

MARCH 31, 2025

# INDIANA PACERS

## 2025 OFFSEASON STRATEGY REPORT



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## OVERVIEW AND FRAMEWORK

### I. EXECUTIVE SUMMARY

This Indiana Pacers 2025 Offseason Strategy Report (the “Report”) provides an analysis of the Indiana Pacers’ position entering the 2025 offseason. It examines the current state of the team, roster structure, financial outlook, and asset base, with particular attention to how proximity to the luxury tax shape the organization’s decision-making environment.

In particular, this Report focuses on:

- Managing the team’s proximity to the tax line and apron thresholds;
- Navigating the Stepien Rule and limited trade flexibility;
- Re-signing key players while preserving optionality for future moves; and
- Balancing short-term competitiveness with long-term financial sustainability.

The final section of the Report outlines a possible offseason roadmap based on this analysis. That framework includes moving the 2025 first-round pick for financial and trade flexibility, re-signing Turner at a walkaway number around \$30 million, retaining internal depth at center, and exploring salary reduction options.

The goal of the Report is to provide structure around the Indiana Pacers’ current situation — identifying the constraints, tradeoffs, and opportunities that should inform how the team approaches the 2025 offseason.

### II. KEY INSIGHTS

- **The Pacers’ current competitive window likely extends through the 2027–28 season.**
- **Avoiding the Tax is a historical organizational priority.**
- **Maintaining a roster below the Tax Level while re-signing Myles Turner and extending Bennedict Mathurin will require shedding salary elsewhere.**
- **Primary salary reduction trade candidates include Obi Toppin, T.J. McConnell, Bennedict Mathurin, and Jarace Walker.**
- **Trading the 2025 first-round pick could provide future trade and financial flexibility.**
- **There is a viable pathway below the Tax Level in 2025-26 and 2026-27 while re-signing Turner and extending Mathurin.**

### **III. SCOPE OF ANALYSIS**

This Report is based solely on publicly available information as of 12:00 P.M. ET, March 31, 2025 (the “Report Date”), including, without limitation, reported details of player contracts, the NBA Collective Bargaining Agreement dated July 1, 2023 (the “NBA CBA”), the NBA Constitution and Bylaws dated November 4, 2019 (the “NBA Constitution and Bylaws”), and team performance and transaction history. This Report does not incorporate access to internal team data, medical evaluations, proprietary scouting assessments, or any other non-public information. This Report is not intended to predict the precise actions that the Pacers will take, nor to offer definitive recommendations. Rather, it aims to identify and analyze the key strategic questions, constraints, and tradeoffs facing the organization entering the 2025 offseason. Capitalized terms used but not defined in this Report shall have the meanings ascribed to them in the NBA CBA.

## STATE OF THE TEAM

### I. TEAM PERFORMANCE

As of the Report Date, the Pacers hold a 43-31 record, placing fourth in the Eastern Conference standings.

METRIC	VALUE	NBA RANKING
Record	43-31 (.581)	9 <sup>th</sup>
ORTG	116.6	8 <sup>th</sup>
DRTG	114.8	16 <sup>th</sup>
NRTG	+1.8	12 <sup>th</sup>
Expected W/L	41-33 (.554)	13 <sup>th</sup>
Pace	99.8	9 <sup>th</sup>
Championship Odds	+15000 <sup>1</sup>	12 <sup>th</sup>

### II. ROSTER AND ROTATIONS

The following table shows the Pacers' roster as of the Report Date:

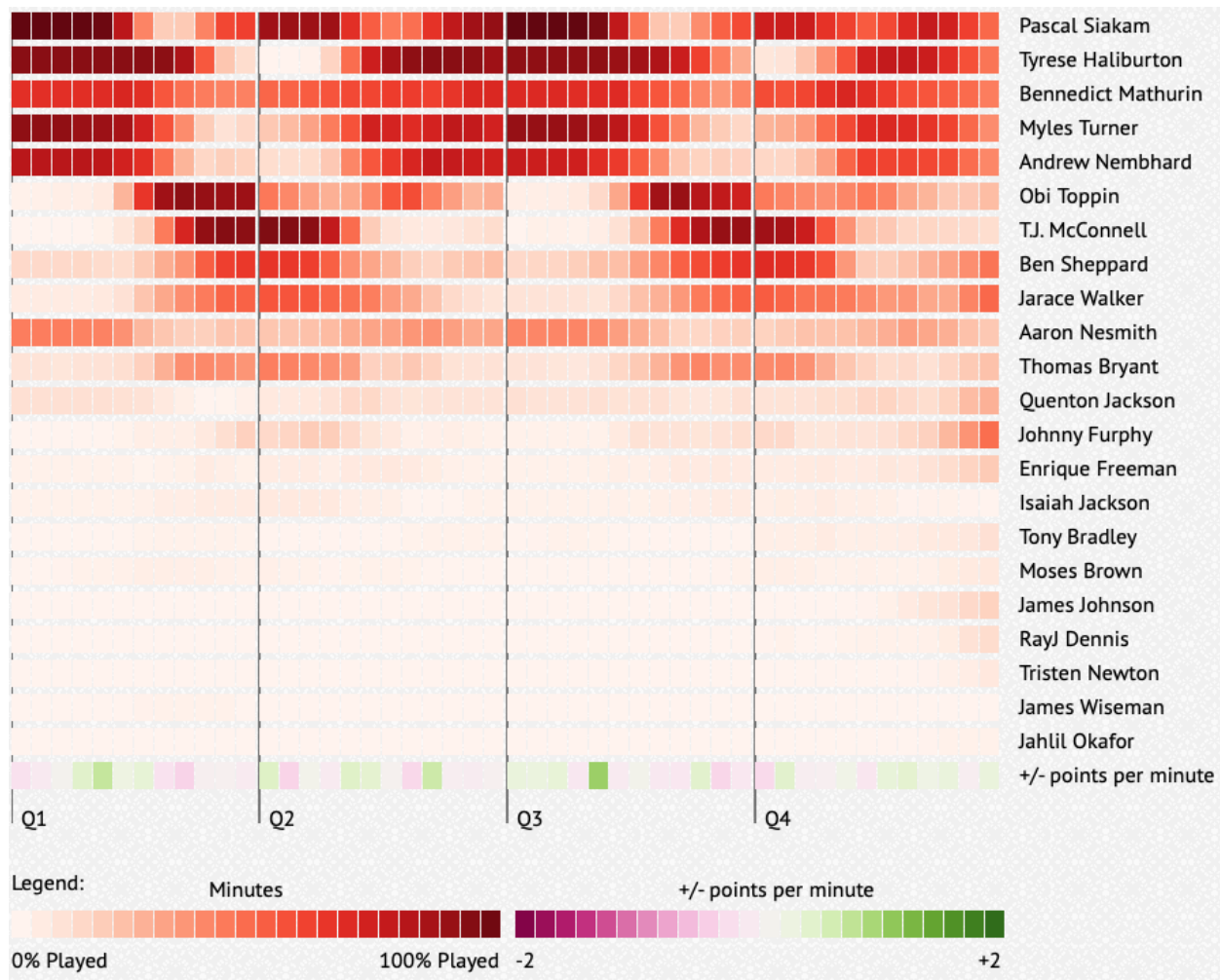
GUARDS	WINGS	BIGS
<b>Tyrese Haliburton<sup>2</sup></b> (On-Ball Guard) <sup>3</sup>	<b>Pascal Siakam</b> (On-Ball Wing)	<b>Myles Turner</b> (Off-Ball Big)
<b>Andrew Nembhard</b> (On-Ball Guard)	<b>Bennedict Mathurin</b> (On-Ball Wing)	Isaiah Jackson (Off-Ball Big)
TJ McConnell (On-Ball Guard)	Aaron Nesmith (Off-Ball Wing)	Thomas Bryant (Off-Ball Big)
Quenton Jackson (TW) (On-Ball Guard)	Ben Sheppard (Off-Ball Wing)	Tony Bradley (Off-Ball Big)
RayJ Dennis (TW) (On-Ball Guard)	Obi Toppin (Off-Ball Wing)	
	Jarace Walker (Off-Ball Wing)	
	Enrique Freeman (TW) (Off-Ball Wing)	
	Johnny Furphy (Off-Ball Wing)	
	James Johnson (Off-Ball Wing)	

<sup>1</sup> Roughly the equivalent of a 0.66% chance.

<sup>2</sup> Players in bold indicate the most-used lineup by minutes played per Cleaning the Glass on the Report Date.

<sup>3</sup> Positional profiles courtesy of bball-index.com.

The Pacers rotation has remained relatively consistent through the regular season thus far. The following graphic shows the Pacers' cumulative rotation patterns as of the Report Date.<sup>4</sup>



Of note, the team acquired Thomas Bryant on December 15<sup>th</sup> (averaging 15.3 minutes/game since acquired) and Aaron Nesmith returned from a prolonged injury on January 16<sup>th</sup> (averaging 25 minutes/game since his return). Moses Brown, James Wiseman, Jahlil Okafor, and Tristen Newton are no longer with the team.

<sup>4</sup> Courtesy of nbarotations.info.

### III. TEAM BUILDING STAGE

In general, NBA teams can be categorized into the below team building stages:

STAGE <sup>5</sup>	FOCUS
Rebuilding	<ul style="list-style-type: none"> <li>• In search of cornerstone player(s)</li> <li>• Build asset base</li> <li>• High-variance and long-term focused risk profile</li> <li>• Establish culture</li> <li>• Rarely willing to pay tax</li> </ul>
Restructuring	<ul style="list-style-type: none"> <li>• At least one cornerstone player</li> <li>• Young core; continued focus on asset base</li> <li>• Moderate-variance and medium-to-long-term focused risk profile</li> <li>• Build culture and compete for play-in</li> <li>• Rarely willing to pay tax</li> </ul>
Continuing Growth	<ul style="list-style-type: none"> <li>• At least one cornerstone player growing into prime</li> <li>• More willing to convert future assets</li> <li>• Moderate-variance and medium-term focused risk profile</li> <li>• Compete for play-in and/or bottom half playoff seed</li> <li>• Rarely willing to pay tax</li> </ul>
Complementing Current Core 	<ul style="list-style-type: none"> <li>• Established cornerstone player(s) and core</li> <li>• Likely to convert future assets</li> <li>• Low-variance and short-to-medium-term focused risk profile</li> <li>• Compete for home court in playoffs</li> <li>• Willing to pay tax if season is going well</li> </ul>
Contending	<ul style="list-style-type: none"> <li>• Established cornerstone player(s) and core</li> <li>• Likely to convert future assets</li> <li>• Low-variance and short-term focused risk profile</li> <li>• Championship aspirations</li> <li>• Willing to pay tax; weighing cost-benefit of exceeding aprons</li> </ul>

The Pacers established cornerstone players are Tyrese Haliburton and Pascal Siakam. Their established core consists of Myles Turner, Andrew Nembhard, Bennedict Mathurin, Aaron Nesmith, Obi Toppin, TJ McConnell, and Ben Sheppard.

<sup>5</sup> While these categories are not exhaustive, and a given team may not be perfectly assigned to a single team building stage, some economic research suggests that categorization can be beneficial in decision making. *See, e.g., Andrew Ellis and Yusufcan Masatlioglu, Choice with Endogenous Categorization*, 89 THE REVIEW OF ECONOMIC STUDIES 240 (2022) (arguing that a number of prominent behavioral economic models can be thought of as resulting from categorization), Carol A. Seger and Erik J. Peterson, *Categorization = Decision Making + Generalization*, 37 NEUROSCIENCE & BEHAVIORAL REVIEWS, Issue 7, at 1187 (2013) (arguing that categorization thresholding mechanisms in decision making ultimately allow for the selection of a final decision).

This core's timeline to contention is likely the next 1-3 years (ending with the expiration of Pascal Siakam's contract in following the 2027-2028 season). At this stage of roster building, the Pacers will likely look to convert future assets into an additional cornerstone player and/or additional core player(s) fitting this timeline. In the near term, the team will likely prioritize remaining close to the tax line with flexibility to get under by the 2026 trade deadline.

#### IV. FUTURE DRAFT CAPITAL

YR	RD	PICK	PROTECTIONS/SWAP RIGHTS	CONVEYANCE
2025	1ST	IND	-	-
	2ND	IND	-	-
		MIA	Protected 38-59	Obligation Extinguishes
		CHA	Protected 31-55	Obligation Extinguishes
2026	1ST	IND	Protected 1-4	2027 1ST (Protected 1-4) if Not Conveyed
2027	1ST	IND	Protected 1-4 (if not already settled)	2027 UTA 2ND + 2028 DAL 2ND to TOR if Not Conveyed
	2ND	UTA*	-	-
2028	1ST	IND	-	-
	2ND	DAL*	-	-
		IND/PHX	More Favorable of IND/PHX (other to NYK)	-
2029	1ST	IND	-	-
	2ND	POR	Unprotected	-
		IND/WAS	More Favorable of IND/WAS (then other to POR)	-
2030	1ST	IND	-	-
	2ND	IND	-	-
		SAC	Unprotected	-
2031	1ST	IND	-	-
	2ND	IND/MIA	MIA Swap Rights	-

## V. FINANCIAL OUTLOOK

### A. 3-year Outlook

The Pacers currently sit just \$19 million below the Tax Level with three roster spots to fill this offseason.

	Player	2025-26	2026-27	2027-28
	1 Tyrese Haliburton	\$ 45,550,512	\$ 48,924,624	\$ 52,298,736
	2 Pascal Siakam	\$ 45,550,512	\$ 48,924,624	\$ 52,298,736
Cap Hold	3 Myles Turner	\$ 29,892,750		
Team Option	4 Obi Toppin	\$ 14,000,000	\$ 15,000,000	\$ 16,025,000
Player Option	5 Aaron Nesmith	\$ 11,000,000	\$ 11,000,000	\$ 20,900,000
Assumption	6 TJ McConnell	\$ 10,200,000	\$ 11,000,000	\$ 11,800,000
	7 Bennedict Mathurin	\$ 9,187,573	\$ 27,562,719	
	8 Jarace Walker	\$ 6,665,520	\$ 8,478,542	\$ 25,435,626
	9 Isaiah Jackson	\$ 13,306,143		
	10 Ben Sheppard	\$ 2,790,720	\$ 5,031,669	\$ 15,095,007
	11 Thomas Bryant	\$ 2,296,274		
	12 James Johnson	\$ 2,296,274		
	13 Andrew Nembhard	\$ 18,102,000	\$ 19,550,160	\$ 20,998,320
	14 Johnny Furphy	\$ 1,955,377	\$ 2,296,271	\$ 2,486,995
	15 [R1, P 21]	\$ 3,512,520	\$ 3,688,320	\$ 3,864,000
Two-Way (1)	RayJ Dennis	\$ 2,048,494		
Two-Way (2)	Enrique Freeman	\$ 2,048,494		
Two-Way (3)	Quenton Jackson	\$ 2,296,274		
Team Salary		\$ 168,514,734	\$ 176,694,520	\$ 159,771,787
Luxury Tax Allocations		\$ 168,514,734	\$ 176,694,520	\$ 159,771,787
Luxury Tax Room		\$ 19,380,666	\$ 29,990,420	\$ 67,581,647
Apron Allocations		\$ 169,034,734	\$ 177,174,520	\$ 160,211,787
First Apron Space		\$ 26,910,466	\$ 38,365,200	\$ 76,881,905
Second Apron Space		\$ 38,789,366	\$ 51,431,990	\$ 91,255,374
Cap Space		\$ (70,101,128)	\$ (36,399,100)	\$ (36,858,286)

Player contracts as percentage of the Salary Cap (the “Cap”)<sup>6</sup>

	Player	2025-26	2026-27	2027-28
1	Tyrese Haliburton	29.45%	28.76%	27.95%
2	Pascal Siakam	29.45%	28.76%	27.95%
3	Myles Turner	19.33%		
4	Obi Toppin	9.05%	8.82%	8.56%
5	Aaron Nesmith	7.11%	6.47%	11.17%
6	TJ McConnell	6.60%	6.47%	6.31%
7	Benedict Mathurin	5.94%	16.20%	
8	Jarace Walker	4.31%	4.98%	13.59%
9	Isaiah Jackson	8.60%		
10	Ben Sheppard	1.80%	2.96%	8.07%
11	Thomas Bryant	1.48%		
12	James Johnson	1.48%		
13	Andrew Nembhard	11.71%	11.49%	11.22%
14	Johnny Furphy	1.26%	1.35%	1.33%
15	[R1, P 21]	2.27%	2.17%	2.06%
Two-Way (1)	RayJ Dennis	1.32%		
Two-Way (2)	Enrique Freeman	1.32%		
Two-Way (3)	Quenton Jackson	1.48%		

Player contracts as percentage of the Tax Level<sup>7</sup>

	Player	2025-26	2026-27	2027-28
1	Tyrese Haliburton	24.24%	23.67%	23.00%
2	Pascal Siakam	24.24%	23.67%	23.00%
3	Myles Turner	15.91%		
4	Obi Toppin	7.45%	8.82%	7.05%
5	Aaron Nesmith	5.85%	5.32%	9.19%
6	TJ McConnell	5.43%	5.32%	5.19%
7	Benedict Mathurin	4.89%	13.34%	
8	Jarace Walker	3.55%	4.10%	11.19%
9	Isaiah Jackson	7.08%		
10	Ben Sheppard	1.49%	2.43%	6.64%
11	Thomas Bryant	1.22%		
12	James Johnson	1.22%		
13	Andrew Nembhard	9.63%	9.46%	9.24%
14	Johnny Furphy	1.04%	1.11%	1.09%
15	[R1, P 21]	1.87%	1.78%	1.70%
Two-Way (1)	RayJ Dennis	1.09%		
Two-Way (2)	Enrique Freeman	1.09%		
Two-Way (3)	Quenton Jackson	1.22%		

<sup>6</sup> Standardizing player contracts as a percentage of the Cap provides a relative measure of each player's financial impact on the team and facilitates comparisons across different seasons.

<sup>7</sup> This is done for similar reasons as the preceding footnote. While teams generally have flexibility to exceed the Cap, many teams use the tax line as a practical Cap line (i.e., the luxury tax line represents a more representative base of capital available for roster building).

## B. Tax Level

The Pacers have not exceeded the Tax Level in recent history.

YEAR	REGULAR SEASON CONFERENCE FINISH	TAX SPACE
2024-2025	4 <sup>th</sup> *	\$1,664,509*
2023-2024	6 <sup>th</sup>	\$20,416,491
2022-2023	11 <sup>th</sup>	\$28,121,651
2021-2022	13 <sup>th</sup>	\$67,370
2020-2021	9 <sup>th</sup>	\$3,707,692
2019-2020	4 <sup>th</sup>	\$18,035,056
2018-2019	5 <sup>th</sup>	\$13,153,538
2017-2018	5 <sup>th</sup>	\$25,604,031
2016-2017	7 <sup>th</sup>	\$19,284,996
2015-2016	7 <sup>th</sup>	\$12,326,274
2014-2015	9 <sup>th</sup>	\$2,030,058
2013-2014	1 <sup>st</sup>	\$5,108,644
2012-2013	3 <sup>rd</sup>	\$3,561,132
2011-2012	3 <sup>rd</sup>	\$25,893,254

Teams that stay under the Tax Level, do not have to pay a tax to the NBA on the amount of Tax Team Salary exceeding the Tax Level.<sup>8</sup> Teams that stay under the Tax Level also, upon the election of the NBA, receive a share of the tax distribution.<sup>9</sup> As such, in assessing the benefit of staying under or exceeding the Tax Level, the relevant financial consideration is the difference between the potential tax distribution and the potential tax payment.

Beginning with the 2025-26 Salary Cap Year, the tax rates for incremental team salary above the tax level will be adjusted. This change will make it slightly less expensive for teams that exceed the Tax Level by 0-100% and 100-200% of the Tax Bracket Amount, and significantly more expensive for teams that exceed the Tax Level by more than 200% of the Tax Bracket Amount.<sup>10</sup>

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<sup>8</sup> Calculated using the applicable Standard Tax Rates (for any team whose Tax Team Salary did not exceed the Tax Level in three or more of the four Salary Cap Years immediately preceding such Salary Cap Year) or Repeater Tax Rates (for any team whose Tax Team Salary exceeded the Tax Level in three or more of the four Salary Cap Years immediately preceding such Salary Cap Year). Collective Bargaining Agreement, July 2023, Art. VII, § 2(d)(2) [hereinafter NBA CBA].

