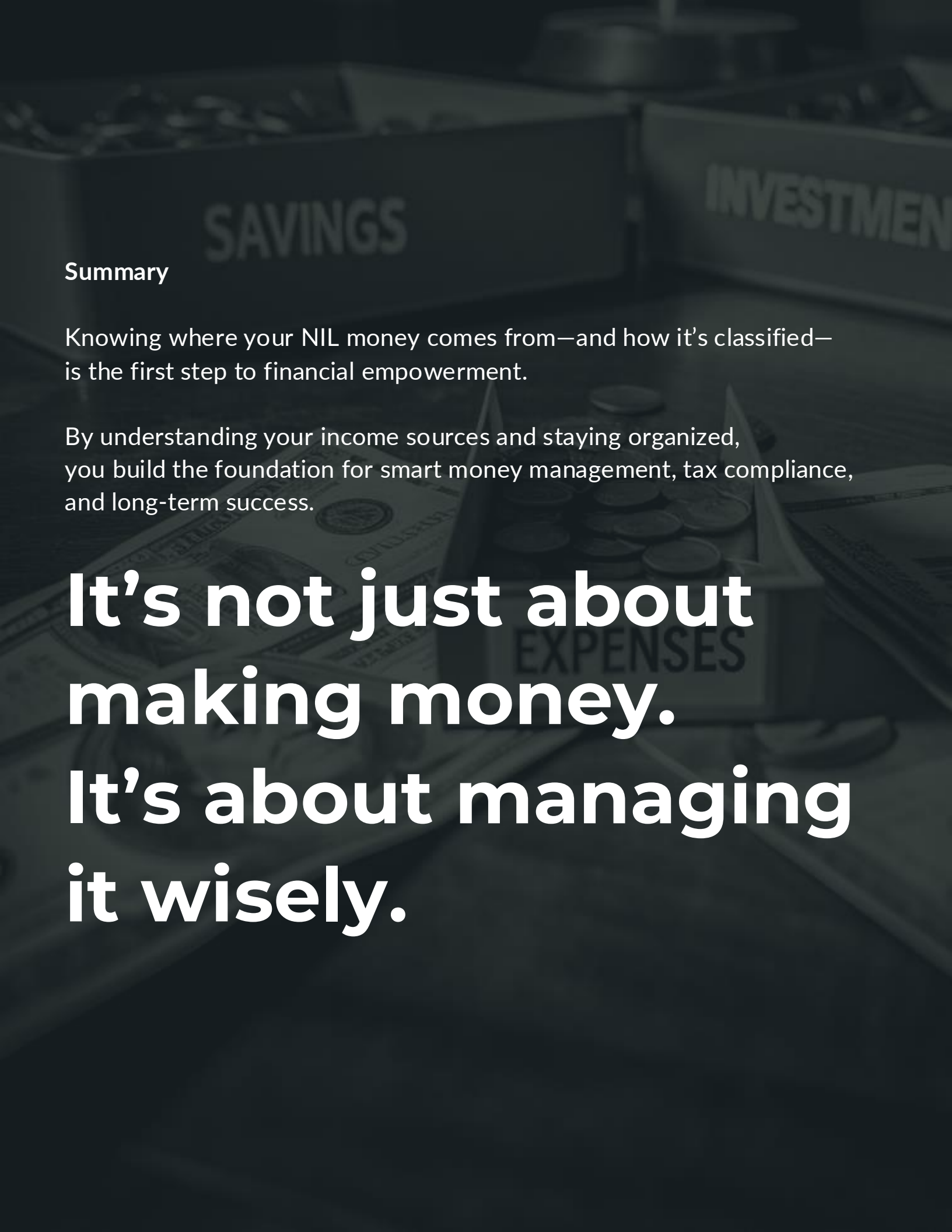
You must keep records and may need to report the ****fair market value (FMV)**** of non-cash items as income.

Tracking NIL Income

Just like a small business owner, you are responsible for keeping accurate financial records. Use tools like spreadsheets, accounting apps, or even NIL-specific platforms to:

- Record every NIL transaction
- Save contracts and payment receipts
- Track non-cash benefits and their estimated values
- Categorize income by type and date
- Prepare for tax filing and financial reporting.

Failing to track income accurately could lead to missed taxes, eligibility issues, or penalties.



Summary

Knowing where your NIL money comes from—and how it's classified—is the first step to financial empowerment.

