What the 18-year-old NBA phenom, Cooper Flagg, needs to know about taxes when stepping into a $60 million payday.

Key Considerations

Here are key tax considerations and financial planning strategies for Cooper as he embarks on his $60M NBA journey.

Welcome to the 37% Club (And That's Just Federal!)

At $14M+ per year, Cooper instantly lands in the highest federal tax bracket. That means 37% of his income will go straight to the IRS—before considering state taxes or surtaxes. Add in the Net Investment Income Tax (3.8%), and he could face a 40–45% effective rate.

Pro Tip: Work with a CPA to ensure proper quarterly estimated tax payments and avoid IRS penalties.

You May Be a Rookie, But the "Jock Tax" Isn't

Although Texas (home to the Dallas Mavericks) doesn't levy a personal income tax, Cooper will owe taxes in every state where he plays. Known as the "jock tax," this rule means filing in up to 20+ states based on where games are played. The estimated cumulative state and local taxes could slice off an additional 10–15% of the income.

Example: A game in California? That's up to 13.3% in state tax on a portion of that game check.

NIL & Endorsements: Nice Income…Large Tax Burden

Cooper already earned ~$20–28M in name, image, likeness (NIL) deals, which are treated as ordinary income. His new sponsorship deals will be too. He'll owe taxes based on where the deals are performed, shot, or signed—not just where he lives.

Strategy: Set up an S-Corp or LLC to manage endorsement income and deduct business expenses like travel, stylists, or media training.

FICA, Medicare & the Extra 0.9% Surtax

Even NBA stars aren't exempt from payroll taxes. Social Security applies up to the annual cap ($168,600 in 2025), and Medicare is uncapped, with an extra 0.9% surtax on income above $200,000.

Important: These are automatically withheld by the NBA but keep track of any additional liability from endorsement income.

Where You "Live" Could Save You Millions

Establishing and maintaining a primary residence in Texas could shield Cooper from state income tax on his endorsements and investment income—if done correctly. The key? Prove "domicile" with things like a TX driver's license, voter registration, and time spent in-state.

Don't wing this—tax authorities in states like California and New York aggressively audit residency claims.

Multi-State Tax Filings = Multi-Headache

With away-game income triggers in ~20 states, compliance can be sizable. Even seasoned professionals struggle with multi-state filings. Cooper will need to file in every state with a tax that hosts a game or training camp, each with its own rules, rates, and deadlines.

Must-Do: Hire a tax team with experience handling pro athletes—this isn't TurboTax territory.

Put Your Business Hat On: Entity Structure Matters

Creating a legal business entity (like an S-Corp or LLC) for endorsements helps separate personal and professional finances. It can reduce self-employment tax and allow strategic deductions for expenses like agent fees, branding, personal trainers, or even TikTok content production. Remember, direct business-related expenses should funnel through the entity to maximize deductions.

Bonus: With the right structure, Cooper could contribute to a SEP-IRA or Solo 401(k), deferring up to $69,000+ per year in taxes.

Get a Financial Game Plan—Not Just a Playbook

A career-ending injury is rare but possible. Cooper should consider tax-free disability insurance, commonly called permanent total disability (PTD) insurance. It protects future earnings and pays out tax-free if he can't play again. He should also consider negotiating deferred compensation in rookie deals to manage tax burdens across years.

Example: A PTD policy could provide a $10M+ payout if he suffers a major injury early in his career.

Build Wealth That's Built to Last

Start thinking long-term. With smart planning, Cooper can:

- Max out retirement accounts from day one.
- Use trusts and estate plans for long-term wealth management, education funding, and estate planning.
- Build a tax-efficient portfolio using municipal bonds, qualified dividends, or tax-loss harvesting.

Gamechanger: Start with a financial advisor who works with high-net-worth young athletes, not just a generic planner.

Early Action Plan

Step	Action
1	Hire a sports tax specialist aware of jock tax complexities
2	File multi-state returns & establish non-resident status in tax-free state
3	Structure endorsement deals under an LLC
4	Secure PTD/disability coverage
5	Begin retirement contributions & estate planning

Bottom Line

From a ~$14M salary and (potentially) ~$20–30M in endorsements annually, Cooper should expect his in-hand, take-home to be around 40–50% after all federal, state, jock-tax, and FICA obligations. Smart structuring and early tax planning—including residency and entity use—can preserve millions.

Even if you’re not getting a 7-figure deal, we can help you with your tax-planning needs. Schedule a call with us today to discover how you can save on taxes tomorrow.