<sup>9</sup> Common practice is for the NBA to distribute 50% of the tax revenue to non-taxpaying teams in equal shares, though the CBA provides that the NBA “may elect” to distribute and “could elect” to distribute 50% of tax revenue to all non-taxpaying teams. *See* NBA CBA, Art. VII, § 2(d)(4).

<sup>10</sup> *See* NBA CBA Art. VII, § 2(d)(2)(i-ii). “Tax Bracket Amount” means, for a Salary Cap Year, an amount equal to \$5 million multiplied by a fraction, the numerator of which is the Salary Cap for such Salary Cap Year and the denominator of which is the Salary Cap for the 2023-24 Salary Cap Year. NBA CBA Art. VII, § 2(d)(1)(ii).

2025-2026	BRACKET RANGE	MULTIPLIER (STANDARD)	MULTIPLIER (REPEATER)
Bracket 1	\$0-\$5,684,666	\$1.00-for-\$1	\$3.00-for-\$1
Bracket 2	\$5,684,667-\$11,369,333	\$1.25-for-\$1	\$3.25-for-\$1
Bracket 3	\$11,369,334-\$17,053,999	\$3.50-for-\$1	\$5.50-for-\$1
Bracket 4	\$17,054,000-\$22,738,665	\$4.75-for-\$1	\$6.75-for-\$1
Bracket 5	\$22,738,666-\$28,423,332	\$5.25-for-\$1	\$7.25-for-\$1
Bracket 6	\$28,423,333-\$34,107,998	\$5.75-for-\$1	\$7.75-for-\$1
Bracket 7	\$34,107,999-\$39,792,664	\$6.25-for-\$1	\$8.25-for-\$1
Bracket 8	\$39,792,665-\$45,477,331	\$6.75-for-\$1	\$8.75-for-\$1
Bracket 9	\$45,477,332-\$51,161,997	\$7.25-for-\$1	\$9.25-for-\$1
Bracket 10 <sup>11</sup>	\$51,161,998-\$56,846,663	\$7.75-for-\$1	\$9.75-for-\$1

Over the next three seasons, before factoring in Cap Hold Amounts (“Cap Holds”) or potential transactions, the Pacers’ Tax Level projections are as follows:

	2025-2026	2026-2027	2027-2028
Tax Level	\$187,895,400	\$206,684,940	\$227,353,434
Tax Allocations	<b>\$168,514,734</b>	<b>\$176,694,520</b>	<b>\$159,771,787</b>
Tax Room	<b>\$19,380,666</b>	<b>\$29,990,420</b>	<b>\$67,581,647</b>
Tax Payment	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Based on the above history, and the increasing penalties for being a repeater taxpayer, it is likely that the team will look to stay under the Tax Level this upcoming season with some flexibility to exceed the Tax Level in the future depending on team performance.

### *C. Apron Levels*

When Apron Team Salary exceeds the First Apron Level and Second Apron Level (each, an “Apron Level” and collectively, the “Apron Levels”), respectively,

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<sup>11</sup> This table stops at Bracket 10 for brevity’s sake. Tax rates increase by \$0.50 for each additional 100% of Tax Bracket Amount above the Tax Level (e.g., Bracket 11’s rates would be 8.25 for standard taxpayers and 10.25 for repeaters, respectively).

certain roster building restrictions apply.<sup>12</sup> By virtue of these restrictions, once a team engages in any of the restricted acts, it is hard-capped at the Apron Level imposing a restriction on that act.

Additionally, if a team exceeds the Second Apron Level, then the team is prohibited from trading its first round pick in the first NBA Draft that occurs following the seventh season that follows the current Salary Cap Year (known as a “Frozen Pick”).<sup>13</sup> If the team is a Second Apron Team for two or more of the years immediately following such year, then the Frozen Pick is subject to a Draft Pick Penalty.<sup>14</sup>

Over the next three seasons, before factoring in Cap Holds or potential transactions, the Pacers’ sit below the Apron Levels.

	2025-2026	2026-2027	2027-2028
Apron Allocations	<b>\$169,034,734</b>	<b>\$177,174,520</b>	<b>\$160,211,787</b>
First Apron Space	<b>\$26,910,466</b>	<b>\$38,365,200</b>	<b>\$76,881,905</b>
Second Apron Space	<b>\$38,789,366</b>	<b>\$51,431,990</b>	<b>\$91,255,374</b>

Given the Pacers’ historical preference to stay below the Tax Level, the Apron Levels are unlikely to play a big role in short-term decision making. The team will likely look to stay below these levels with flexibility to exceed them depending on team performance.

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<sup>12</sup> See NBA CBA Art. VII, § 2(e)(4). Once a team surpasses the First Apron Level, it may not: (i) Sign or acquire a player using the Bi-annual Exception; (ii) Sign or acquire a player using the Non-Taxpayer Mid-Level Salary Exception; (iii) Acquire a player pursuant to a Contract entered into for purposes of a Sign-and-Trade; (iv) Acquire a player via the buyout market whose previous contract salary exceeded the Non-Taxpayer Mid-Level Salary Exception; (v) Acquire a player using an Expanded Traded Player Exception; (vi) Acquire a player using a Standard Traded Player Exception after the end of the Regular Season in which such exception arose or, if an offseason transaction, after the last day of the following Regular Season; or (vii) Acquire a player using a Transition Traded Player Exception. *Id.* Once a team surpasses the Second Apron Level, in addition to the above First Apron Level restrictions, it may not: (i) Acquire a player using an Aggregated Standard Traded Player Exception; (ii) Pay cash to another Team in connection with a trade; (iii) Acquire a player using a Traded Player Exception in respect of a Player Contract signed and traded; or (iv) Sign a player using the Taxpayer Mid-Level Salary Exception. *Id.*

<sup>13</sup> NBA CBA Art. VII, § 2(f)(2)(i).

<sup>14</sup> NBA CBA Art. VII, § 2(f)(2)(ii)(A). “Draft Pick Penalty” means, for a Team’s first round draft pick, that such draft pick shall be the final draft pick in the first round of the applicable NBA Draft (regardless of the position in the first round of the Draft at which the Team otherwise would have selected pursuant to NBA rules governing the order of selection by Teams in the Draft); provided, however, that, if multiple Teams’ first round draft picks are each subject to a Draft Pick Penalty in respect of the same NBA Draft, then the Teams with such first round draft picks shall select in the inverse order of their winning percentage for the Regular Season immediately preceding such NBA Draft (with priority in selection among any such Teams tied on a winning percentage basis established pursuant to NBA rules governing the order of selection by Teams in the Draft). NBA CBA Art. VII, § 2(f)(1)(ii).






## KEY DECISIONS

### I. EXPIRING CONTRACTS

At the forefront of the Pacers' key decisions this offseason is the impending free agency of Myles Turner, Isaiah Jackson, Thomas Bryant, and James Johnson. As noted above, before taking into account these players' Cap Holds, the Pacers head into this summer under the Tax Level by about \$19 million, and under the First Apron Level by about \$27 million.

#### A. Myles Turner

Myles Turner is the longest tenured Pacer on the roster, logging 10 years of service with the team through the 2024-25 season. Turner is set to become an unrestricted free agent this summer. While there likely will not be a robust market of teams possessing Cap space, and the Pacers have Turner's Bird Rights, it is worth gauging Turner's potential market. The following teams could plausibly entertain acquiring Turner this summer via free agency:

TEAM	RATIONALE
Brooklyn Nets 	With approximately \$54.8 million in projected Cap space, the Nets could be interested in any number of players/options. With a relatively blank slate, this could include Turner.
Detroit Pistons 	With up to \$24.6 million in projected Cap space, Turner is a good floor-spacing option for the Pistons should they decide to pivot from Jalen Duren.
Utah Jazz 	With various pathways to achieving Cap space, the Jazz could be interested in any number of players/options.
Los Angeles Lakers 	If LeBron James opts-out of his player option and the Lakers move off additional 2025-26 expiring contracts, they could position themselves to have the Cap space to sign Turner to pair with Luka Doncic.
San Antonio Spurs 	If the Spurs renounce Chris Paul's Cap Hold, and move off additional contracts, they could position themselves to sign Turner as a frontcourt pairing with Victor Wembanyama.

## 1. Comparable Contracts

In addition to market analysis, precedent contract analysis will also likely play a role in the negotiations. This analysis focuses on five broad metrics for comparison: Free Agency Age, Free Agency Type, Free Agency Years, Position, and Multi-Year LEBRON.

CATEGORY	TURNER
FREE AGENCY AGE	29.3
FREE AGENCY TYPE	Unrestricted Free Agent (Bird)
FREE AGENCY YEAR	2025
POSITION	Center (Off-Ball Big)
MULTI YEAR LEBRON <sup>15</sup>	1.93 (92 <sup>nd</sup> Percentile)

These categories are by no means exhaustive. Instead, they are a starting point of for further grouping and categorization. While it is unlikely that any given player will exactly match Turner along these measures – and even if a player did, there would be other differentiating factors to tease out – finding commonality is a decent place to start.

### i. Nic Claxton

CATEGORY	CLAXTON	TURNER
FREE AGENCY AGE	24.8	29.3
FREE AGENCY TYPE	Unrestricted Free Agent (Bird)	Unrestricted Free Agent (Bird)
FREE AGENCY YEAR	2024	2025
POSITION	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	1.68 (93 <sup>rd</sup> Percentile) <sup>16</sup>	1.93 (92 <sup>nd</sup> Percentile)

In the summer of 2024, Nic Claxton’s contract topped the free agent center market in terms of total value. Nic Claxton signed a 4 year, \$97,000,000 contract with the Brooklyn Nets, including \$97,000,000 guaranteed, and an average annual salary of \$24,250,000. Of note, this contract features a descending salary structure.

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<sup>15</sup> Bball Index’s Luck-adjusted player Estimate using a Box prior Regularized On-off (“LEBRON”) evaluates a player’s contributions using the box score and advanced on/off calculations for a holistic evaluation of player impact per 100 possessions on-court. Multi-Year LEBRON uses the prior 3 seasons of LEBRON data with weighting for recency to be more predictive than single-year LEBRON values. For more on LEBRON generally, see <https://www.bball-index.com/lebron-introduction/>.

<sup>16</sup> This is Claxton’s multi-year LEBRON as of his free agency in 2024 (i.e., for the 2021-2024 seasons). This is why Claxton’s 1.68 is less than Turner’s 1.93 yet is ranked in a higher percentile – it is measuring different years.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2024-25	25	\$27,556,817	19.60%	16.13%	\$852,269 (unlikely)
2025-26	26	\$25,352,272	16.39%	13.49%	\$784,088 (unlikely)
2026-27	27	\$23,147,727	13.61%	11.20%	\$715,907 (unlikely)
2027-28	28	\$20,943,184	11.19%	9.21%	\$647,736 (unlikely)

Claxton's situation is distinguishable from Turner's in a few ways. For one, Claxton entered free agency 4.5 years younger than Turner will. Some portion of Claxton's contract reflects a team betting on continued development, whereas Turner's contract will likely reflect his current production. Additionally, both players fill different offensive roles: Claxton is a rim-running offensive big while Turner is more of a floor spacing stretch offensive big. Further, and importantly, the 2024-25 Brooklyn Nets were in a much different team building phase than the 2025-26 Indiana Pacers project to be. Some portion of Claxton's contract may reflect the Nets willingness to pay a player now at a dollar figure that can be used to take on relatively large salary contracts from other teams in trade. That said, despite differences in situation, it is still a valuable data point.

ii. Isaiah Hartenstein

CATEGORY	HARTENSTEIN	TURNER
FREE AGENCY AGE	25.8	29.3
FREE AGENCY TYPE	Unrestricted Free Agent (Cap Space)	Unrestricted Free Agent (Bird)
FREE AGENCY YEAR	2024	2025
POSITION	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	1.65 (93 <sup>rd</sup> Percentile)	1.93 (92 <sup>nd</sup> Percentile)

In the summer of 2024, Hartenstein signed a 3 year, \$87,000,000 contract with the Oklahoma City Thunder, including \$58,500,000 guaranteed, and an average annual salary of \$29,000,000. Of note, the 2026-27 year is a club option that must be exercised by June 29, 2025 (and once exercised becomes fully guaranteed thereafter).

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2024-25	26	\$30,000,000	21.34%	17.56%	None
2025-26	27	\$28,500,000	18.43%	15.17%	None
2026-27	28	\$28,500,000	16.75%	13.79%	None

Hartenstein's contract is a noteworthy data point in that the Thunder used Cap space to sign him, which is the avenue another team would almost certainly have to use to sign Turner as an unrestricted free agent. Hartenstein's contract also topped the 2024 free agent center market in terms of average annual value. Of course, Hartenstein was younger at the time of signing his contract than Turner will be this summer. However, Hartenstein also had less of a proven track record than Turner.

iii. Jakob Poeltl

CATEGORY	POELTL	TURNER
FREE AGENCY AGE	27.3	29.3
FREE AGENCY TYPE	Unrestricted Free Agent (Bird)	Unrestricted Free Agent (Bird)
FREE AGENCY YEAR	2023	2025
POSITION	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	2.65 (96 <sup>th</sup> Percentile)	1.93 (92 <sup>nd</sup> Percentile)

In the summer of 2023, Jakob Poeltl signed a 4 year, \$78,000,000 contract with the Toronto Raptors, including \$80,000,000 guaranteed, and an average annual salary of \$19,500,000. Of note, the 2026-27 year is a player option that must be exercised by June 29, 2026.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2023-24	28	\$19,500,000	14.34%	11.80%	\$500,000 (unlikely)
2024-25	29	\$19,500,000	13.87%	11.42%	\$500,000 (unlikely)
2025-26	30	\$19,500,000	12.61%	10.38%	\$500,000 (unlikely)
2026-27	31	\$19,500,000	11.46%	9.43%	\$500,000 (unlikely)

Poeltl's contract topped the 2023 free agent center market in terms of total value. While slightly more comparable than the Claxton and Hartenstein contracts in term of age, its again worth noting that this contract was signed in a free agency market consisting of more teams with Cap space. For purposes of benchmarking Myles Turner's potential contract value, it is worth noting that Jakob Poeltl has only attempted 6 field goals from beyond the three-point line in his career. This is a facet of the game that Turner excels at, which is at a premium among centers, and Poeltl's lack of shooting likely dampened demand quite a bit.

iv. Brook Lopez

CATEGORY	LOPEZ	TURNER
FREE AGENCY AGE	34.8	29.3
FREE AGENCY TYPE	Unrestricted Free Agent (Bird)	Unrestricted Free Agent (Bird)
FREE AGENCY YEAR	2023	2025
POSITION	Center (On-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	2.05 (93 <sup>rd</sup> Percentile)	1.93 (92 <sup>nd</sup> Percentile)

In the summer of 2023, Brook Lopez signed a 2 year, \$48,000,000 contract with the Milwaukee Bucks, including \$48,000,000 guaranteed, and an average annual salary of \$24,000,000.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2023-24	35	\$25,000,000	18.38%	15.12%	None
2024-25	36	\$23,000,000	16.36%	13.46%	None

Lopez’s contract topped the 2023 free agent center market in terms of average annual value. Of course, at almost 35 years old at the time of signing, Lopez’s age likely played a big factor in the short length of this deal. However, Lopez’s combination of rim protection and floor spacing is quite comparable to Turner’s,<sup>17</sup> making this deal’s average annual value (“AAV”) noteworthy.

v. Jarrett Allen

CATEGORY	ALLEN	TURNER
CONTRACT SIGNING AGE	26.3	29.3
CONTRACT TYPE	Veteran Extension (Bird)	Unrestricted Free Agent (Bird)
SIGNING YEAR	2024	2025
POSITION (ROLE)	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	2.44 (95 <sup>th</sup> Percentile)	1.93 (92 <sup>nd</sup> Percentile)

<sup>17</sup> Per Bball-index, in the season prior to signing, Lopez graded in the 100<sup>th</sup> percentile in rim protection and the 60<sup>th</sup> percentile in overall gravity. This season, Turner grades in the 94<sup>th</sup> percentile in rim protection and the 63<sup>rd</sup> percentile in overall gravity. BBall Index, *Player Profiles*, <https://www.bball-index.com/player-profiles/> (using the websites search and sort filters).

In the summer of 2024, Jarrett Allen signed a 3 year, \$90,720,000 contract extension with the Cleveland Cavaliers, including \$90,720,000 guaranteed, and an average annual salary of \$30,240,000.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2026-27	28	\$28,000,000	16.46%	13.55%	None
2027-28	29	\$30,240,000	16.16%	13.30%	None
2028-29	30	\$32,480,000	15.78%	12.99%	None

This contract is a noteworthy data point because it was signed recently, yet its first year won't begin for nearly two years. Both its recency and the future projection make it valuable for analysis.

vi. Rudy Gobert

CATEGORY	GOBERT	TURNER
CONTRACT SIGNING AGE	32.3	29.3
CONTRACT TYPE	Veteran Extension (Bird)	Unrestricted Free Agent (Bird)
SIGNING YEAR	2024	2025
POSITION (ROLE)	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	2.50 (96 <sup>th</sup> Percentile)	1.93 (92 <sup>nd</sup> Percentile)

Just before the 2024-25 season began, Rudy Gobert signed a 3 year, \$109,500,000 contract extension with the Minnesota Timberwolves, including \$109,500,000 guaranteed, and an average annual salary of \$36,500,000. Of note, the 2027-28 year is a player option which must be exercised by June 29, 2027.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	33	\$35,000,000	22.63%	18.63%	None
2026-27	34	\$36,500,000	21.46%	17.66%	None
2027-28	35	\$38,000,000	20.31%	16.71%	None

This contract is the most recent of the grouping, so it carries some weight by that fact alone. It is worth noting that Rudy Gobert originally had a player option worth \$46.6 million in 2025-26 before signing this extension, which likely played some part in the bargaining position of both sides.

## vii. 2025-26 Center Contracts

In approaching negotiations, it is conceivable that Turner may aim to be among the top “x” number of centers or may compare his deal to a given peer. Below are the current top 15 Cap hits for centers in the 2025-26 season, as a point of reference.

PLAYER	AGE	2025-26 CAP HIT	MULTI YEAR LEBRON (PERCENTILE)
Nikola Jokic	30.7	\$55,224,526	7.80 (100 <sup>th</sup> )
Joel Embiid	31.6	\$55,224,526	5.90 (100 <sup>th</sup> )
Anthony Davis	32.7	\$54,126,380	5.27 (99 <sup>th</sup> )
Karl-Anthony Towns	30.0	\$53,142,264	2.32 (94 <sup>th</sup> )
Bam Adebayo	28.3	\$37,096,620	2.37 (94 <sup>th</sup> )
Deandre Ayton	27.3	\$35,550,814	0.33 (80 <sup>th</sup> )
Rudy Gobert	33.4	\$35,000,000	1.91 (92 <sup>nd</sup> )
Alperen Sengun	23.3	\$33,944,954	2.36 (94 <sup>th</sup> )
Isaiah Hartenstein	27.5	\$28,500,000	1.35 (90 <sup>th</sup> )
Nic Claxton	26.6	\$25,352,272	1.04 (88 <sup>th</sup> )
Nikola Vucevic	35.1	\$21,481,481	0.87 (87 <sup>th</sup> )
Jarrett Allen	27.6	\$20,000,000	2.60 (95 <sup>th</sup> )
Jakob Poeltl	30.1	\$19,500,000	0.95 (88 <sup>th</sup> )
Jusuf Nurkic	31.2	\$19,375,000	0.74 (86 <sup>th</sup> )
Ivica Zubac	28.6	\$18,102,000	1.21 (89 <sup>th</sup> )

## 2. Cap Projections Based on Projected Contracts

Based on the above, this section will address projected low, middle, and high contracts that Turner may sign this summer based on projected negotiations between Turner and the Pacers. Given the Pacers current window of contention and the expiration of Pascal Siakam’s contract following the 2027-28 season, it seems likely that the Pacers will favor a 3-year contract. This would position the team to maintain future financial flexibility at the end of this current core’s window. Given the Pacers need for financial relief in the immediate term, it seems likely that the Pacers will also favor an ascending contract structure.<sup>18</sup> This will allow for more space to maneuver below the Tax Level and Apron Levels. The below financial figures are before factoring in any Cap Holds or other transactions (i.e., after signing Turner but before addressing any other free agent decisions).

