CASE STUDY

$21,000 a year, found in a business that already existed.

A professional endurance athlete earning over $250,000 a year — sponsorships, prize money, appearance fees, and coaching income — filing as a sole proprietor with no entity, no retirement plan, and an accountant they saw once a year.

$15–20K Annual saving from restructuring alone	**$6–10K** Additional annual saving from a solo 401(k)	**2–4×** Planning meetings a year, instead of one drop-off

THE SITUATION

Where they started

They weren't doing anything wrong — they were doing what almost every self-employed athlete does. Their relationship with their previous firm consisted of dropping off a year of bank and credit card statements each spring and receiving a number back. Nobody had ever asked whether the business was structured correctly, whether they should be paying themselves a salary, or what happens to an athlete's income when the career ends.

So every year the same two things happened. They overpaid self-employment tax on income that never needed to be exposed to it, and they put nothing aside for a retirement that, in their profession, arrives early.

THE WORK

What we did

01

Built the business that should have already existed

They were operating as a sole proprietor with no LLC. We formed the entity, obtained the EIN, opened a proper business bank account, filed the S-corp election, and set a defensible salary. That single restructuring accounted for roughly $15,000 to $20,000 a year in self-employment tax that had been going out the door unnecessarily.

02

Started the retirement plan a decade early

Young, earning well, and saving nothing — the standard profile for an athlete whose peak earning years are compressed into their twenties and thirties. We established a solo 401(k), which turned income that would have been taxed immediately into money working for a career that outlasts the sport. Worth another $6,000 to $10,000 a year, before counting decades of growth.

03 Replaced the annual drop-off with actual planning

We now meet two to four times a year. Quarterly payments get calculated in advance instead of discovered in April. Deductions specific to their sport — travel, equipment, coaching, entry fees, medical and recovery costs — get captured as they happen rather than reconstructed from a shoebox nine months later.

THE OUTCOME

Where they are now

The headline number is about $21,000 to $30,000 a year, depending on how the season goes. But the number isn't really the point, and it isn't what they mention when we talk.

They know what they owe before it's due. They have never had a surprise tax bill since. They understand their own financial position well enough to make decisions about it — which sponsorship to take, when to buy equipment, how much a good season actually leaves them with. And for the first time, there is a version of the future where the money earned during a short athletic career keeps working long after it ends.

> They were never going to fix this on their own — not because they weren't capable, but because nobody had ever told them there was anything to fix.
>
> ERIK OSWALD, CPA — ALTIUS TAX & ACCOUNTING

THE PATTERN

Why this applies to coaches too

This client was an athlete. Most of our work now is with online fitness and strength coaches — and the pattern is identical, because the underlying business is the same shape: self-employed, income arriving from several directions at once, seasonal peaks, and an accountant who has never worked with the industry.

Income from everywhere at once	Sponsorships and prize money, or coaching subscriptions, program launches, affiliate deals and apparel. Either way it isn't one number and it doesn't arrive evenly.
Structured as a hobby, earning as a business	Almost everyone in both groups is still a sole proprietor well past the point where it stopped making sense.
Industry-specific deductions nobody claims	For an athlete it's travel, entry fees and recovery. For a coach it's equipment, the training space, certifications and filming gear. Same problem, different list.
A career that doesn't run to 65	Athletes know their earning window is short. Coaches often haven't considered that an audience is not a pension.

One honest caveat. These figures are specific to this client's income, structure, and state. Someone earning less will save less, and for some coaches an S-corp isn't worth the overhead at all — we say so when that's the case. The only way to know your number is to run it.

Want to know what your number is?

The Coach's Tax Blueprint is a one-time deep dive into your real numbers. We review your last return and your current books, then spend 90 minutes walking you through exactly what to change — entity, salary, retirement, reserves, and the deductions you've been missing. No retainer, no obligation, and if we don't find you at least what it cost, you don't pay for it.

altius.tax · Erik@altius.tax