By understanding your income sources and staying organized, you build the foundation for smart money management, tax compliance, and long-term success.

**It's not just about
making money.
It's about managing
it wisely.**

KNOWLEDGE CHECK

True or False

1. NIL income only includes cash you receive from sponsors.
2. Free gear or gift cards may count as taxable income.
3. TruSelling merchandise with your name on it qualifies as NIL income.
4. NIL income can come from YouTube videos and social media content.
5. You don't need to track NIL payments if they are small or irregular.

Answer Key

True or False

1. **FALSE:** NIL income includes both cash and non-cash compensation.
2. **True:** Non-cash items with value may be considered taxable income.
3. **True:** Selling personal branded merchandise is a common NIL activity.
4. **True:** Social media and content creation can generate NIL income.
5. **False:** All income should be tracked regardless of size.

Multiple Choice Questions



1. What is an example of non-cash NIL income?
 - A. Direct deposit from a sponsor
 - B. Free clothing provided by a brand
 - C. A check for a speaking engagement
 - D. Venmo payment for an autograph

2. Which of these is a revenue stream for NIL income?
 - A. Class registration
 - B. Public transportation
 - C. Paid social media promotion
 - D. Campus dining plan

3. What does it mean to track NIL income?
 - A. Write about it on your blog
 - B. Watch other athletes' earnings
 - C. Record and categorize your earnings
 - D. Deposit it into your coach's account

4. Why is it important to record non-cash NIL benefits?
 - A. They are always tax-free
 - B. They count toward your GPA
 - C. They may need to be reported as income
 - D. They help you qualify for financial aid

5. Which of the following is NOT typically considered NIL income?
 - A. A part-time job at a campus bookstore
 - B. Being paid to promote a product on Instagram
 - C. Selling custom hoodies with your logo
 - D. Running a youth sports clinic

Answer Key



1. What is an example of non-cash NIL income?
 - A. Direct deposit from a sponsor
 - B. **Free clothing provided by a brand**
(Free gear or non-cash perks may be considered taxable income.)
 - C. A check for a speaking engagement
 - D. Venmo payment for an autograph

2. Which of these is a revenue stream for NIL income?
 - A. Class registration
 - B. Public transportation
 - C. **Paid social media promotion (Sponsored posts are a valid NIL income stream.)**
 - D. Campus dining plan

3. What does it mean to track NIL income?
 - A. Write about it on your blog
 - B. Watch other athletes' earnings
 - C. **Record and categorize your earnings**
(Good recordkeeping ensures compliance and tax readiness.)
 - D. Deposit it into your coach's account

4. Why is it important to record non-cash NIL benefits?
 - A. They are always tax-free
 - B. They count toward your GPA
 - C. **They may need to be reported as income**
(The IRS may require reporting of non-cash income.)
 - D. They help you qualify for financial aid

5. Which of the following is NOT typically considered NIL income?
 - A. **A part-time job at a campus bookstore (Part-time jobs are not NIL-related; they're traditional employment.)**
 - B. Being paid to promote a product on Instagram
 - C. Selling custom hoodies with your logo
 - D. Running a youth sports clinic

ILLUSTRATIVE EXERCISE

Objective:

Help students categorize different forms of NIL income and practice recordkeeping.

Duration: 20 minutes

Scenario:

Over the past month, you received the following:

- \$300 to promote a local gym on Instagram
- \$50 Visa gift card for signing autographs
- \$100 in free clothing for wearing a brand's gear in public
- \$500 from selling branded merchandise online

Tasks:

1. List each item and categorize the type of NIL income it represents.
2. Estimate the fair market value of each non-cash benefit.
3. Create a sample income tracker for these transactions.
4. Write one sentence about how this exercise helps you prepare for real NIL income reporting.

Exercise Answer and Explanation:

1. \$300 = Sponsored content;
\$50 gift card = Autograph appearance (non-cash);
\$100 clothing = Brand promotion (non-cash);
\$500 = Merchandise sales
2. \$50 gift card and \$100 in clothing should be reported at FMV
3. Income Tracker:
 - Instagram Promo – \$300
 - Gift Card – \$50 (non-cash)
 - Clothing – \$100 (non-cash)
 - Merchandise Sales – \$500
4. “Tracking my NIL income helps me stay compliant and financially prepared.”



You are doing great!
Let's unlock your next key learning!