<sup>18</sup> For simplicity, this Report assumes 8% raises in Turner’s projected contracts.

i. 3 Years / \$82,674,180

On the lower end of the projected range, Turner could sign a 3 year, \$82,674,180 contract, fully guaranteed, with an average annual salary of \$27,558,060.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	29	\$25,516,722	16.50%	13.58%	None
2026-27	30	\$27,558,060	16.20%	13.33%	None
2027-28	31	\$29,599,398	15.82%	13.02%	None

This contract would place Turner as the 10<sup>th</sup> highest paid center in 2025-26 based on Cap hit (just above Nic Claxton and below Isaiah Hartenstein). This contract is also in the same ballpark as Jarrett Allen's extension based on percentage of Cap and Tax Level.

This contract would put the Pacers over the Tax Level and just under the First Apron Level.

	2025-2026	2026-2027	2027-2028
Tax Allocations	\$194,031,456	\$202,852,425	\$189,371,185
Tax Room	\$(6,136,056)	\$3,832,515	\$37,982,249
Tax Payment	\$6,248,904	\$0	\$0
Apron Allocations	\$194,551,456	\$203,332,425	\$189,811,185
First Apron Space	\$1,393,744	\$12,207,295	\$47,282,507
Second Apron Space	\$13,272,644	\$25,274,085	\$61,655,976

Based on comparable contracts, Turner would likely expect a bit more this summer. However, if market conditions result in a relatively low competition bidding process, this could be a likely landing spot for the negotiations. Turner may also value staying in Indiana, where he has played his entire career, which could result in his willingness to accept an offer on the lower end of his projected range.

ii. 3 Years / \$97,705,848

In the middle of the projected range, Turner could sign a 3 year, \$97,705,848 contract, fully guaranteed, with an average annual salary of \$32,568,616.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	29	\$30,156,126	19.50%	16.05%	None
2026-27	30	\$32,568,616	19.15%	15.76%	None
2027-28	31	\$34,981,106	18.69%	15.39%	None

This contract would place Turner as the 9<sup>th</sup> highest paid center in 2025-26 based on 2025-26 Cap hit (above Isaiah Hartenstein and below Alperen Sengun). This deal starts at a first year Cap hit (as percentage of Cap) similar to Brook Lopez's 2023 deal. Total deal value places in between Jarrett Allen's three year extension (totaling 90,720,000) and Rudy Gobert's three year extension (totaling \$109,500,000).

This contract would put the Pacers relatively far over the Tax Level and just above the First Apron Level while also putting the Pacers in a similar position in 2026-27.

	2025-2026	2026-2027	2027-2028
Tax Allocations	\$198,670,860	\$207,862,981	\$194,752,893
Tax Room	\$(10,775,460)	\$(1,178,041)	\$32,600,541
Tax Payment	\$12,048,159	\$1,178,041	\$0
Apron Allocations	\$199,190,860	\$208,342,981	\$195,192,893
First Apron Space	\$(3,245,660)	\$7,196,739	\$41,900,799
Second Apron Space	\$8,633,240	\$20,263,529	\$56,274,268

As noted above, market conditions and other factors would ultimately determine the leverage in negotiations. Turner is likely seeking a contract exceeding Claxton and Hartenstein and this contract satisfies that criteria. Given Turner's close match to Brook Lopez's production prior to his 2023 contract, this also likely lands in the realm of Turner's value to the Pacers.

iii. 3 Years / \$110,232,240

On the higher end of the projected range, Turner could sign a 3 year, \$110,232,240 contract, fully guaranteed, with an average annual salary of \$36,744,080.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	29	\$34,022,296	22.00%	18.11%	None
2026-27	30	\$36,744,080	21.60%	17.78%	None
2027-28	31	\$39,465,864	21.09%	17.36%	None

This contract would place Turner as the 8<sup>th</sup> highest paid center based on 2025-26 Cap hit (just above Sengun and below Gobert). Though, notably, this contract would exceed the total value of Gobert's extension.

This would push the Pacers quite a bit above the Tax Level and inching towards the Second Apron Level.

	2025-2026	2026-2027	2027-2028
Tax Allocations	<b>\$202,537,030</b>	<b>\$212,038,445</b>	<b>\$199,237,651</b>
Tax Room	<b>\$(14,641,630)</b>	<b>\$(5,353,505)</b>	<b>\$28,115,783</b>
Tax Payment	<b>\$24,243,542</b>	<b>\$5,353,505</b>	<b>\$0</b>
Apron Allocations	<b>\$203,057,030</b>	<b>\$212,518,445</b>	<b>\$199,677,651</b>
First Apron Space	<b>\$(7,111,830)</b>	<b>\$3,021,275</b>	<b>\$37,416,041</b>
Second Apron Space	<b>\$4,767,070</b>	<b>\$16,088,065</b>	<b>\$51,789,510</b>

As noted above, market conditions and other factors would ultimately determine the leverage in negotiations. This is a likely outcome if there is both relatively high market competition and Turner is aiming for a contract comparable Gobert's recent extension.

### 3. A Note on No-Trade Clauses

In negotiating with Turner, Indiana may try to explore non-cash ways to offer value and lower the Cap hit of Turner's next deal. A "no-trade clause" is one such way to do that, albeit an incredibly unpopular one. This is for good reason. A no-trade clause (as traditionally used) places the ultimate power to accept a trade in the player's hands and restricts the team's future flexibility. However, Turner is one of the few players in the league who is eligible for a no-trade clause and, with it, an opportunity for a potentially creative application of the rule.

The CBA provides a general limitation preventing a player contract from containing any prohibition or limitation of a team's right to assign such contract to

another team.<sup>19</sup> It then carves out an exception to this general limitation, providing that a player contract entered into by a player who has eight or more years of service in the NBA, four or more of which for the team entering into such contract, may contain a “prohibition or limitation” of such team’s right to trade such contract to another team.<sup>20</sup>

No-trade clauses, as traditionally used, have fallen under the “prohibition” part of the “prohibition or limitation” allowance (i.e., player is prohibited to be traded without their consent). This is very rarely granted and typically reserved for players with a great amount of leverage.<sup>21</sup>

However, it is not clear that some other type of no-trade clause structure would be impermissible. For example, under the plain text of the rule, a player contract might be able to limit the team’s right to trade the contract to certain teams (i.e., player is prohibited to be traded to teams X, Y, or Z, without their consent).<sup>22</sup> It is certainly possible some players would be open to being freely traded but for certain markets they don’t wish to live in, franchises they don’t wish to play for, or some other personal preference. It is also certainly possible that some players would exchange some amount of money for this benefit.

In negotiations with Turner, the Pacers might explore a more creative use of the no-trade clause exception as a way to lessen his future Cap figure.<sup>23</sup>

#### 4. Sign-and-Trade Options

If the Pacers cannot come to an agreement with Turner, the team might explore sign-and-trade options. This generally requires that Turner desires joining a team that does not have the Cap space to sign him outright.<sup>24</sup> The Pacers can sign

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<sup>19</sup> “No Player Contract may contain any prohibition or limitation of an NBA Team’s right to assign such Contract to another NBA Team.” NBA CBA Art. XXIV, § 1.

<sup>20</sup> “A Player Contract entered into by a player who has eight (8) or more Years of Service in the NBA and who has rendered four (4) or more Years of Service for the Team entering into such Contract may contain a prohibition or limitation of such Team’s right to trade such Contract to another NBA Team.” NBA CBA Art. XXIV, § 2(b).

<sup>21</sup> According to Bobby Marks, only ten players in league history have been granted a no-trade clause (with Bradley Beal and LeBron James as the only active players with this contract feature). See <https://x.com/BobbyMarks42/status/1544785534370942978>.

<sup>22</sup> This is a no-trade structure common in the NHL, known as a “modified no-trade” clause. This is becoming increasingly popular around the league. See <https://www.nytimes.com/athletic/5317255/2024/03/06/nhl-no-movement-trade-clauses-deadline/>

<sup>23</sup> It is not clear that the NBA league office would be receptive of this interpretation and/or use of the no-trade clause. It seems possible that the NBA would not want players putting lists of undesirable locations in writing (which would also eventually become public). Rather, this is one possible avenue worth exploring with the league office. As my law school contracts professor often said, “A creative interpretation of a rule is only as good as the arbiter’s breakfast that morning.”

<sup>24</sup> This is not strictly true, given that a team with Cap space could also sign-and-trade for Turner in theory. However, in practice, it is difficult to imagine the benefit of the Cap space team in doing so. Considering that any deal Turner signs is likely to be three or more seasons, Turner would accrue Bird Rights over the duration of his

Turner, as a Qualifying Veteran Free Agent, to a contract that exceeds the team's salary Cap space and subsequently trade that contract to another team without salary Cap space. There are, however, a few relevant contractual restrictions to keep in mind:

- The new contract must be for at least 3 seasons (excluding any option year) but no more than 4 seasons;<sup>25</sup>
- The salary (excluding incentive compensation) may increase or decrease in relation to the previous year's salary (including incentive compensation) by no more than 5% of the salary for the first year;<sup>26</sup>
- If the first year provides incentive compensation, such compensation may increase or decrease in relation to the previous year's incentive compensation by up to 5% of the amount of the first-year bonus;<sup>27</sup> and
- The contract may not include an Exhibit 6 (though the trade itself may be conditional upon the passage of a physical examination).<sup>28</sup>

There are also a few trade restrictions to keep in mind:

- A team acquiring a player via sign-and-trade cannot be over the First Apron Level upon the conclusion of the transaction (and any team doing so becomes hard-capped at the First Apron Level for the rest of the league year);<sup>29</sup>
- A team sending out a player via sign-and-trade cannot take back salary – either simultaneously or non-simultaneously – in exchange for the outgoing player if the team is operating above the Second Apron Level (and any team doing so becomes hard-capped at the Second Apron Level for the rest of the league year);<sup>30</sup>
- If the contract includes a signing bonus, either team may agree to pay it, though if the signing team pays it, it counts toward that team's limit for cash included in trades for that league year;<sup>31</sup>
- If Turner's new contract provides for salary and unlikely bonuses for the first season greater than 120% of the salary and unlikely bonuses for

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deal with his new team so that possible benefit does not seem tangible. Sign-and-trade rules also limit any signed-and-traded contract to certain restrictions which are the same as those that apply to a player signing outright with the new team via Cap room (4 years and 5% raises).

<sup>25</sup> NBA CBA, Art. VII § 8(e)(1).

<sup>26</sup> NBA CBA, Art. VII § 5(a)(1)(i).

<sup>27</sup> NBA CBA, Art. VII § 5(a)(1)(ii).

<sup>28</sup> NBA CBA, Art. VII § 8(e)(3).

<sup>29</sup> NBA CBA Art. VII, § 2(e)(4).

<sup>30</sup> NBA CBA Art. VII, § 2(e)(4).

<sup>31</sup> NBA CBA, Art. VII § 8(a).

the last season of the previous contract, then for purposes of calculating the assignor team's trade exception, the player's salary is equal to the greater of (i) the salary for the last season of the preceding contract or (ii) 50% of the salary for the first season of the new contract;<sup>32</sup> and

- Any trade rules that apply to non-sign-and-trades still apply.

This analysis assumes that Turner's contract is on the higher end of the projected range discussed above (i.e., 3 Years/ \$110,232,240).<sup>33</sup>

Since a Cap space team would likely prefer to sign Turner outright and acquiring a player via sign-and-trade hard-caps a team at the First Apron Level, Turner's sign-and-trade market is limited to those teams that are reasonably expected to operate over the Cap but under the First Apron Level. Turner's market is further limited to teams that need a center. Additionally, since Turner's new contract would trigger the base year compensation rule, his sign-and-trade market is further limited. For salary matching purposes, Turner's outgoing salary is \$19,928,500 while his incoming salary is \$34,022,296. As a result, in sending out Turner, the most the Pacers could take back is \$28,455,250<sup>34</sup> while the team receiving Turner (assuming it is a team over the salary Cap but below the First Apron Level) would have to send out at least \$25,495,546. So, the world of trade packages for Turner only includes salaries between \$25,495,546 and \$28,455,250. It is also worth noting that acquiring a player using a traded player exception which is in respect of a player contract signed and traded via sign-and-trade would hard-cap the Pacers at the Second Apron Level.<sup>35</sup>

The below table represents a few sign-and-trade frameworks that fit the criteria: (1) with a team above the Cap, but below the First Apron Level, (2) in the market for a center, (3) with outgoing salary equaling at least \$25,495,546 but no more than \$28,455,250.<sup>36</sup>

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<sup>32</sup> NBA CBA, Art. VII § 6(j)(5). This is also known as the base year compensation rule (which is not actually a term in the CBA, but rather a relic of past agreements).

<sup>33</sup> While also for ease of application, this assumption is due to the likelihood of a Turner sign-and-trade occurring only if the Pacers cannot reach an agreement with Turner (which is more likely the bigger the contract).

<sup>34</sup> As a team over the Cap, sending out \$19,928,500, the Pacers can take back 100% of Turner's pre-trade salary + \$8,526,750. See NBA CBA, Art. VII § 6(1)(iv). The \$8,526,750 figure is an estimate based on multiplying \$7,500,000 by a fraction, the numerator of which is the projected Cap for 2025-26 (\$154,646,800) and the denominator of which is the Cap for 2023-2024 (\$136,021,400).

<sup>35</sup> NBA CBA Art. VII, § 2(e)(4).

<sup>36</sup> This table is intended to give a general view of possible frameworks and is not an exhaustive list of possible options. This Report does not include any frameworks which include the team receiving Turner also signing-and-trading one of its own free agents in return. This would implicate base year compensation rules for that team as well and require the other free agent to agree to the framework as well.

Team	Outgoing Salary Frameworks
Los Angeles Lakers <sup>37</sup>	Rui Hachimura + Dalton Knecht + Shake Milton + <u>Bronny James</u> <b>\$27,224,806</b>
San Antonio Spurs	Harrison Barnes + Malaki Branham + <u>Julian Champagnie</u> <b>\$26,962,033</b>  Keldon Johnson + Malaki Branham + <u>Blake Wesley</u> <b>\$27,188,361</b>
Atlanta Hawks	Terance Mann + Mouhamed Gueye + <u>Georges Niang</u> <b>\$25,921,677</b>
Houston Rockets	Dillon Brooks + <u>Aaron Holiday</u> <b>\$26,025,510</b>
Orlando Magic	Jonathan Isaac + <u>Wendell Carter Jr.</u> <b>\$25,850,000</b>

Assuming a sign-and-trade package returning \$27,000,000 in incoming salary, the immediate financial impact of a sign-and-trade along these lines is similar to that of signing Turner on the lower end of his projected range.

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<sup>37</sup> Assuming that LeBron James opts-out of his player option and signs elsewhere.

	2025-2026
Tax Allocations	\$195,514,734
Tax Room	\$(7,619,334)
Tax Payment	\$8,103,001
Apron Allocations	\$196,034,734
First Apron Space	\$(89,534)
Second Apron Space	\$11,789,366

Given the constraints on a Turner sign-and-trade at the higher end of his projected range, and the lower relative probability of the Pacers exploring a sign-and-trade if Turner's contract is at the lower end of his projected range, a sign-and-trade seems like an unlikely scenario.

#### 5. Bottom Line

Whether the Pacers re-sign Turner or trade him via sign-and-trade, the team will still likely be over the tax level. As such, the team will almost certainly explore some salary cutting moves in conjunction with either move. This could happen either during the offseason or during the season. Considering there is generally greater flexibility around the league in trades during the offseason, that route seems more likely.

Likely tradeable salaries include one or more of Obi Toppin, TJ McConnell, Aaron Nesmith, Jarace Walker, and Bennedict Mathurin. Such moves are explored in greater detail in the below "Trade Strategy Analysis" section.

As a bit of a disclaimer: in some sections below, this Report assumes that the Pacers sign Turner to a contract in the middle of his projected range (3 Years/\$97,705,848). This does not necessarily mean that it is Turner's most likely outcome. Rather, it seems relatively likely that the Pacers will be able to retain Turner for this amount.

#### *B. Isaiah Jackson*

Isaiah Jackson, the Pacers 2021 first round pick, is set to become a free agent at the end of the season. Jackson is eligible to receive a Qualifying Offer of

\$6,422,432<sup>38</sup> starting the day after the last NBA Finals game until June 29. If the Pacers make a Qualifying Offer, then Jackson is a Restricted Free Agent. If the Pacers do not make a Qualifying Offer, then Jackson is an Unrestricted Free Agent.

CATEGORY	JACKSON
FREE AGENCY AGE	23.5
FREE AGENCY TYPE	TBD
FREE AGENCY YEAR	2025
POSITION	Center (Off-Ball Big)
MULTI YEAR LEBRON	0.18 (78 <sup>th</sup> Percentile)

Jackson played just five games this season before suffering a season-ending torn right Achilles tendon. It is unclear whether this injury will linger into the 2025-26 season, though it's reasonable to assume that it might. After all, most high-level basketball players are able to return to play approximately 10 months following surgery, with many resuming their post-injury peak level three years following the injury.<sup>39</sup> With this injury in mind, the Pacers have a few paths forward in addressing his impending free agency.

If the Pacers offer Jackson the Qualifying Offer, and he accepts, they would have Jackson on a one-year contract with impending unrestricted free agency in the summer of 2026. With Jackson's recent Achilles injury, the Pacers run the risk of his 2025-26 season consisting of mainly rehab and limited minutes as he returns to game shape, just for him to hit the free agency market again next summer closing to his normal post-injury form. This risk may be worthwhile if the Pacers think some other team may offer Jackson a contract since the Qualifying Offer places Jackson into Restricted Free Agent status. Jackson's next contract will almost certainly fit into the mid-level exception, resulting in a fair number of possible suitors. However, given the relatively oversaturated lower-end free agent center market the past few off-seasons and the reluctance of teams to tie up money in an offer sheet, the Qualifying Offer will likely be more than what Jackson might otherwise get on the open market and the likelihood of another team submitting an offer sheet seems low. Jackson is highly likely to accept the Qualifying Offer, focus on rehab for a season, and hit the open market against next summer.

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<sup>38</sup> As the 22<sup>nd</sup> pick in the 2021 Draft, Jackson's Qualifying Offer amount is 44.8% more than his previous salary. Of note, Jackson does not meet the Starter Criteria (which, if met, would have increased his Qualifying Offer to the amount of the Qualifying Offer applicable to the ninth player selected in the 2021 Draft).

<sup>39</sup> See Ronald Siu, Samuel KK Ling, Naomi Fung, Nigel Pak and Patrick SH Yung, *Prognosis of Elite Basketball Players After an Achilles Tendon Rupture*, 21 ASIA-PACIFIC J. OF SPORTS MED. 5 (2020) (analyzing the effect of player's Achilles tendon rupture on post-injury performance and exploring correlations between recovery timeline and pre-injury characteristics).

If the Pacers do not offer Jackson the Qualifying Offer, he would be an Unrestricted Free Agent. The team would still have his Bird Rights and the flexibility to offer Jackson an amount below his Qualifying Offer amount. If the Pacers go this route, they'd likely look to sign Jackson to a multi-year contract with a starting salary less than the amount of the Qualifying Offer, perhaps with a team-option in year 2 or 3 to account for his post-injury performance risk.

### 1. Comparable Contracts

Here is a look at how Isaiah Jackson compares to recently signed players in somewhat similar positions:

CATEGORY	BITADZE	TILLMAN	HAYES	SMITH	JACKSON
FREE AGENCY AGE	24.6	25.1	22.8	23.9	23.5
FREE AGENCY TYPE	Unrestricted Free Agent	Unrestricted Free Agent	Unrestricted Free Agent	Unrestricted Free Agent	TBD
FREE AGENCY YEAR	2024	2024	2023	2024	2025
POSITION	Center (Off-Ball Big)	Center (Off-Ball Big)	Center (Off-Ball Big)	Center (Off-Ball Big)	Center (Off-Ball Big)
MULTI YEAR LEBRON	1.24 (90 <sup>th</sup> Percentile)	0.05 (74 <sup>th</sup> Percentile)	-0.25 (67 <sup>th</sup> Percentile)	1.03 (88 <sup>th</sup> Percentile)	0.18 (78 <sup>th</sup> Percentile)
CONTRACT	3/\$25,000,000	2/\$4,784,366	2/\$4,628,946	3/\$27,000,000	TBD

There are relatively few free agent centers between approximately 23 and 25 years of age over the last two off-seasons that signed for more than Jackson's projected Qualifying Offer amount, none of which coming off a serious injury. In general estimation, Jackson's market value seems to fit somewhere above the AAV of Tillman and Hayes, below the AAV of Bitadze and Smith.

Outside of positional peers, Saddiq Bey's contract is worth noting.

CATEGORY	BEY	JACKSON
FREE AGENCY AGE	24.8	23.5
FREE AGENCY TYPE	Unrestricted Free Agent	TBD
FREE AGENCY YEAR	2024	2025
POSITION	Wing (Off-Ball Wing)	Center (Off-Ball Big)
MULTI YEAR LEBRON	-1.05 (49 <sup>th</sup> Percentile)	0.18 (78 <sup>th</sup> Percentile)

Last year, Bey tore his ACL in his left knee. The Hawks did not offer Bey a Qualifying Offer at the end of last season, resulting in Bey becoming an Unrestricted Free Agent. Bey signed a 3 year, \$19,000,000 contract with the Wizards, including \$19,000,000 guaranteed, and an average annual salary of \$6,333,333. Thus far, Bey has spent the season rehabbing from his injury. If the Pacers decide not to tender a Qualifying Offer to Jackson, it is possible that Jackson may fetch a similar offer on the open market.

## 2. Cap Projections Based on Projected Contracts

Based on the above, this section will address projected contracts that Jackson may sign this summer based on projected negotiations between Jackson and the Pacers. The below financial figures will consider scenarios in which the Pacers sign Turner to various projected contracts as well as scenarios in which Turner walks in free agency.

### i. 2 years / \$9,048,000

If the Pacers do not tender the Qualifying Offer, then Jackson could agree to a multi-year deal with a slightly lower AAV than the Qualifying Offer. Jackson may consider this to guarantee himself more money over two years than he might otherwise get with the Qualifying Offer in 2025-26 and unrestricted free agency in 2026-27. The Pacers would likely want a team option on this deal, just in case Jackson's recovery does not go as planned this upcoming season.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	24	\$4,350,000	2.81%	2.32%	None
2026-27	25	\$4,698,000	2.76%	2.27%	None

Depending on Myles Turner's contract situation, absent other moves, for the 2025-26 season this contract would put the team over the Tax Level and in danger of exceeding both Apron Levels.

	NO TURNER	TURNER LOW	TURNER MID	TURNER HIGH
Tax Allocations	\$172,864,734	\$198,381,456	\$203,020,860	\$206,887,030
Tax Room	\$15,030,666	\$(10,486,056)	\$(15,125,460)	\$(18,991,630)
Tax Payment	\$0	\$11,686,404	\$26,111,947	\$41,890,582
Apron Allocations	\$173,384,734	\$198,901,456	\$203,540,860	\$207,407,030
First Apron Space	\$22,560,466	\$(2,956,256)	\$(7,595,660)	\$(11,461,830)
Second Apron Space	\$34,439,366	\$8,922,644	\$4,283,240	\$417,070

ii. 1 year / \$6,422,432

If the Pacers tender the Qualifying Offer to Jackson, and he accepts the offer, he will be on a 1 year, \$6,422,432 deal. Notably, Jackson will also have the ability to veto any trade for the season.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	24	\$6,422,432	4.15%	3.42%	None

Depending on Myles Turner's contract situation, absent other moves, for the 2025-26 season this contract would put the team well over the Tax Level and in danger of exceeding both Apron Levels.

	NO TURNER	TURNER LOW	TURNER MID	TURNER HIGH
Tax Allocations	\$174,937,166	\$200,453,888	\$205,093,292	\$208,959,462
Tax Room	\$12,958,234	\$(12,558,488)	\$(17,197,892)	\$(21,064,062)
Tax Payment	\$0	\$16,952,545	\$33,370,326	\$51,734,634
Apron Allocations	\$175,457,166	\$200,973,888	\$205,613,292	\$209,479,462
First Apron Space	\$20,488,034	\$(5,028,688)	\$(9,668,092)	\$(13,534,262)
Second Apron Space	\$32,366,934	\$6,850,212	\$2,210,808	\$(1,655,362)

iii. 3 years / \$18,900,000

If the Pacers do not tender a Qualifying Offer, or if they do and another team submits an offer sheet, it could be for a deal similar to Saddiq Bey's recent deal.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	24	\$6,000,000	3.88%	3.19%	None
2026-27	25	\$6,300,000	3.70%	3.05%	None
2027-28	26	\$6,600,000	3.53%	2.90%	None

Depending on Myles Turner's contract situation, absent other moves, for the 2025-26 season this contract would put the team well over the Tax Level and in danger of exceeding both Apron Levels.

	NO TURNER	TURNER LOW	TURNER MID	TURNER HIGH
Tax Allocations	\$174,514,734	\$200,031,456	\$204,670,860	\$208,537,030
Tax Room	\$13,380,666	\$(12,136,056)	\$(16,775,460)	\$(20,641,630)
Tax Payment	\$0	\$15,474,033	\$31,711,947	\$49,728,082
Apron Allocations	\$175,034,734	\$200,551,456	\$205,190,860	\$209,057,030
First Apron Space	\$20,910,466	\$(5,606,256)	\$(9,245,660)	\$(13,111,830)
Second Apron Space	\$32,789,366	\$7,272,644	\$2,633,240	\$(1,232,930)

### 3. Bottom Line

Assuming that the team signs Myles Turner, there will not be much wiggle room to (1) sign Isaiah Jackson, (2) stay below the Tax Level and First Apron Level, and (3) not make another salary-shedding transaction. If the Pacers want to sign both Turner and Jackson, they will likely have to decide between paying the Tax and/or facing Apron restrictions and trading away another player on the roster.

#### *C. Thomas Bryant*

The Pacers traded for Thomas Bryant on December 15, 2024. Bryant has provided much-needed big man depth and is the team's primary backup center option. Depending on Isaiah Jackson's health, Bryant projects to fill the same role next season.

As a threshold consideration, it is worth exploring the ways in which the Pacers could re-sign Bryant.

The Pacers could re-sign Bryant via his Non-Bird Rights. The team has Bryant's Non-Bird Rights, meaning the most they could offer this offseason under the non-bird exception is 120% of his minimum salary, up to 4 years with 5% annual raises.<sup>40</sup> That is, his maximum offer is projected to be around 4 years/\$16,963,010 – a starting salary of \$3,944,886.

The Pacers could also re-sign Bryant via the Minimum Player Salary Exception. As a veteran with 8 years of service, Bryant could sign a minimum contract with a starting salary of \$3,287,405.

The Pacers, in theory, could also use another Cap exception to sign Bryant as well. If the Pacers also sign Turner and Jackson (or even just Turner at a relatively high starting salary), they will likely exceed the First Apron Level. As a result, the team will be restricted from using the Bi-annual Exception (\$5,134,000) or more than the taxpayer portion of the Mid-Level Exception (\$6,685,000) to sign Bryant. Further, if the team signs Turner and Jackson, and is nearing the Second Apron Level, it will be restricted from using any portion of the Mid-Level Exception to sign Bryant if using the exception would put the team above the Second Apron Level.

For these reasons, in practice, the maximum the Pacers could offer Bryant is likely via his Non-Bird Rights.

As touched on in the Isaiah Jackson discussion above, very few centers each summer are given contracts exceeding the minimum. Even fewer backup centers are given contracts exceeding the minimum. Unlike the sections above, this section will not dive into specific comparable players to Bryant. After all, the Pacers exercise here is less about finding Bryant's market value, and more about waiting to see if another team would exceed the \$3,944,886 maximum the Pacers could offer. Rather, the Pacers' key decision is whether they can afford Bryant on a non-minimum contract at all.

#### 1. Minimum Contract vs. Non-Bird Contract

As noted above, the Pacers could offer Bryant a contract via the Minimum Player Salary Exception with a starting salary of \$3,287,405, or the Pacers could offer

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<sup>40</sup> The most the Pacers can offer is actually the greater of 120% of his previous salary and 120% of the minimum salary. Since Bryant will have accumulated 8 years of service following this season, his minimum salary next season is projected to be \$3,287,405. 120% of this is \$3,944,886. His current salary is \$2,800,834, which is less than his minimum next season.

Bryant a contract via the Non-Bird Exception with a starting salary of \$3,944,886. There are some important differences between these two options.

For one, and most obviously, the Non-Bird contract allows the Pacers to pay Bryant \$657,481 more in year one. This is a non-trivial amount of money for any player, but especially a player on the lower end of the salary scale.

Importantly for the Pacers, if Bryant signs a minimum salary contract, his Cap hit (and impact on the team salary for tax and apron purposes) is that of a minimum contract of a player with just two years of experience. The Pacers also receive a reimbursement from the League for the difference between Bryant's contract and that of a minimum contract of a player with two years of experience. So, while the cash difference between the two deals for Bryant is \$657,481, both the cash and Cap difference for the Pacers between the two deals is actually \$1,648,615. Additionally, the Minimum Player Salary Exception can be used to acquire players via trade, which would give the Pacers additional flexibility to move Bryant's contract during the season if needed.

Based on Bryant's relatively limited outcomes, this section will not address the Pacers' specific Cap implications of the non-bird vs. minimum contracts. If the Pacers sign Bryant to a non-bird contract, his Cap hit will elevate the relevant financial figures by about \$1.6 million relative to the figures if the Pacers sign him (or any other player) to a minimum contract.

#### *D. James Johnson*

James Johnson has been with the Pacers since 2022 on various contracts. Over the past three seasons, Johnson has appeared in 38 games with the team, averaging just 6 minutes per appearance. At 38 years old, Johnson seemingly serves the role of veteran presence. Considering that the Pacers have 10 players under contract going into the 2025-26 season, with three additional players they'd prefer to retain in free agency, a first-round draft pick, and an increasingly expensive future Cap sheet, it seems likely that the team would prefer to use the roster spot on a player that would contribute on the court either this season or in the future. It is also certainly possible that Johnson wishes to retire after this season as well.

For the most part, Johnson's contract analysis is relatively cut and dry. If the Pacers wish to retain him in his current role, they can use a roster spot and minimum contract to do so.

### *E. A Note on Two-Way Contracts*

The Pacers currently have three players under two-way contract: Quenton Jackson, Enrique Freeman, and RayJ Dennis. Depending on how the rest of the roster shapes out, each player could be considered for a standard contract (likely at the minimum) or remain on a two-way. The Pacers are also likely to consider other two-way options heading into next season. Since the Cap implications of signing any two-way player to a minimum contract would be the same as signing any other player to a minimum contract (as discussed above), and the Cap implications of signing another player to a two-way contract is negligible, this section merely makes note that such transactions are a possibility.

## **II. UPCOMING ROOKIE SCALE EXTENSIONS**

When the new league year begins this summer, Bennedict Mathurin will be eligible for a Rookie Scale contract extension up until the day before the 2025-26 season begins. Next summer, Jarace Walker and Ben Sheppard will be eligible for the same. While these extensions don't kick in until the season after they are signed, it is still helpful to analyze the potential impact on the team's future financial picture and long-term plan. If a projected extension for a particular player does not fit into the team's long-term plan, then it could accelerate the timeline of moving on from that player.

### *A. Bennedict Mathurin (Eligible This Summer)*

As above, the following general factors will be the baseline to compare Mathurin to other recently eligible rookie scale extensions.

CATEGORY	MATHURIN
AGE	23.0
EXTENSION TYPE	Rookie Scale
EXTENSION YEAR	2025
POSITION	Wing (On-Ball Wing)
MULTI YEAR LEBRON	-1.41 (24 <sup>th</sup> Percentile)

#### 1. Comparable Rookie Extensions

As a threshold matter, Mathurin does not compare well to the latest crop of maximum rookie scale extension players.

CATEGORY	BARNES	CUNNINGHAM	MOBLEY	WAGNER	MATHURIN
AGE	22.9	22.8	23.0	22.8	23.0
EXTENSION TYPE	Rookie	Rookie	Rookie	Rookie	Rookie
EXTENSION YEAR	2024	2024	2024	2024	2025
POSITION	Wing (On-Ball Wing)	Guard (On-Ball Guard)	Big (Off-Ball Big)	Wing (On-Ball Wing)	Wing (On-Ball Wing)
MULTI YEAR LEBRON	1.46 (92 <sup>nd</sup> Percentile)	0.14 (75 <sup>th</sup> Percentile)	2.29 (95 <sup>th</sup> Percentile)	2.21 (94 <sup>th</sup> Percentile)	-1.41 (24 <sup>th</sup> Percentile)

These players signed 5 year, \$224,238,150 fully guaranteed contract extensions, with possible value increases up to \$269,085,780 if the Rose Rule performance criteria are met.

YEAR	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2025-26	\$38,661,750	25.00%	20.58%	None
2026-27	\$41,754,690	24.55%	20.20%	None
2027-28	\$44,847,630	23.97%	19.73%	None
2028-29	\$47,940,570	23.29%	19.17%	None
2029-30	\$51,033,510	22.54%	18.55%	None

Mathurin does not have a good case for a maximum rookie extension. He falls quite a bit below the trend line of advanced metrics, traditional metrics, and accolades that accompany these contracts. Here is how Mathurin compares to select other non-maximum rookie extensions:

CATEGORY	SUGGS	JOHNSON	MURPHY	MATHURIN
AGE	23.1	22.5	24.0	23.0
EXTENSION TYPE	Rookie	Rookie	Rookie	Rookie
EXTENSION YEAR	2024	2024	2024	2025
POSITION	Guard (On-Ball Guard)	Wing (On-Ball Wing)	Wing (Off-Ball Wing)	Wing (On-Ball Wing)
MULTI YEAR LEBRON	0.38 (79 <sup>th</sup> Percentile)	0.06 (74 <sup>th</sup> Percentile)	0.92 (87 <sup>th</sup> Percentile)	-1.41 (24 <sup>th</sup> Percentile)
CONTRACT	5 years / \$150,500,000	5 years / \$150,000,000	4 years / \$112,000,000	TBD
YEAR 1 % OF SALARY CAP	22.63%	19.40%	16.17%	
YEAR 1 % OF TAX LEVEL	18.63%	15.97%	13.31%	

Given that Mathurin is likely still a tier below Suggs, Johnson, and Murphy, here is how Mathurin further compares to other non-maximum rookie extensions:

CATEGORY	OKONGWU	STEWART	AVDIJA	KISPERT	MATHURIN
AGE	22.6	22.1	22.5	25.3	23.0
EXTENSION TYPE	Rookie	Rookie	Rookie	Rookie	Rookie
EXTENSION YEAR	2023	2023	2023	2024	2025
POSITION	Big (Off-Ball Big)	Big (Off-Ball Big)	Wing (Off-Ball Wing)	Wing (Off-Ball Wing)	Wing (On-Ball Wing)
MULTI YEAR LEBRON	0.75 (83 <sup>rd</sup> Percentile)	-0.76 (53 <sup>rd</sup> Percentile)	-0.50 (61 <sup>st</sup> Percentile)	-2.57 (5 <sup>th</sup> Percentile)	-1.41 (24 <sup>th</sup> Percentile)
CONTRACT	4 years / \$61,980,000	4 years / \$60,000,000	4 years / \$55,000,000	4 years / \$54,050,000	TBD
YEAR 1 % OF SALARY CAP	9.96%	10.67%	11.11%	9.04%	
YEAR 1 % OF TAX LEVEL	8.20%	8.76%	9.15%	7.44%	

While, Multi Year LEBRON (and any all-in-one metric generally) is not a definitive factor in a player's value, the above gives us a general picture of where Mathurin's contract value might land. Of course, other factors such as leverage, positional scarcity, and player potential will play a role in the agreed-upon contract.

In approaching Mathurin's rookie scale extension, the Pacers should anticipate something below a maximum extension, starting between approximately 10% and 20% of the year one Cap, likely closer to the 10% end of the spectrum.

## 2. Cap Projections Based on Projected Contracts

Based on the above, this section will address projected extensions that Mathurin may sign based on projected negotiations between Mathurin and the Pacers. The below financial figures will take into account scenarios in which the Pacers sign Turner to a 3 year, \$97,705,848 contract this summer, as well as scenarios in which Turner leaves in free agency this summer. Given that Mathurin's extension would not kick-in until the following season, this section will focus on the financial impact on the 2026-27 and 2027-28 seasons. Notably, these projections will also assume that Isaiah Jackson signs a 2 year, \$9,360,000 contract this summer. Further,

for 2027-28, these projections include the Cap Holds for Aaron Nesmith, Jarace Walker, or Ben Sheppard as placeholders for their next contracts.<sup>41</sup>

i. 4 Years / \$83,830,937

On the low end of the projected range, Mathurin may sign a contract closer in value to Kispert, Okongwu, Avdija, and Stewart, with a starting Cap hit around 11% of the Cap. For simplicity, the below assumes 8% raises and no incentives, though there is likely some wiggle room in negotiations on both fronts.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2026-27	24	\$18,712,263	11.00%	9.05%	None
2027-28	25	\$20,209,244	10.80%	8.89%	None
2028-29	26	\$21,706,225	10.55%	8.68%	None
2029-30	27	\$23,203,206	10.25%	8.43%	None

If Myles Turner re-signs this summer, Mathurin's extension likely puts the Pacers in a tough financial position for the 2026-27 and 2027-28 seasons.

	2026-27: NO TURNER	2026-27: WITH TURNER	2027-28: NO TURNER	2027-28: WITH TURNER
Tax Allocations	\$197,466,473	\$230,035,089	\$244,190,158	\$279,171,264
Tax Room	\$9,218,467	\$(23,350,149)	\$(16,836,724)	\$(51,817,830)
Tax Payment	\$0	\$62,899,289	\$31,926,371	\$242,417,535
Apron Allocations	\$197,946,473	\$211,802,826	\$242,792,954	\$277,774,060
First Apron Space	\$17,593,247	\$(14,975,369)	\$(7,536,466)	\$(42,517,572)
Second Apron Space	\$30,660,037	\$(1,908,579)	\$6,837,003	\$(28,144,103)

It is worth noting that while the 2027-28 picture looks particularly rough, there are quite a few moves the team could make in the interim to alleviate these issues. This is intended to merely show the starting point of problem solving should the Pacers extend Mathurin on a similar contract.

ii. 4 Years / \$121,935,909

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<sup>41</sup> These Cap Holds are \$20,900,000 – \$25,435,626 – and \$15,095,007, respectively. It is likely that these Cap Holds over-estimate the future contracts of these players. However, considering these contracts are a few years down the line, they at least serve as a rough placeholder for their general approximate value. The financial implications of this are likely to show that 2027-28 will be a particularly costly year, which suggests that the Pacers should not count on re-signing all of these players.

On the very high end of the projected range, Mathurin may sign a contract closer in value to Trey Murphy, Jalen Johnson, and Jalen Suggs, with a starting Cap hit around 16% of the Cap. For simplicity, the below assumes 8% raises and no incentives, though there is likely some wiggle room in negotiations on both fronts.

YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL	INCENTIVES
2026-27	24	\$27,217,837	16.00%	13.17%	None
2027-28	25	\$29,395,264	15.71%	12.93%	None
2028-29	26	\$31,572,691	15.34%	12.62%	None
2029-30	27	\$33,750,118	14.91%	12.27%	None

Similar to the lesser extension above, Mathurin's extension starting at around 16% of the Cap puts the Pacers in a tough financial position going forward.

	2026-27: NO TURNER	2026-27: WITH TURNER	2027-28: NO TURNER	2027-28: WITH TURNER
Tax Allocations	\$205,972,047	\$238,540,663	\$253,376,178	\$288,797,284
Tax Room	\$712,893	\$(31,855,723)	\$(26,022,744)	\$(61,003,850)
Tax Payment	\$0	\$109,269,749	\$76,930,413	\$315,687,785
Apron Allocations	\$206,452,047	\$239,020,663	\$253,816,178	\$288,797,284
First Apron Space	\$9,087,673	\$(23,480,943)	\$(16,722,486)	\$(51,703,592)
Second Apron Space	\$22,154,463	\$(10,414,153)	\$(2,349,017)	\$(37,330,123)

### 3. Bottom Line

Signing Mathurin to a rookie-scale extension is a relatively costly and limiting move, especially if the team also re-signs Turner this summer. An advantage of this move is the benefit of the lag between the start of the new contract terms and the actual cost of retaining Mathurin long term. That is, Mathurin can sign an extension and feel like a player making \$18+ million, while the team has him on the books for just \$9,187,573 this upcoming season. It gives the Pacers a short window with Haliburton, Siakam, Turner, and Mathurin on affordable contracts without any of the potential short-term downsides associated with not giving Mathurin an extension.<sup>42</sup> That said, it is certainly possible that the potential short-term downsides associated with not giving Mathurin an extension are limited. In which case the

<sup>42</sup> Potential short-term downsides including locker room issues, trade requests, etc.

Pacers would still reap the benefits of Mathurin on an affordable contract for 2025-26 without needing to exchange long-term flexibility in signing him to an extension.

It is also worth noting that, while there is not a trade restriction that comes with a player signing a rookie contract extension, there is an associated poison pill. If the Pacers were to trade Mathurin next season, after signing him to an extension, the Pacers would be credited with sending out his current salary \$9,187,573, while the team trading for Mathurin would need to account for his average salary over the life of his entire contract.

In any event, should the Pacers re-sign Turner and extend Mathurin, the team will likely need to plan on additional moves in 2026-2027-2028 that would afford financial flexibility. Given the Pacers short-term window of contention, it seems unlikely that such additional moves related to a Mathurin extension would need to take place this upcoming summer, though they should certainly be explored. In general, such moves would likely include preemptively shedding close to \$31 million for 2026-27. This would likely involve moving the contracts of one or more of Obi Toppin, TJ McConnell, Aaron Nesmith, Jarace Walker, Isaiah Jackson, and Ben Sheppard. Such moves are explored in greater detail in the below “Trade Strategy Analysis” section.

All things considered, it is likely that Mathurin’s extension figures will be higher than those of Kispert, Stewart and Avdija, but well below those of Suggs, Johnson, and Murphy.

#### *B. A Note on Jarace Walker and Ben Sheppard’s Extensions*

As obvious above, the Pacers projected financial future gets particularly expensive in 2027-28. This is largely because the preceding section on Mathurin’s extension includes Walker and Sheppard’s Cap Holds as placeholders for their projected next contracts, mainly to demonstrate how financially difficult it will be to extend all three players over the next few years.<sup>43</sup> It is worth flagging, however, that these players will have to be paid down the line. Paying Turner and Mathurin will make paying these players more difficult. For this reason, it is likely that the Pacers will eventually have to decide between keeping Mathurin, Walker, and Sheppard.

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<sup>43</sup> Projecting the contract extensions for Walker and Sheppard seems a bit too tenuous of an exercise at this point in time. They are young players with a lot of basketball to play until they are up for an extension and a lot can change with the Pacers financial future in the interim.

## FREE AGENCY ANALYSIS

### I. FREE AGENCY TOOLS AVAILABLE

#### A. *In General*

Entering the summer, the Pacers project to have 11 players under contract with some room to operate under the Tax Level (and both Apron Levels).<sup>44</sup> The Pacers do not have a clear path to Cap space that does not involve renouncing all Cap Holds and moving on from a few relatively large contracts. As such, the following assumes that the Pacers remain an over the Cap team this summer.

	2025-2026
Tax Level	\$187,895,400
Tax Allocations	<b>\$168,514,734</b>
Tax Room	<b>\$19,380,666</b>
Apron Allocations	<b>\$169,034,734</b>
First Apron Space	<b>\$26,910,466</b>
Second Apron Space	<b>\$38,789,366</b>

Generally, the minimum number of players that a team can have on its roster during the regular season is 14, not counting Two-Way players.<sup>45</sup> This leaves the Pacers with the following tools to fill out at least four roster spots:

- Myles Turner’s Bird Rights;
- Isaiah Jackson’s Bird Rights/Qualifying Offer;
- Thomas Bryant’s Non-Bird Rights;
- Minimum Player Salary Exception;
- Mid-Level Exception (either Non-Tax Mid-Level Exception or Tax Mid-Level Exception, depending on context);
- Bi-Annual Exception (if also qualifying for the Non-Tax Mid-Level Exception);

<sup>44</sup> This projection includes the Pacers 2025 first round pick. It is not certain that the Pacers will in fact use this pick on a player, and even if they do, it is not certain that this player will be under contract next season. This topic will be addressed further in the “Draft Strategy Analysis” section below.

<sup>45</sup> Generally, the fewest number of players an NBA team can have on its roster during the regular season is 14, not counting two-way players. However, a team is permitted to dip to 12 or 13 players for a limited period. That club can’t carry fewer than 14 players on standard contracts for more than two weeks at a time or more than 28 total days during a regular season. NBA CBA, Art. XXIX § 2(a)-(b).

- Rookie Scale Exception; and
- Second-Round Pick Exception.

The Non-Tax Mid-Level Exception can be split between multiple contracts for multiple players. Contracts may cover up to four seasons with a first-year salary up to \$14,105,000, and annual raises of up to 5%.<sup>46</sup> Using the Non-Tax Mid-Level hard-caps a team at the First Apron Level.

The Tax Mid-Level Exception can also be split into multiple contracts for multiple players. Contracts may cover up to two seasons with a first-year salary up to \$5,685,000, and annual raises of up to 5%.<sup>47</sup> Using the Tax Mid-Level Exception hard-caps a team at the Second Apron Level.

An increasingly common practice across the league is to leave part or all of the Mid-Level Exception unused in the offseason so it is still available during the season. Until the trade deadline, the Mid-Level Exception also functions as a trade exception, granting additional flexibility in trade to teams with unused portions of its Mid-Level Exception. After the trade deadline, while the value of the unused Mid-Level Exception begins to prorate downward, it can be used as a valuable tool to sign the top players on the buyout market or convert a Two-Way player to a longer-term standard contract.

The Bi-Annual Exception is only available to teams above the Cap and under the First Apron Level who also did not use the exception in the immediately preceding year. As such, teams that use this exception are hard-capped at the First Apron Level. It may be split between multiple contracts for multiple players. Contracts may cover up to two seasons with a first-year salary up to \$5,135,000, and annual raises of up to 5%.<sup>48</sup> It is relatively rarely used (just two teams in 2022-23, three teams in 2023-24, and two teams in 2024-25).

In large part, the Pacers' free agency plan will hinge on the Myles Turner decision. The tools available to the team, and the plan for such tools' use, is quite different depending on whether there is an extra \$30 million on the books. As such, this section analyzes the Pacers' free agency plans with Turner (or, in the event of a sign-and-trade, with salary roughly equivalent to Turner's) and without Turner.

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<sup>46</sup> NBA CBA, Art. VII § 6(e).

<sup>47</sup> NBA CBA, Art. VII § 6(f).

<sup>48</sup> NBA CBA, Art. VII § 6(d).

### *B. With Turner*

As projected above, the Pacers 2025-26 financial outlook is largely dependent on the value of Turner's next contract.

	<b>3 YEARS / \$82,674,180</b>	<b>3 YEARS / \$97,705,848</b>	<b>3 YEARS / \$110,232,240</b>
Tax Allocations	<b>\$194,031,456</b>	<b>\$198,670,860</b>	<b>\$202,537,030</b>
Tax Room	<b>\$(6,136,056)</b>	<b>\$(10,775,460)</b>	<b>\$(14,641,630)</b>
Apron Allocations	<b>\$194,551,456</b>	<b>\$199,190,860</b>	<b>\$203,057,030</b>
First Apron Space	<b>\$1,393,744</b>	<b>\$(3,245,660)</b>	<b>\$(7,111,830)</b>
Second Apron Space	<b>\$13,272,644</b>	<b>\$8,633,240</b>	<b>\$4,767,070</b>

If the Pacers sign Turner to a contract in the ballpark of the projections above, absent another salary clearing move, they will be restricted to filling out their remaining three roster spots with Isaiah Jackson's Bird Rights/Qualifying Offer, Thomas Bryant's Non-Bird Rights, the Taxpayer Mid-Level Exception, the Minimum Player Salary Exception, the Rookie Scale Exception, and the Second-Round Pick Exception.<sup>49</sup>

As noted, the above projections assume that the Pacers select a player with the 21<sup>st</sup> pick in the 2025 Draft and that such player is under contract next season. Along with signing Turner, this leaves the team with a minimum of two roster spots to fill.

The most straightforward path to filling out the roster includes re-signing Jackson (via Bird Rights) and Bryant/another backup big (via Veteran Minimum).

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<sup>49</sup> The Non-Tax Mid-Level and Bi-Annual Exceptions are only available to teams operating below the First Apron Level.

	<b>TURNER: 3 YEARS / \$82,674,180</b>	<b>TURNER: 3 YEARS / \$97,705,848</b>	<b>TURNER: 3 YEARS / \$110,232,240</b>
	<b>JACKSON: 2 YEARS / \$9,048,000</b>	<b>JACKSON: 2 YEARS / \$9,048,000</b>	<b>JACKSON: 2 YEARS / \$9,048,000</b>
	<b>BRYANT: MINIMUM</b>	<b>BRYANT: MINIMUM</b>	<b>BRYANT: MINIMUM</b>
Tax Allocations	<b>\$200,677,730</b>	<b>\$205,317,134</b>	<b>\$209,183,304</b>
Tax Room	<b>\$(12,782,330)</b>	<b>\$(17,421,734)</b>	<b>\$(21,287,904)</b>
Apron Allocations	<b>\$201,197,730</b>	<b>\$205,837,134</b>	<b>\$209,703,304</b>
First Apron Space	<b>\$(5,252,530)</b>	<b>\$(9,891,934)</b>	<b>\$(13,758,104)</b>
Second Apron Space	<b>\$6,626,370</b>	<b>\$1,986,966</b>	<b>\$(1,879,204)</b>

Assuming the Pacers have a strong preference for tax flexibility, this path would likely still require some additional salary cutting. On the margins, if the Pacers also trade away their first-round pick and replace that roster spot with a minimum contract player, they'd save some additional space. If looking for larger cost cutting moves, the Pacers could explore moving the contracts of Obi Toppin and TJ McConnell (among others) to get within tax range.

Regardless of additional moves, the Pacers' free agency plans with Turner re-signed will likely focus on using the rights of their own free agents, minimum contracts, and, in some cases, the Tax Mid-Level Exception.

### *C. Without Turner*

If Myles Turner signs elsewhere this summer, the Pacers have some room to find a replacement and fill out the rest of the roster.

	<b>NO TURNER</b>
Tax Allocations	<b>\$168,514,734</b>
Tax Room	<b>\$19,380,666</b>
Apron Allocations	<b>\$169,034,734</b>
First Apron Space	<b>\$26,910,466</b>
Second Apron Space	<b>\$38,789,366</b>

If the Pacers re-sign Jackson and Bryant in the same fashion as illustrated above, they still have nearly \$11 million to spend on the last roster spot before exceeding the Tax Level.

	<b>JACKSON + BRYANT</b>
Tax Allocations	<b>\$175,161,008</b>
Tax Room	<b>\$12,734,392</b>
Tax Payment	<b>\$0</b>
Apron Allocations	<b>\$175,681,008</b>
First Apron Space	<b>\$20,264,192</b>
Second Apron Space	<b>\$32,143,092</b>

If the Pacers wanted to create more room under the Tax Level, perhaps to use the full Non-Tax Mid-Level Exception without exceeding the level, then there are quite a few salary-cutting moves the team could consider.

Generally, if Myles Turner leaves in free agency, the Pacers will likely rely on some combination of Isaiah Jackson's Bird Rights, Thomas Bryant's Non-Bird rights, the Non-Tax Mid-Level Exception, Bi-Annual Exception, the Rookie Scale Exception, and the Second-Round Pick Exception to fill out the remaining three roster spots.

## **II. TARGETS**

Given the tools likely available to the Pacers this summer, the free agents listed in the below table are likely on the team's radar. Since the Mid-Level and Bi-Annual exceptions may be split between players, the categorization below is not based on a given player signing for the full amount of the exception. Instead, the exception amount is treated as a ceiling for the players listed (i.e., no player listed in each category is projected to likely sign for more than that exception amount).

SIGNING TOOL	FREE AGENTS
Non-Tax Mid-Level Exception (\$14,105,000)	Ty Jerome (Guard) Brook Lopez (Big) Moritz Wagner (Big) Luke Kornet (Big) Bobby Portis (Big) Larry Nance Jr. (Big) Jake LaRavia (Wing) Guerschon Yabusele (Wing) Nickeil Alexander-Walker (Wing) Malik Beasley (Wing)
Tax Mid-Level Exception (\$5,685,000)	Tyus Jones (Guard) Luke Kornet (Big) Precious Achiuwa (Big) Trey Lyles (Wing) Taurean Prince (Wing) Jae'Sean Tate (Wing) Gary Trent Jr. (Wing) Dante Exum (Guard)
Bi-Annual Exception (\$5,135,000)	
Minimum Player Salary Exception	Charles Bassey (Big) Paul Reed (Big) Alex Len (Big) Jeremiah Robinson-Earl (Big) Amir Coffey (Wing) Landry Shamet (Wing) Dalano Banton (Wing) Monte Morris (Guard) Jordan McLaughlin (Guard)

### I. DRAFT PICKS AS ASSETS

The NBA trade marketplace is limited. There are only a limited number of market actors (the 30 franchises) that can trade a limited quantity of assets (player contracts and draft picks) each with a unique level of quality (i.e., no two assets in the marketplace are identical). The lack of currency for facilitating transactions further limits the trade marketplace – prices, therefore, are expressed in terms of other assets. This results in, as some have put it, draft picks being treated like “cigarettes in prison.”<sup>50</sup> Draft picks are the currency to bridge the gap in value.

This creates an interesting dynamic. For one, draft picks are illiquid. The value fluctuates frequently over time. The future state of the assets can take on many values and the value at any point in the future is unknowable with certainty and there is no standard price that a draft pick can be sold for. However, draft picks are generally more liquid than player contracts. There are no immediate Cap implications of holding a draft pick, no immediate interpersonal player dynamic associated with trading it, and it can be split up into multiple valuable parts via pick protections.<sup>51</sup>

All this to say, determining draft pick values is difficult from the outside looking in. This section will cover some general draft pick transaction frameworks without getting into the weeds of exact pick packages and the like. Consider it a survey of ideas the Pacers should explore.

### II. 2025 FIRST ROUND PICK

As discussed in the prior sections, the Pacers head into this summer needing to fill four roster spots. The financial projections in this Report have assumed that one of these spots will be filled by a first-round draft selection. The prevailing practice is that most rookies sign for 120% of the scale, as the financial projections in this Report have assumed, though it is certainly not necessarily the case.

Of course, for many good reasons, the Pacers could keep the pick and select a player. Hitting on a good young player on a cost-controlled contract is exactly the type of move that extends a window of contention and opens additional future flexibility. Picking in the back third of the first round is relatively low cost all things considered.

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<sup>50</sup> See 42 Analytics, *SSAC18: Take That for Data: Basketball Analytics*, YOUTUBE (Feb. 24, 2018), <https://www.youtube.com/watch?v=jL2ZSMQOOS4>.

<sup>51</sup> To further drive home the amount of value gap filling protected picks can do: there are over one billion possible pick protection combinations for a first-round draft pick protected for a single year.

If the Pacers select a player at pick 21 and sign that player to a contract with a starting salary of 120% of the Rookie Scale amount, they will enter the free agency period with little room under the Tax Level and Apron Levels to sign Myles Turner and fill out the rest of the roster.

	2025-2026
Tax Allocations	<b>\$168,514,734</b>
Tax Room	<b>\$19,380,666</b>
Apron Allocations	<b>\$169,034,734</b>
First Apron Space	<b>\$26,910,466</b>
Second Apron Space	<b>\$38,789,366</b>

If the team wants to both re-sign Myles Turner and stay under the Tax Level, a key criterion in any off-season move is the short-term financial impact. In a search for financial relief at the margins, the Pacers could explore dealing with their first-round pick in a few Cap-relieving ways.

#### *A. Cap Relief*

The likely margin of Cap relief in moving their first-round pick is anywhere from a few thousand dollars to up to just over \$2 million, depending on the move.

##### 1. Sub 120% of Rookie Scale

Players selected in the first round of the draft are only eligible to sign a rookie scale contract. This is a pre-determined salary scale set out in the CBA. Players are eligible to sign for as little as 80% or as much as 120% of the scale amount.<sup>52</sup> The prevailing practice is that players sign for 120%, though last summer Pacome Dadiet became the first player since 2019 to sign for just 80% of his rookie scale amount.<sup>53</sup>

The Pacers' pick, the 21<sup>st</sup> of the first round based on the standings as of the Report Date, is projected to carry with it a first-year salary between \$2,341,680 and \$3,512,520.

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<sup>52</sup> NBA CBA, Art. VIII § 1(c)(i).

<sup>53</sup> It is worth noting that this amount only applies to his rookie season. He will still get the full 120% in years two through four.

AMOUNT OF SCALE	YEAR 1 SALARY
80%	\$2,341,680
100%	\$2,927,100
120%	\$3,512,520

To achieve some financial flexibility at the margins, the Pacers could make it clear to prospects throughout the pre-draft process that they will be offering 80% of the rookie scale at pick 21.

	2025-2026
Tax Allocations	<b>\$167,343,894</b>
Tax Room	<b>\$20,551,506</b>
Apron Allocations	<b>\$167,863,894</b>
First Apron Space	<b>\$28,081,306</b>
Second Apron Space	<b>\$39,960,206</b>

This potential \$1,170,840 in potential savings comes with risk.

For one, it likely limits the player pool quite a bit. 80% of the 21<sup>st</sup> pick scale is less money than a player would likely otherwise get being drafted with any other pick in the first. Many players would likely avoid pre-draft workouts with the team and signal an unwillingness to play for the team. For this plan to work, it would take the right combination of prospect, fit, value, and financial flexibility.

Additionally, and importantly, discussing this pre-draft falls into a legal grey area. Section 7.04(a) of the NBA Bylaws clearly provides that, prior to the NBA Draft, members may not discuss the matter of compensation with players eligible for the draft.<sup>54</sup> However, there could be some ways to maneuver around this, such as discussing other permissible indicators that may signal a player's willingness to this structure (e.g., strong preference for playing for the team).

There is also at least some risk that a player may signal a willingness to agree to this structure pre-draft but fail to follow through post-draft. Depending on how clear this signaled before the selection, this risk seems relatively low. It could result in the player refusing to sign, the team looking to trade the player, and general

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<sup>54</sup> NBA Bylaws, § 7.04(a).

discontent around the relationship. It's not necessarily given that both sides would burn bridges over \$1 million, but it is a risk worth noting.

If the Pacers entertain this path, they should also consider the risk that they lose leverage in the trade market if word gets out that this is their plan. That is, if the Pacers signal that they will only sign a prospect to an amount that is less than 120% of the scale, and no prospects will accept this offer, the Pacers could look to trade the pick. If other teams know that the Pacers are unwilling to accept the Cap hit of the selection in the first place, the leverage of the negotiation likely shifts away from the Pacers' favor.

This path does not have to be an all or nothing decision, either. It could be an option that the Pacers factor into their draft decision. If a player signals a willingness to accept less than the 120%, then that could be a benefit of drafting the player (weighted however the Pacers deem fitting given their goals).

Ultimately, given the above, it seems quite unlikely that this path would be determined ex ante. Rather, the Pacers should consider it a tool at their disposal worth exploring should they draft a player in the first round.

## 2. Trade Down in the First Round

The Pacers could also explore trading down in the first round for marginal Cap relief.

PICK	SALARY SCALE (120%)	SAVINGS
21	\$3,512,520	\$0
22	\$3,372,240	\$140,280
23	\$3,237,480	\$275,040
24	\$3,108,120	\$404,400
25	\$2,983,320	\$529,200
26	\$2,884,560	\$627,960
27	\$2,801,280	\$711,240
28	\$2,783,880	\$728,640
29	\$2,763,960	\$748,560
30	\$2,743,800	\$768,720

All things considered, the potential savings are relatively small and potentially inconsequential. However, all else equal, the further the Pacers can slide down in the first without losing much prospect value (that is, the further the Pacers can move down in the draft while still picking a player valued the same as they would otherwise pick at 21), the more financial flexibility they achieve at relatively low cost. Even if the Pacers lose prospect value by picking a relatively less valuable player later in the first, this could be offset by the asset value gained from their counterpart trading up in the draft.

The following draft-day first round trade downs are worth noting for approximate asset value:

TEAM 1 TRADES AWAY	TEAM 2 TRADES AWAY
2024 Draft	
PHX: No. 22	DEN: No. 28 No. 56 '26 2 <sup>nd</sup> '31 2 <sup>nd</sup>
NYK: No. 24	WAS: No. 26 No. 51
NYK: No. 26	OKC: '25 2 <sup>nd</sup> '26 2 <sup>nd</sup> '27 2 <sup>nd</sup> '27 2 <sup>nd</sup> '27 2 <sup>nd</sup>
2023 Draft	
BOS: No. 25	DET: No. 31 '25 2 <sup>nd</sup> '26 2 <sup>nd</sup>
2022 Draft	
HOU: No. 26	MIN: No. 29 '25 2 <sup>nd</sup> '27 2 <sup>nd</sup>
MIN: No. 19 '23 2 <sup>nd</sup>	MEM: No. 22 No. 29

### 3. Trade Out of the First Round

For more relief, the Pacers could consider trading out of the first round altogether. Depending on how the team decides to use the roster spot otherwise, this could save around \$1-2 million.<sup>55</sup>

REPLACEMENT	SALARY	SAVINGS
21 <sup>st</sup> Pick of First Round	\$3,512,520	\$0
Second Round Minimum	\$1,272,869	\$2,239,651
Veteran Minimum	\$2,296,271	\$1,216,249

As discussed above, this move makes sense only if the Pacers offset the lost prospect value with the asset value gained from their counterpart trading up in the draft and the flexibility gained from the financial savings.

Trading the rights to their selection in the 2025 first for a future first would afford some added future trade flexibility as well. As it stands, the Pacers owe a 2026 top-4 protected first to the Raptors, which is backed up by a 2027 top-4 protected first. This prevents the team from trading any of its firsts until 2029 this summer.<sup>56</sup>

PICK	PROTECTION	POTENTIAL STEPIEN VIOLATION
2026	Top 4	If the Pacers trade the reverse protection of the 2026 pick (i.e., the rights to the 2026 pick 1-4), there is a risk that they lose both their 2026 pick (to TOR or, if 1-4, to team receiving its reverse protection) and 2027 pick (to TOR if 1-4 in 2026).
2027	Top 4 (26 backup)	If the Pacers trade their 2027 pick, <sup>57</sup> there is a risk that they lose both their 2026 pick (to TOR if 5-30) and 2027 pick (to receiving team).
2028	Unprotected	If the Pacers trade their 2028 pick, there is a risk that they lose both their 2027 (to TOR if 2026 does not convey and 2027 is 5-30) and 2028 pick (to receiving team).

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<sup>55</sup> Assuming a 120% rookie scale contract for the player selected with the 21<sup>st</sup> pick.

<sup>56</sup> Due to the Stepien Rule, which prevents a team from selling its rights to select a player in the first round of any NBA Draft for cash or its equivalent, or trade or exchange its right to select a player in the first round of any NBA Draft if the result of such trade or exchange may be to leave the team without first-round picks in any two consecutive future NBA Drafts. NBA Bylaws, § 7.03.

<sup>57</sup> Such a trade would also have to account for the protection backup on this pick. For example, Team A may trade a pick subject to the protection and convey a pick to Team B in the second draft following the draft in which Team A is required under the terms of a prior trade to convey its pick.

2029	Unprotected	If the Pacers trade their 2029 pick, absent another transaction, there is no risk that the Pacers do not also have their 2028/2030 picks.
2030	Unprotected	If the Pacers trade their 2030 pick, absent another transaction, there is no risk that the Pacers do not also have their 2029/2031 picks.
2031	Unprotected	If the Pacers trade their 2031 pick, absent another transaction, there is no risk that the Pacers do not also have their 2030/2032 picks.
2032	Unprotected	If the Pacers trade their 2032 pick, absent another transaction, there is no risk that the Pacers do not also have their 2031/2033 picks.

As such, the Pacers current post-draft tradeable first round pick packages could only include alternating combinations of their 2029-2032 picks. However, if the Pacers were to trade the rights to their 2025 first round selection for a 2026 first round pick, they could then include some additional combinations of their future picks in trade packages.

PICK	PROTECTION	POTENTIAL STEPIEN VIOLATION
2026 <sup>58</sup>	Top 4	If the Pacers trade the reverse protection of the 2026 pick (i.e., the rights to the 2026 pick 1-4), absent another transaction there is no risk that they have no 2026 pick (Team B 2026 is retained) and no 2027 pick.
	Team B Unprotected	If the Pacers trade the Team B 2026 pick prior to the 2026 NBA Draft, there is no risk that they lose both their 2026 pick (to TOR) and 2027 pick (to TOR if 1-4 in 2026).
2027	Top 4 ('26 backup)	If the Pacers trade their 2027 pick, absent another transaction, there no risk that they lose both their 2026 pick and 2027 pick.
2028	Unprotected	If the Pacers trade their 2028 pick, there is a risk that they lose their 2027 (to TOR if 2026 does not convey and 2027 is 5-30) and 2028 pick (to receiving team).
2029	Unprotected	If the Pacers trade their 2029 pick, absent another transaction, there is no risk that the Pacers do not also have their 2028/2030 picks.
2030	Unprotected	If the Pacers trade their 2030 pick, absent another transaction, there is no risk that the Pacers do not also have their 2029/2031 picks.

<sup>58</sup> The Pacers could not trade both picks due to the risk that they would also not have a 2027 pick. They could, however, trade either.

2031	Unprotected	If the Pacers trade their 2031 pick, absent another transaction, there is no risk that the Pacers do not also have their 2030/2032 picks.
2032	Unprotected	If the Pacers trade their 2032 pick, absent another transaction, there is no risk that the Pacers do not also have their 2031/2033 picks.

In the immediate term, by acquiring an additional 2026 pick,<sup>59</sup> the Pacers free up their 2026 and 2027 picks for trade. The Pacers' flexibility would increase during and after the 2026 draft as well, when the future of the 2027 protection backup will be certain (likely freeing the 2028 pick for trade).

Coupled with the immediate Cap savings of substituting a Rookie Scale salary player with a minimum contract outlined above, this would give the Pacers much needed future flexibility. One could think of the trade as a 2025 first for a 2026 first, \$2,000,000 in financial room, and additional unlocked first round picks for trade.

#### 4. Draft and Stash

The Pacers could also consider drafting a player at pick 21 and stashing the player overseas. This would result in similar financial savings as trading out of the first round above, except the benefit granted in exchange is the rights to the player in the future (rather than, say, a future draft pick). This option is easier to explore once the draft pool solidifies a bit and the potential universe of draft and stash players begins to form.

#### *B. Timing Considerations*

The ethos of this section is increasing financial flexibility to aid with re-signing Myles Turner and staying under the Tax Level. However, a complicating factor is that the Draft occurs before Free Agency does. So, there is some risk that the Pacers do a move in the name of financial flexibility and lose Turner anyway, diminishing the need for financial flexibility in the first place. The team could wait to trade the rights to the 2025 selection until after a Turner outcome is certain, but this could dampen the market for the rights to that selection. The team could wait to negotiate with the 2025 selection until after the Turner outcome is certain, but if an 80% scale contract is needed, it is not clear that the team would have the leverage to make it

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<sup>59</sup> Trading for an unprotected future first is certainly easier said than done. From a value perspective, the most likely trade would likely involve trading for the least favorable of a suite of firsts which will likely end up in a similar, if not later, position in the draft next season. For example, the Pacers trade their 2025 first for the less favorable of OKC's 2026 first round picks.

happen. All this to say, the above proposed paths forward are not without risk (and certainly not without timing risk).

### III. A NOTE ON THE 2025 SECOND-ROUND PICK

The Pacers have a few possible ways to handle the 2025 second round pick. If used, the Pacers could fill a roster spot with the player using the Second-Round Pick Exception, sign the player to a Two-Way contract, or draft and stash a player overseas. If not used, the Pacers could trade it for future assets, for another player to fill a roster spot, or trade it for cash.

#### A. *Second-Round Pick Exception*

The Second-Round Pick Exception is a relatively new tool at the disposal of teams across the league. This exception can be used to sign a player to either a three-year contract that includes a third-year team option or a four-year contract that features a fourth-year team option.<sup>60</sup> Players who are signed using the second-round pick exception won't count against a team's Cap between July 1 and July 30 of their first season.<sup>61</sup>

For a three-year deal, the first year can be worth up to the minimum salary for a player with one year of NBA experience. The second and third years are worth the second- and third-year minimum salaries for a rookie, with the third year as a team option.<sup>62</sup>

For a four-year deal, the first year can be worth up to the minimum salary for a player with two years of NBA experience. The second year can be worth up to the second-year minimum salary for a player with one year of experience. The third and fourth years are worth the third- and fourth-year minimum salaries for a rookie, with the fourth year as a team option.<sup>63</sup> In any deal that uses this four-year contract structure, the salary increase or decrease between the first and second season can't exceed 5%.<sup>64</sup>

As a team looking to shed salary on the margins, the Second-Round Pick Exception can be a valuable tool considering the starting salary is less than that of a veteran minimum contract.

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<sup>60</sup> NBA CBA, Art. VII § 6(k)(1).

<sup>61</sup> NBA CBA, Art. VII § 4(l).

<sup>62</sup> NBA CBA, Art. VII § 6(k)(2)(i-ii).

<sup>63</sup> NBA CBA, Art. VII § 6(k)(3)(i-iii).

<sup>64</sup> NBA CBA, Art. VII § 6(k)(4).

## TRADE STRATEGY ANALYSIS

### I. PIECES

In theory, the trade pieces at the Pacers' disposal include each player under contract, each future draft pick, and each player that the team retains some sort of rights to. In practice, however, certain pieces stand out as more likely to be involved in a trade than others.

The Pacers most likely trade pieces heading into this summer include Obi Toppin, TJ McConnell, Aaron Nesmith, Bennedict Mathurin, Jarace Walker, the rights to the Pacers' 2025 first round selection, the Pacers 2029-2032 first round picks, and the Pacers' second round picks.

TRADE PIECE	2025-26 SALARY
Obi Toppin	\$14,000,000
TJ McConnell	\$10,200,000
Bennedict Mathurin	\$9,187,573
Jarace Walker	\$6,665,520
2025 First Round Pick	N/A
2029 First Round Pick	
2030 First Round Pick	
2031 First Round Pick	
2032 First Round Pick	
Second Round Picks	

Of course, pieces other than those outlined above could be included in trades as needed. It seems relatively likely, however, that the above pieces will be the Pacers' starting point given the relatively manageable salaries, upcoming contract extension decisions, guarantees, and ease with which another team could take on the associated contractual obligation.

## II. FRAMEWORKS

The Pacers' offseason trade targets are dependent on the direction that the team takes elsewhere. For example, if the team re-signs Myles Turner, its trade strategy will look different than if the team loses Turner in free agency. As such, the below frameworks are first divided into a broader team building context, and then further divided by the motivation behind the move.

Additionally, the below frameworks are intended to serve as merely a starting point. It takes two (sometimes, three, four, five...) teams to make a given trade work. As such, many of the below frameworks will be relatively incomplete (i.e., including draft capital placeholders, not fully exploring all possible player combinations, etc.). The below frameworks are presented to say "here is a starting framework that works financially" while leaving room for the parties to negotiate to find the transaction value.

### A. *Re-Signing Turner and Getting Below the Tax Level*

If the Pacers re-sign Myles Turner and want to get below the Tax Level, the team will have to shed some salary via trade. Of course, the amount of salary depends on how much Turner signs for and how the team fills the remaining roster spots. The below frameworks will assume that Turner signs a 3 year, \$97,705,848 contract, and the team fills its remaining three roster spots by signing Isaiah Jackson to a 2 year, \$9,048,000 contract, Thomas Bryant to a 1 year minimum contract, and its first round draft pick to a 120% rookie scale contract.<sup>65</sup>

	2025-2026
Tax Allocations	<b>\$205,317,134</b>
Tax Room	<b>\$(17,421,734)</b>
Apron Allocations	<b>\$205,837,134</b>
First Apron Space	<b>\$(9,891,934)</b>
Second Apron Space	<b>\$1,986,966</b>

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<sup>65</sup> Any of these assumptions could be changed, of course. However, the frameworks set out in this section will still generally apply regardless of the particulars of each signing.

## 1. Shedding Salary

With the above assumptions in mind, the Pacers will need to shed over \$17,500,000 by the end of the league year to avoid paying the Tax. There are a few pathways to reaching this figure.

### i. Obi Toppin into another team's Non-Tax Mid-Level Exception

Obi Toppin is set to make \$14,000,000 next season. The projected Non-Tax Mid-Level Exception is \$14,104,000. Now that the Mid-Level Exception can be used to acquire players via trade, the Pacers could explore trading Toppin into another team's Non-Tax Mid-Level Exception.

It is not exactly clear what the cost, if any, of this trade would be. On one hand, the Mid-Level Exception is a valuable tool for teams to add talent and maintain flexibility throughout the season. Using the entire exception on one player lessens a team's flexibility. On the other hand, Toppin is a productive NBA player on a contract that fits into the Non-Tax Mid-Level Exception. That is, he's a rotation player with a contract that is relatively easy to move if needed.

Given that shedding salary is the Pacers' primary motivator in making this move, the question is likely whether it nets them draft capital or costs them draft capital. Either way, for financial purposes, the trade framework remains the same. In the proposed framework below, "[Draft Capital]" placeholders are included to reflect this.<sup>66</sup>

PACERS	TEAM B
[Draft Capital]	Obi Toppin (\$14,000,000) via Non-Tax Mid-Level Exception
	[Draft Capital]

As far as timing, it is important to note that this trade does not necessarily have to occur in the summer. The Pacers just need to get below the Tax Level by the end of the league year. However, there is likely more flexibility around the league to make this type of move in the summer and thus more teams available to the Pacers to facilitate such a move.

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<sup>66</sup> The "Draft Picks as Assets" section above also contributes to this decision to include "[Draft Capital]" placeholders in this trade section. Draft picks are hard to value and illiquid yet are still the best tool to close valuation gaps in trade. So, this Report will note that draft capital will likely play a role in these frameworks, but drilling down into exact draft capital value in trade is beyond the scope of this Report.

If we assume that the Pacers fill their open roster spot with a minimum contract, the team is nearing the Tax Level with avenues to get underneath.

	VETERAN MINIMUM EXCEPTION	SECOND- ROUND PICK EXCEPTION
Tax Allocations	\$193,613,408	\$192,590,002
Tax Room	\$(5,718,008)	\$(4,694,602)
Apron Allocations	\$193,613,408	\$192,590,002
First Apron Space	\$2,331,792	\$3,355,198
Second Apron Space	\$14,210,692	\$15,234,098

ii. TJ McConnell into another team's Non-Tax Mid-Level Exception

The Pacers could make a similar move with TJ McConnell's contract as well. The rationale is generally the same as laid out for Toppin above, though there are less projected savings.

PACERS	TEAM B
[Draft Capital]	TJ McConnell (\$10,200,000) via Non- Tax Mid-Level Exception
	[Draft Capital]

If we assume that the Pacers fill their open roster spot with a minimum contract, the team still has some work to do to get under the Tax Level.

	VETERAN MINIMUM EXCEPTION	SECOND- ROUND PICK EXCEPTION
Tax Allocations	\$197,413,408	\$196,390,002
Tax Room	\$(9,518,008)	\$(8,494,602)
Apron Allocations	\$197,933,408	\$196,910,002
First Apron Space	\$(1,988,208)	\$(964,802)
Second Apron Space	\$9,890,692	\$10,914,098

These frameworks may also be adjusted to reflect the Pacers taking back another player as well, resulting in lesser financial savings.

## 2. Consolidation

From a consolidation point of view, the Pacers have quite a few potential options. To give a general idea, if the team wishes to consolidate and get below the Tax Level, assuming the team is \$17,421,734 over the Tax Level following free agent signings,<sup>67</sup> it can send out the following sampling of packages and take back the following amounts:<sup>68</sup>

PACERS OUTGOING	PACERS INCOMING LIMIT
Toppin + McConnell + Mathurin	\$15,965,839
Toppin + McConnell + Walker	\$13,443,786
Toppin + Mathurin + Walker	\$12,431,359
McConnell + Mathurin + Walker	\$8,631,359
Toppin + McConnell	\$7,578,266
Toppin + Mathurin	\$5,765,839
Toppin + Walker	\$3,243,786
McConnell + Mathurin	\$1,965,839

Generally, the more salary that the Pacers can take back with a given package and remain below the tax, the more theoretical trade options there will be for such package (i.e., there are more contracts up to \$15,815,839 that can be traded than contracts up to \$1,815,839).

### i. Toppin + McConnell

The Pacers could look to move the contracts of Toppin and McConnell for financial savings. Mathurin and Walker could be added to this group as well but would likely change the expected return quite a bit given their relatively young ages. As such, the below focuses on a Toppin + McConnell package (which seems most likely) for illustrative reasons but is also applicable to other combinations. A possible speedbump in this framework is finding a team able to take in such salary with only sending back a fraction. A team over the Apron Levels could not do this. A team under

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<sup>67</sup> This amount is just a projection. If the Pacers explore other moves that result in net savings (e.g., trading out of the first round, signing players to less money, etc.) then they could take back bigger salaries in trade.

<sup>68</sup> Not yet accounting for filling open roster spots with minimum contracts. Since a given trade could be an even player count swap, a -2 player count swap, etc., it is difficult to factor this in ex ante.

the Apron Levels but above the Cap would only be able to take back up to 200% (plus \$250,000) of any outgoing salary under \$8,526,750.<sup>69</sup> A team under the Cap could acquire salary up to the Cap (plus \$250k), though this is limited to just a few teams. All things considered, such a move would likely require additional teams to facilitate and might be better thought of as moving Toppin and McConnell separately.

Despite this speedbump, a Toppin-McConnell package could still serve a purpose in reducing the overall payroll. The Pacers could save up to \$8,526,750 by sending the package to an over the Cap but under the Apron Level team that sends out salary above \$15,673,250. The following sample frameworks fit the bill:

PACERS OUTGOING	PACERS INCOMING	PACERS SAVINGS
Obi Toppin (\$14,000,000) + T.J. McConnell (\$10,200,000)	Bogdan Bogdanovic (\$16,020,000) <sup>70</sup>	\$8,180,000
	Klay Thompson (\$16,666,667) <sup>71</sup>	\$7,533,333
	Grayson Allen (\$16,875,000) <sup>72</sup>	\$7,325,000
	Keldon Johnson (\$17,500,000) <sup>73</sup>	\$6,700,000
	Lu Dort (\$17,722,222) <sup>74</sup>	\$6,477,778
	Rui Hachimura (\$18,259,259) <sup>75</sup>	\$5,940,741
	Harrison Barnes (\$19,000,000) <sup>76</sup>	\$5,200,000

<sup>69</sup> See NBA CBA, Art. VII § 6(1)(iv). The \$8,526,750 figure is an estimate based on multiplying \$7,500,000 by a fraction, the numerator of which is the projected Cap for 2025-26 (\$154,646,800) and the denominator of which is the Cap for 2023-2024 (\$136,021,400).

<sup>70</sup> Via LAC, who currently project to be above the Cap and below the Apron Level.

<sup>71</sup> Via DAL, who currently project to have just \$3,090,402 below the First Apron Level next season. This table includes the DAL package nonetheless in case the team makes another move elsewhere that frees up additional space below the Apron Level. Thompson also has a 15% trade kicker, which would potentially eat into the savings.

<sup>72</sup> Via PHX, who currently project to be over the Second Apron Level. This table includes the PHX package nonetheless for similar reasons as DAL in footnote 58 above.

<sup>73</sup> Via SAS, who currently project to be above the Cap and below the Apron Level.

<sup>74</sup> Via OKC, who currently project to be above the Cap and below the Apron Level.

<sup>75</sup> Via LAL, who currently project to be above the Cap and below the Apron Level (although, with this move, would be right up against the First Apron Level).

<sup>76</sup> Via SAS, who currently project to be above the Cap and below the Apron Level.

If the Pacers replaced Toppin and McConnell with, purely for example's sake, Bogdan Bogdanovic and a minimum contract, the Pacers still need at least one additional move to clear the Tax Level.

<b>BOGDANOVIC</b>	<b>VETERAN MINIMUM EXCEPTION</b>	<b>SECOND- ROUND PICK EXCEPTION</b>
Tax Allocations	<b>\$199,433,408</b>	<b>\$198,410,003</b>
Tax Room	<b>\$(11,538,008)</b>	<b>\$(10,514,603)</b>
Apron Allocations	<b>\$199,433,408</b>	<b>\$198,410,003</b>
First Apron Space	<b>\$(3,488,208)</b>	<b>\$(2,464,803)</b>
Second Apron Space	<b>\$8,390,692</b>	<b>\$9,414,097</b>

There are also several two or three player combinations that could result in comparable savings, should the Pacers look to go that route.

ii. Toppin + McConnell + one of Mathurin/Walker

Another similar category of consolidation trade includes over \$30 million of outgoing salary including at least one young player. The combinations in this category include some combination of Toppin + McConnell and one of Mathurin/Walker.

As an illustrative example, a package of Toppin, McConnell and Mathurin results in \$33,387,573 in outgoing salary. From the Pacers perspective, if they also like to get around the Tax Level (i.e., within \$2,000,000 post-trade), they will want to take back around \$15,815,849. Assuming the other trade partner is an above the Cap but under the Apron Level team sending out \$15,815,849, they could take back no more than \$24,342,599. So, this consolidation move would likely have to be a three-team trade.

<b>PACERS INCOMING</b>	<b>TEAM B INCOMING</b>	<b>TEAM C INCOMING</b>
Player B (\$15,815,849)	TJ McConnell (\$10,200,000)  Bennedict Mathurin (\$9,187,573)	Obi Toppin (\$14,000,000)
[Draft Capital]	[Draft Capital]	[Draft Capital]

In the above, Player B is coming from Team B. Team B could be any over the Cap but under the Tax team. Team C could be any team with either \$14,000,000 in Cap space or it could also be a team willing to take Toppin into its Non-Tax Mid-Level Exception as discussed above. Of course, draft capital would likely be involved in some fashion, and at a minimum, in a fashion that satisfies the touch rule.<sup>77</sup>

The following players are potential fits for the Player B placeholder above:

PACERS OUTGOING	PACERS INCOMING	PACERS SAVINGS
Obi Toppin (\$14,000,000)  T.J. McConnell (\$10,200,000)  Bennedict Mathurin (\$9,187,573)	Deni Avdija (\$14,375,000) <sup>78</sup>	\$19,012,573
	PJ Washington (\$14,152,174) <sup>79</sup>	\$19,235,399
	Herb Jones (\$13,937,574) <sup>80</sup>	\$19,449,999
	Isaiah Joe (\$12,362,338) <sup>81</sup>	\$21,025,235
	Jabari Smith Jr. (\$12,350,392) <sup>82</sup>	\$21,037,181
	Brandon Miller (\$11,968,800) <sup>83</sup>	\$21,418,773
	Keegan Murray (\$11,144,093) <sup>84</sup>	\$22,243,480

If the Pacers replaced Toppin, McConnell, and Mathurin with, purely for example's sake, Herb Jones and two minimum contracts, the Pacers will be within striking distance of getting below the Tax Level.

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<sup>77</sup> In a trade involving three or more teams, each team must assign to and/or receive from each of two or more other teams in the trade at least one of the following (each "Additional Required Consideration for Trades Involving Three or More Teams"): (i) the contract of an NBA player (either a Standard NBA Contract or Two-Way Contract); (ii) a future draft pick that is certain to be conveyed at some point in the future (i.e., there must be a year in which the draft pick, if not conveyed earlier due to protection, would be conveyed unconditionally); (iii) draft rights to certain players; or (iv) \$1,100,000.

<sup>78</sup> Via POR, who currently project to be above the Cap and below the Apron Level.

<sup>79</sup> Via DAL, who currently project to have just \$3,090,402 below the First Apron Level next season. This table includes the DAL package nonetheless in case the team makes another move elsewhere that frees up additional space below the Apron Level.

<sup>80</sup> Via NOP, who currently project to be above the Cap and below the Apron Level.

<sup>81</sup> Via OKC, who currently project to be above the Cap and below the Apron Level.

<sup>82</sup> Via HOU, who currently project to have just \$4,624,460 below the First Apron Level next season. This table includes the HOU package nonetheless in case the team makes another move elsewhere that frees up additional space below the Apron Level.

<sup>83</sup> Via CHA, who currently project to be above the Cap and below the Apron Level.

<sup>84</sup> Via SAC, who currently project to be above the Cap and below the Apron Level.

<b>JONES</b>	<b>2 VETERAN MINIMUM EXCEPTION</b>	<b>2 SECOND- ROUND PICK EXCEPTION</b>
Tax Allocations	<b>\$190,309,683</b>	<b>\$188,262,873</b>
Tax Room	<b>\$(2,414,283)</b>	<b>\$(367,473)</b>
Apron Allocations	<b>\$190,309,683</b>	<b>\$188,262,873</b>
First Apron Space	<b>\$5,635,517</b>	<b>\$7,682,327</b>
Second Apron Space	<b>\$17,514,417</b>	<b>\$19,561,227</b>

The Pacers three-year outlook would also project to have some longer-term flexibility, with a relatively simple short-term path under the Tax Level.

	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>
Tax Allocations	<b>\$190,459,683</b>	<b>\$201,459,767</b>	<b>\$173,088,576</b>
Tax Room	<b>\$(2,564,283)</b>	<b>\$5,225,173</b>	<b>\$54,264,858</b>
Apron Allocations	<b>\$190,459,683</b>	<b>\$201,459,767</b>	<b>\$173,088,576</b>
First Apron Space	<b>\$5,485,517</b>	<b>\$14,079,953</b>	<b>\$64,005,116</b>
Second Apron Space	<b>\$17,364,417</b>	<b>\$27,146,743</b>	<b>\$78,378,585</b>

As with the other consolidation idea above, there are also a number of incoming two or three player combinations that could result in comparable savings, should the Pacers look to go that route.

### 3. Bottom Line

In the scenario in which the Pacers re-sign Turner and wish to stay below the Tax Level, shedding salary is the primary motivation to trade. Ideally, as a secondary motivation, the team would also want to consolidate multiple players into one player for roster space and minutes distribution reasons. This results in trades that send a player into another team's Cap space or exception, or that consolidate the salaries of multiple players into lesser salary of less players. If the Pacers sign Turner to a deal with a 2025-26 salary around \$30 million, this means netting around a negative \$17 million in trades. This would likely require moving some combination of Toppin, McConnell, Mathurin, and/or Walker.

### *B. Losing Turner and Getting Below the Tax Level*

If the Pacers do not re-sign Myles Turner, the path to getting below the Tax Level changes quite a bit. If we assume that the team does not re-sign Turner but still signs Isaiah Jackson to a 2 year, \$9,048,000 contract, Thomas Bryant to a 1 year minimum contract, and its first round draft pick to a 120% rookie scale contract, then there is a good amount of room to work with to fill the last roster spot.

	2025-2026
Tax Allocations	<b>\$175,161,008</b>
Tax Room	<b>\$12,734,392</b>
Apron Allocations	<b>\$175,681,008</b>
First Apron Space	<b>\$20,264,192</b>
Second Apron Space	<b>\$31,143,092</b>

#### 1. Outgoing Salary

As a theoretical matter, without Turner, the Pacers have the ability to reach almost any needed salary amount in trade and maintain a somewhat reasonable path under the Tax Level. As a team over the Cap but below the Apron Level, the Pacers could take back a range of salary in sending out various trade packages.

PACERS OUTGOING	PACERS INCOMING
Toppin + McConnell + Nesmith + Mathurin + Walker	\$55,734,466
Toppin + McConnell + Mathurin + Walker	\$50,316,366
Toppin + McConnell + Mathurin	\$41,984,466
Toppin + McConnell + Walker	\$39,392,270
Toppin + Mathurin + Walker	\$38,379,843
McConnell + Mathurin + Walker	\$34,579,843
Toppin + McConnell	\$32,726,750
Toppin + Mathurin	\$31,714,323
Toppin + Walker	\$29,192,270
McConnell + Mathurin	\$27,914,323
McConnell + Walker	\$25,392,270

Mathurin + Walker	\$24,379,843
Toppin	\$22,526,750
McConnell	\$18,726,750
Mathurin	\$17,714,323
Walker	\$13,581,040

In the world without Turner, the Pacers *could* make any number of trade math equations work. This is a stark difference to the world with Turner, where the Pacers are generally limited to taking back less salary to stay under the Tax Level. The below will focus on a relatively small subset of possible target frameworks, though it is worth noting that the options are plenty.

## 2. Finding a Center

The Pacers' main motivation in this scenario is likely to explore the market for a replacement center. The team could sign a center using its Non-Tax Mid-Level Exception via free agency, trade for a center using its Non-Tax Mid-Level Exception or trade some combination of player contracts and draft picks for a center.

The following sample of big men are in the ballpark of fitting into the Pacers' Non-Tax Mid-Level Exception below the Tax Level:<sup>85</sup>

PLAYER	SALARY
Robert Williams	\$13,285,713
Richaun Holmes	\$13,280,737
Jabari Smith Jr.	\$12,350,392
Moritz Wagner	\$11,000,000
Wendell Carter Jr.	\$10,850,000
Jonas Valanciunas	\$10,395,000
Jalen Smith	\$9,000,000
Jalen Duren	\$6,483,144
Mark Williams	\$6,276,531
Walker Kessler	\$4,878,938

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<sup>85</sup> Even though the Pacers would exceed the Tax by using the full NTMLE, this table includes big men that fit into the full NTMLE (\$14,105,000) since it would be relatively easy for the Pacers to open up additional space.

Of course, the above players all have varying values and would require different combinations of assets to obtain. But, in theory, the Pacers could acquire each via the Non-Tax Mid-Level Exception.

The Pacers could expand their market of available centers by exploring other trade packages as well. The following big man options fit into the allowable incoming salary created by the outgoing trade packages referenced above:

PLAYER	SALARY
Joel Embiid	\$55,224,526
Anthony Davis	\$54,126,380
Karl-Anthony Towns	\$53,142,264
Domantas Sabonis	\$43,636,000
Bam Adebayo	\$37,096,620
Deandre Ayton	\$35,550,814
Rudy Gobert	\$35,000,000
Alperen Sengun	\$33,944,954
Kristaps Porzingis	\$30,731,707
Isaiah Hartenstein	\$28,500,000
Nic Claxton	\$25,892,857
Nikola Vucevic	\$21,481,481
Jarrett Allen	\$20,000,000

Of course, the above players all have varying values and would require different combinations of assets to obtain. The above tables are meant to serve as a starting point for building a framework for a deal to fill the spot left by Myles Turner. For example, here is a potential framework to trade for Bam Adebayo:

PACERS	HEAT
Bam Adebayo (\$37,096,620)	Obi Toppin (\$14,000,000)
[Draft Capital]	TJ McConnell (\$10,200,000)
	Bennedict Mathurin (\$9,187,573)
	[Draft Capital]

Following the trade, the Pacers would have over \$8 million to fill three roster spots and stay under the Tax Level.

ADEBAYO	2025-2026
Tax Allocations	\$178,870,055
Tax Room	\$9,025,345
Apron Allocations	\$178,870,055
First Apron Space	\$17,075,145
Second Apron Space	\$28,954,045

Without any additional moves, the Pacers three-year outlook projects to have some flexibility, though there are quite a few roster spots to fill in 2027 and 2028.<sup>86</sup>

	2025-2026	2026-2027	2027-2028
Tax Allocations	\$178,870,055	\$206,426,120	\$196,304,099
Tax Room	\$9,025,345	\$258,820	\$31,049,335
Apron Allocations	\$178,870,055	\$206,426,120	\$196,304,099
First Apron Space	\$17,075,145	\$9,113,000	\$40,789,593
Second Apron Space	\$28,954,045	\$22,180,390	\$55,163,062

The above two frameworks can be thought of similarly to those in the Myles Turner re-signing section. Trading for a player to fit into the Non-Tax Mid-Level Exception is the flip side of trying to trade Toppin or McConnell into another team's Non-Tax Mid-Level Exception, and trading for a replacement center is an extension of the consolidation framework.

### 3. Trading for a High Salary Star

As a further extension of the frameworks discussed above, the Pacers could also replace Turner with a non-center. This could be thought of as trading for the best player available to fill Turner's roster spot (and might very well include a big man

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<sup>86</sup> The below table factors in minimum roster charges for roster spots less than 12. However, this doesn't necessarily accurately reflect what the financial picture for that year would look like – the Pacers are likely to want to fill those spots with salaries beyond the minimum and fill more than 12 spots.

discussed above). Using the packages listed above, the following non-big high-salary third star options fit into the allowable incoming salary:

PLAYER	SALARY
Kevin Durant	\$53,282,608
Jaylen Brown	\$53,142,264
Kawhi Leonard	\$50,000,000
Lauri Markkanen	\$46,394,100
Ja Morant	\$39,446,090
Zion Williamson	\$39,446,090
LaMelo Ball	\$37,958,760

As an example of the highest end of incoming salary, here is a possible framework for a Kevin Durant trade:

PACERS	SUNS
Kevin Durant (\$53,282,608)	Obi Toppin (\$14,000,000)
Nick Richards (\$5,000,000) (via Non-Tax Mid-Level Exception)	Aaron Nesmith (\$11,000,000)
[Draft Capital]	TJ McConnell (\$10,200,000)
	Bennedict Mathurin (\$9,187,573)
	Jarace Walker (\$6,665,520)
	[Draft Capital]

This move would only leave the Pacers with 4 open roster spots and relatively little room under the Tax Level to fill out the roster. This move limits the team's roster building flexibility. Assuming empty roster spots are filled by veteran minimum contracts, the Pacers will still need another move to get under the Tax Level.

DURANT	2025-2026
Tax Allocations	\$191,575,619
Tax Room	(\$3,680,219)
Apron Allocations	\$191,575,619
First Apron Space	\$4,369,581
Second Apron Space	\$16,248,481

The Pacers' outlook is similar if they offer a similar package for a lower salary than Durant's. Take this framework for Lauri Markkanen, for example:

PACERS	JAZZ
Lauri Markkanen (\$46,394,100)	Obi Toppin (\$14,000,000)
[Draft Capital]	TJ McConnell (\$10,200,000)
	Bennedict Mathurin (\$9,187,573)
	Jarace Walker (\$6,665,520)
	[Draft Capital]

This move would also leave the Pacers with four open roster spots. Assuming veteran minimum contracts fill the remaining roster spots, the team would still be a move away from getting under the Tax Level.

MARKKANEN	2025-2026
Tax Allocations	\$190,687,111
Tax Room	(\$2,791,711)
Apron Allocations	\$190,687,111
First Apron Space	\$5,258,089
Second Apron Space	\$17,136,989

#### 4. Lower Salary Options

The Pacers could also focus on packaging some of the below salaries to take in between \$20 million and \$35 million.

PACERS OUTGOING	PACERS INCOMING
McConnell + Mathurin + Walker	\$34,579,843
Toppin + McConnell	\$32,726,750
Toppin + Mathurin	\$31,714,323
Toppin + Walker	\$29,192,270
McConnell + Mathurin	\$27,914,323
McConnell + Walker	\$25,392,270
Mathurin + Walker	\$24,379,843

Some potential targets in this salary range include the following sample of players.

PLAYER	SALARY
Jrue Holiday	\$32,400,000
Kristaps Porzingis	\$30,731,707
RJ Barrett	\$27,705,357
Devin Vassell	\$27,000,000
Jaden McDaniels	\$24,858,622
Kentavious Caldwell-Pope	\$21,621,500
Dillon Brooks	\$21,124,110
Cameron Johnson	\$20,543,478
Norman Powell	\$20,482,758

As an example, if the Pacers traded for Cameron Johnson, a potential framework could include TJ McConnell, Jarace Walker, and draft capital.

PACERS	NETS
Cameron Johnson (\$20,543,478)	TJ McConnell (\$10,200,000)
[Draft Capital]	Jarace Walker (\$6,665,520)
	[Draft Capital]

This deal would leave the Pacers with close to \$9 million under the Tax Level to fill two empty roster spots. Of note, Johnson's contract has \$4,500,000 in unlikely incentives for the 2025-26 season, which adds to his Team Apron Salary number.

JOHNSON	2025-2026
Tax Allocations	<b>\$178,838,966</b>
Tax Room	<b>\$9,056,434</b>
Apron Allocations	<b>\$183,338,966</b>
First Apron Space	<b>\$12,606,234</b>
Second Apron Space	<b>\$24,485,134</b>

## 5. Bottom Line

In the scenario in which the Pacers don't re-sign Myles Turner, and wish to stay under the Tax Level, the team has quite a bit of financial flexibility. The team could decide to use its space under the Tax Level to fill out the roster via free agency. The team could also theoretically get to almost any salary figure needed to bring in a player via trade. The team could also, of course, do both. The threshold question in this scenario is likely what the team wants its future direction to look like. From there, there are quite a few financial pathways the Pacers could pursue.

### *C. Paying the Tax*

The underlying assumption in the above projections is that the Pacers do not want to, or even will not, exceed the Tax Level.

If the Pacers re-sign Turner and are willing to exceed the Tax Level, then the corresponding trade frameworks are expanded a bit. In the current Section A, the frameworks assume that the Pacers need to shed salary in a consolidation move to also re-sign Turner. Instead, these consolidation frameworks could look more like the

trade packages in Section B that take on more or equal salary. This would generally open more trade options, a larger player pool, and likely result in greater retention of overall assets.

If the Pacers don't re-sign Turner and are willing to exceed the Tax Level, then the corresponding trade frameworks are marginally expanded. However, the Pacers would have many more options in filling out the roster following one of the frameworks explored in Section B. The current frameworks anticipate that the Pacers fill out their roster to the extent possible while staying within striking range of the Tax Level (usually by signing veteran minimum players). If the Pacers are open to exceeding the Tax Level, their options and ability to fill out a roster expand greatly.

That said, it is overall unlikely that the Pacers will decide to enter Tax territory for the first time since the mid-2000s. A more likely path is sitting just above the Tax Level going into next season with pathways to get under if needed and pathways to inch closer to the First Apron Level if the team is succeeding.

#### *D. Future Draft Pick Flexibility*

Earlier in this Report, it is noted that the Pacers lack some flexibility to move their future first-round picks. As it stands, the Pacers could not freely trade the 2026, 2027, or 2028 picks due to a risk that it would leave the team without a first-round pick in successive years. If the team were to acquire an additional pick, say in 2026, it would open up additional first round picks to trade elsewhere. Draft Strategy Analysis Section II.A.3 is incorporated by reference as a trade strategy worth noting.

## STRATEGIC RECOMMENDATIONS

### I. OFF-SEASON ROADMAP

Considering the Pacers' recent success, contractual commitments to Haliburton and Siakam, and historical aversion to paying the Tax, the most likely path forward for the team is to optimize a three-year contention window while managing salaries to stay under the Tax Level.

This likely path forward implicates some difficulty over the three-year window. It will be difficult to find a suitable center replacement this upcoming season if the team does not re-sign Turner. It will be difficult to re-sign Turner this offseason and stay under the Tax Level without shedding salary elsewhere. It will be exceedingly difficult to re-sign Turner this offseason, pay Bennedict Mathurin the following offseason, and stay under the Tax Level.

This section will explore the steps of an off-season roadmap that satisfies the Pacers' likely goal of optimizing its three-year contention window while staying under the Tax Level. While each step describes a specific transaction with a specific team, of course, each step could be completed in multiple different ways.

#### ***Step 1: Trade rights to 2025 First-Round selection for immediate Cap relief and future draft pick trade flexibility***

Heading into draft night, the Pacers will have almost \$23 million under the Tax Level to fill four roster spots. Filling one of those roster spots with the 21<sup>st</sup> pick of the draft projects to cost the Pacers \$3,512,520. Filling that spot with a second-round rookie minimum contract instead would cost the Pacers just \$1,272,869 – resulting in nearly \$2,099,371 in savings.

Additionally, as currently situated, the Pacers will be unable to freely trade any of their 2026, 2027, or 2028 picks due to the Stepien Rule. While the 2026 pick will likely convey, freeing up the 2028 pick for trade next offseason, the Pacers would still be unable to trade the 2027 pick. Trading for a 2026 first round pick helps solve this problem. In the immediate term, the team could then trade a 2026 pick this upcoming season in trade packages or trade the 2027 pick (which serves as protection backup for its owed 2026 to TOR). Longer term, when the 2026 pick conveys, the team will have a pick in each draft from 2026-2032 available for trade.

The ability to create immediate financial relief and future trade flexibility makes this an interesting move regardless of whether the team re-signs Myles Turner or not. Given the relative depth on the Pacers roster, both playing time and roster

spots are at a premium. This move allows the team to kick the can down the road on adding another young piece while maintaining financial and transactional flexibility in the meantime.

A framework along the lines of the following is generally consistent with past similar transactions:

PACERS	WIZARDS
2025 Round 2, No. 43	2025 Round 1, No. 21
2025 Round 2, No. 51	
2026 Round 1 (least favorable of OKC/HOU/LAC)	

Generally, the Pacers would look for a team with a 2026 pick that has a reasonably high likelihood of falling in a similar or slightly worse range than the Pacers’ current 2025 pick. Any gap in the valuations between the two picks could be bridged by second round picks. Washington is one such team with a 2026 pick that fits this criterion.

***Step 2: Re-Sign Myles Turner with a walkway price of around \$30 million in year-1 salary***

The biggest puzzle piece this offseason is Myles Turner’s free agency. Turner has proven success with Haliburton and Siakam, is relatively young, and is likely the best available center on the market. From a purely basketball perspective, re-signing Turner is a favorable option for optimizing the team’s current contention window.

The potential problems with re-signing Turner are on the financial end. As shown earlier in this Report, the Pacers will likely need to shed salary elsewhere to re-sign Turner while staying under the Tax Level. As Turner’s year one salary exceeds \$30 million and beyond, the Pacers face a more limited set of options to shed salary. The below table shows the Pacers financial outlook re-signing Turner at different price points, assuming the team trades away its 2025 first round pick as contemplated above. In each of the scenarios, the Tax Room shows the amount of salary that the team needs to shed while also filling three remaining roster spots.

	3/\$82,674,179	3/\$97,705,848	3/\$110,232,239
Tax Allocations	\$190,518,936	\$195,158,340	\$199,024,510
Tax Room	\$(2,623,536)	\$(7,262,940)	\$(11,129,110)
Apron Allocations	\$191,038,936	\$195,678,240	\$199,544,510
First Apron Space	\$4,906,264	\$266,860	\$(3,599,310)
Second Apron Space	\$16,785,164	\$12,145,760	\$8,279,590

The Pacers should, of course, try to sign Turner for as little as possible. Depending on market conditions, however, as little as possible can mean very different things. The cost of signing Turner begins to outweigh the benefit at the point where the Pacers no longer have a viable pathway under the Tax Level.

If we assume that the minimum viable pathway under the Tax Level is trading a player into another team's Non-Tax Mid-Level Exception, then the walkway amount for Turner is around \$30 million in year one salary (or, around the 3/\$97,705,848 option presented above), in which the Pacers could fill out their roster with minimum contracts and trade Obi Toppin's \$14 million into another team's Non-Tax Mid-Level Exception.

3 Years / \$97,705,848				
YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL
2025-26	29	\$30,156,126	19.50%	16.05%
2026-27	30	\$32,568,616	19.15%	15.76%
2027-28	31	\$34,981,106	18.69%	15.39%

Following this signing, the Pacers are just over \$7 million over the Tax Level with three remaining roster spots to fill.

	2025-26	2026-27	2027-28
Tax Allocations	\$195,158,340	\$202,774,506	\$190,888,893
Tax Room	\$(7,262,940)	\$3,910,434	\$36,464,541
Apron Allocations	\$195,678,340	\$203,254,506	\$191,328,893
First Apron Space	\$266,860	\$12,285,214	\$45,764,799
Second Apron Space	\$12,145,760	\$25,352,004	\$60,138,268
Roster Spots to Fill	3	4	7

***Step 3: Re-sign Isaiah Jackson (2 Years / \$9,048,000) and Thomas Bryant (Veteran Minimum)***

With the 2025 first round selection traded, and Turner re-signed at, let's assume, 3 years for \$97,705,848, the Pacers need to fill three more roster spots. The biggest point of weakness on the roster at this point is big man depth. The Pacers hold the bird rights for Isaiah Jackson and non-bird rights for Thomas Bryant. Jackson projected as the Pacers backup center prior to his Achilles tear and Bryant has served that role since being acquired in December.

Given Jackson's recent injury, it seems unlikely that the team would extend his Qualifying Offer of close to \$6 million. This year will likely be somewhat of a recovery year for Jackson, and he would be likely to take that \$6 million and hit unrestricted free agency next year. Instead, the Pacers should look to sign Jackson to slightly less this season with an additional year (perhaps with a team option) as Jackson gets back to healthy form.

<b>Isaiah Jackson -- 2 Years / \$9,048,000</b>				
<b>YEAR</b>	<b>AGE</b>	<b>CAP HIT</b>	<b>% OF SALARY CAP</b>	<b>% OF TAX LEVEL</b>
2025-26	24	\$4,350,000	2.81%	2.32%
2026-27	25	\$4,698,000	2.76%	2.27%

Given Thomas Bryant's recent success in filling in for the injured Jackson, the Pacers could offer him a similar role next season. Generally, the big man market is relatively saturated at the minimum contract level. If Bryant gets a more than minimum offer elsewhere, it likely makes the most sense to offer a minimum contract to another big man as a replacement. For purposes of this plan, and impact on the Pacers finances, a veteran minimum contract is treated the same.

<b>Thomas Bryant -- 1 Year / \$3,287,405 (Veteran Minimum)</b>				
<b>YEAR</b>	<b>AGE</b>	<b>CAP HIT</b>	<b>% OF SALARY CAP</b>	<b>% OF TAX LEVEL</b>
2025-26	28	\$2,296,274	1.48%	1.22%

If the Pacers fill two roster spots by signing Jackson and a minimum contract center (ideally Bryant), the team is left with one roster spot to fill and nearly \$14,000,000 to shed to get below the tax level.

	2025-26	2026-27	2027-28
Tax Allocations	\$201,804,614	\$207,472,506	\$190,888,893
Tax Room	\$(13,909,214)	\$(787,566)	\$36,464,541
Apron Allocations	\$202,324,614	\$207,952,506	\$191,328,893
First Apron Space	\$(6,379,414)	\$7,587,214	\$45,764,799
Second Apron Space	\$5,499,486	\$20,654,004	\$60,138,268
Roster Spots to Fill	1	3	7

***Step 4: Trade Obi Toppin into Another Team's Non-Tax Mid-Level Exception***

With just under \$14 million to shed, the Pacers could explore moving Obi Toppin's \$14,000,000 salary via trade to another team's Non-Tax Mid-Level Exception. This move wouldn't necessarily save the team from the Tax by itself, but it would get the team quite close.

PACERS	HORNETS
2026 2 <sup>nd</sup> Round (more favorable of DEN/GSW)	Obi Toppin (\$14,000,000) via Non-Tax Mid-Level Exception
	2029 2 <sup>nd</sup> Round (via POR)
	2025 2 <sup>nd</sup> Round (IND)

There are a few potential suitors for Toppin, including the Hornets. The Hornets project to be an above the Cap team with approximately \$30 million to operate under the Tax Level. Given Charlotte's current stage of team building, they will likely look to use their Non-Tax Mid-Level Exception as a tool to gain additional assets. Admittedly, the draft capital included in the above framework is far from clearly fair value. Perhaps an additional second round pick would flow to Charlotte, perhaps merely a top-55 protected pick would flow back to Pacers. However, at a higher level, the Hornets may have interest in Toppin as a floor spacing four who runs the floor in transition. Toppin's archetype could be a nice complementary piece for their current core (Lamelo Ball & Brandon Miller) and his salary could be used for salary matching in trades down the line.

Following this move, the Pacers will be just below the Tax Level with two roster spots to fill.

	2025-26	2026-27	2027-28
Tax Allocations	\$187,804,614	\$192,472,506	\$174,863,893
Tax Room	\$90,786	\$14,212,434	\$52,489,541
Apron Allocations	\$187,804,614	\$192,472,506	\$174,863,893
First Apron Space	\$8,140,586	\$23,067,214	\$62,229,799
Second Apron Space	\$20,019,486	\$36,134,004	\$76,603,268
Roster Spots to Fill	2	4	8

#### ***Step 5: Trade TJ McConnell for Saddiq Bey***

With just \$90,786 to fill two roster spots, the Pacers will likely look to move additional salary. TJ McConnell's \$10,200,000 is probably the most likely candidate given his age and salary compared to other options. The Pacers targets in trading McConnell largely depend on how the team prefers to fill its two remaining roster spots. Options are generally more limited if the team is searching for two Veteran Minimum Exception contracts, and generally less limited if the team would fill the remaining spots with Second-Round Pick Exception contracts.

<b>TJ McCONNELL OUTGOING</b>	<b>TWO SECOND- ROUND PICK EXCEPTION CONTRACTS</b>	<b>TWO VETERAN MINIMUM EXCEPTION CONTRACTS</b>	<b>ONE OF EACH CONTRACT</b>
Maximum Incoming Salary to Stay Under Tax Level	\$7,745,049	\$5,698,238	\$6,721,644

One potential framework that fits is TJ McConnell for Saddiq Bey.

<b>PACERS</b>	<b>WIZARDS</b>
Saddiq Bey (\$6,118,644)	TJ McConnell (\$10,200,000)

The Wizards project to be an over the Cap and under the Apron Level team. Sending out Bey's salary could return up to \$12,487,288. McConnell would add to the Wizards' veteran presence among its young core and provide a larger salary for trade

matching purposes down the line (especially considering McConnell's partial guarantee in 2027-28 and 2028-29 club option).

In addition to the financial savings, the Pacers replace McConnell with a bench wing that replaces some of the lost depth from the Toppin trade. Bey is an off-ball wing and floor spacing threat, filling a similar role as Aaron Nesmith. This move would also likely give Andrew Nembhard some additional ball handling responsibilities.

Following this move, the Pacers could fill their final two roster spots with a veteran minimum and a second-round pick, or two second-round picks.

	2025-26	2026-27	2027-28
Tax Allocations	\$183,723,258	\$187,913,184	\$163,063,893
Tax Room	\$4,172,142	\$18,771,756	\$64,289,541
Apron Allocations	\$184,056,591	\$188,262,390	\$163,063,893
First Apron Space	\$11,888,609	\$27,277,330	\$74,029,799
Second Apron Space	\$23,767,509	\$40,344,120	\$88,403,268
Roster Spots to Fill	2	4	9

#### ***Step 6: Sign Two Second-Round Picks to Second-Round Pick Exception Contracts to Fill Roster***

While the Pacers could fill the final two roster spots with a veteran minimum contract and a second-round pick exception contract, it would be cutting quite close to the Tax Level.

	2025-26
Tax Allocations	\$187,292,400
Tax Room	\$603,000
Apron Allocations	\$187,625,733
First Apron Space	\$8,319,467
Second Apron Space	\$20,198,367

Instead, and considering the additional second round picks that the Pacers acquired in the draft pick trade in Step 1, filling the roster with two second round pick exceptions give the Pacers some more breathing room under the Tax Level.

	2025-26	2026-27	2027-28
Tax Allocations	\$186,268,995	\$192,215,018	\$168,115,695
Tax Room	\$1,626,405	\$14,469,922	\$59,237,739
Apron Allocations	\$186,602,328	\$192,695,018	\$168,115,695
First Apron Space	\$9,342,872	\$22,975,496	\$68,977,997
Second Apron Space	\$21,221,772	\$26,042,286	\$83,351,466
Roster Spots to Fill	0	2	7

***Step 7: Sign Bennedict Mathurin to Rookie Extension (4 year/\$91,840,000)***

The biggest question mark remaining after the first six steps is the Mathurin extension. The Toppin and McConnell trades cleared up financial room not only in 2025-26, but in 2026 and beyond as well. This, in turn, gives the Pacers a bit more flexibility in what they could offer in Mathurin extension talks.

Based on comparable past extensions, it is likely that Mathurin's extension will fall somewhere in the range of 4 years for around \$80 million and 4 years for around \$110 million (with year-one salary starting between around 10% and 15% of the Cap, respectively).

4 Years / \$91,840,000				
YEAR	AGE	CAP HIT	% OF SALARY CAP	% OF TAX LEVEL
2026-27	24	\$20,500,000	12.05%	9.92%
2027-28	25	\$22,140,000	11.83%	9.74%
2028-29	26	\$23,780,000	11.55%	9.51%
2029-30	27	\$25,420,000	11.23%	9.24%

Assuming an extension around the middle of this range, the Pacers project to have some future flexibility to remain under the Tax Level.

	2025-26	2026-27	2027-28
Tax Allocations	\$186,268,995	\$212,715,018	\$190,255,695
Tax Room	\$1,626,405	\$(6,030,078)	\$37,097,739
Apron Allocations	\$186,602,328	\$213,064,224	\$190,255,695
First Apron Space	\$9,342,872	\$2,475,496	\$46,837,997
Second Apron Space	\$21,221,772	\$15,542,286	\$61,211,466
Roster Spots to Fill	0	1	6

## II. END RESULT

### A. Roster

The net effect of the above steps is that the Pacers will be able to run back largely the same rotations as last year, but with Bey replacing Toppin and some combination of two-way players, a second-round pick, and increased ball handling responsibilities for Andrew Nembhard replacing TJ McConnell.

GUARDS	WINGS	BIGS
<b>Tyrese Haliburton</b> (On-Ball Guard)	<b>Pascal Siakam</b> (On-Ball Wing)	<b>Myles Turner</b> (Off-Ball Big)
<b>Andrew Nembhard</b> (On-Ball Guard)	<b>Bennedict Mathurin</b> (On-Ball Wing)	Isaiah Jackson (Off-Ball Big)
Quenton Jackson (TW) (On-Ball Guard)	Aaron Nesmith (Off-Ball Wing)	Thomas Bryant (Off-Ball Big)
RayJ Dennis (TW) (On-Ball Guard)	Ben Sheppard (Off-Ball Wing)	<b>Second-Round Pick</b>
<b>Second-Round Pick</b>	<b>Saddiq Bey</b> (Off-Ball Wing)	
	Jarace Walker (Off-Ball Wing)	
	Enrique Freeman (TW) (Off-Ball Wing)	
	Johnny Furphy (Off-Ball Wing)	

### B. Draft Capital

The highlighted picks in the below chart represent the team's gains in the above transactions.

YR	RD	PICK	PROTECTIONS/SWAP RIGHTS	CONVEYANCE
2026	1ST	IND	Protected 1-4	2027 1ST (Protected 1-4) if Not Conveyed
		OKC/HOU/LAC	Least Favorable of OKC/HOU/LAC (via WAS)	-
	2ND	DEN/GSW	More Favorable of DEN/GSW (via CHA)	-
2027	1ST	IND	Protected 1-4 (if not already settled)	2027 UTA 2ND + 2028 DAL 2ND to TOR if Not Conveyed
	2ND	UTA*	-	-
2028	1ST	IND	-	-
	2ND	DAL*	-	-
		IND/PHX	More Favorable of IND/PHX (other to NYK)	-
2029	1ST	IND	-	-
	2ND	IND/WAS	More Favorable of IND/WAS (then other to POR)	-
2030	1ST	IND	-	-
	2ND	IND	-	-
		SAC	Unprotected	-
2031	1ST	IND	-	-
	2ND	IND/MIA	MIA Swap Rights	-

### C. Three-Year Financial Outlook

The Pacers' three-year financial outlook following the above steps includes immediate breathing room under the Tax Level as well as future flexibility depending on how the next season or two play out.

Cap Hold  
Team Option  
Player Option  
Assumption

	Player	2025-26	2026-27	2027-28
	1 Tyrese Haliburton	\$ 45,550,512	\$ 48,924,624	\$ 52,298,736
	2 Pascal Siakam	\$ 45,550,512	\$ 48,924,624	\$ 52,298,736
	3 Myles Turner	\$ 30,156,126	\$ 32,568,616	\$ 34,981,106
	4 Andrew Nembhard	\$ 18,102,000	\$ 19,550,160	\$ 20,998,320
	5 Aaron Nesmith	\$ 11,000,000	\$ 11,000,000	\$ 20,900,000
	6 Bennedict Mathurin	\$ 9,187,573	\$ 20,500,000	\$ 22,140,000
	7 Jarace Walker	\$ 6,665,520	\$ 8,478,542	\$ 25,435,626
	8 Saddiq Bey	\$ 6,118,644	\$ 6,440,678	\$ 12,237,288
	9 Isaiah Jackson	\$ 4,350,000	\$ 4,698,000	\$ 8,926,200
	10 Ben Sheppard	\$ 2,790,720	\$ 5,031,669	\$ 15,095,007
	11 Thomas Bryant	\$ 2,296,274		
	12 Johnny Furphy	\$ 1,955,377	\$ 2,296,271	\$ 2,486,995
	13 Second Round Pick	\$ 1,272,868	\$ 2,150,917	\$ 2,525,901
	14 Second Round Pick	\$ 1,272,868	\$ 2,150,917	\$ 2,525,901
	15 [Open Roster Spot]	\$ -	\$ -	\$ -
Two-Way (1)	RayJ Dennis	\$ -	\$ -	\$ -
Two-Way (2)	Enrique Freeman	\$ -	\$ -	\$ -
Two-Way (3)	Quenton Jackson	\$ -	\$ -	\$ -
Team Salary		\$ 186,268,995	\$ 212,715,018	\$ 190,255,695
Luxury Tax Allocations		\$ 186,268,995	\$ 212,715,018	\$ 190,255,695
Luxury Tax Room		\$ 1,626,405	\$ (6,030,078)	\$ 37,097,739
Apron Allocations		\$ 186,602,328	\$ 213,064,224	\$ 190,255,695
First Apron Space		\$ 9,342,872	\$ 2,475,496	\$ 46,837,997
Second Apron Space		\$ 21,221,772	\$ 15,542,286	\$ 61,211,466
Cap Space		\$ (33,670,686)	\$ (44,856,879)	\$ (88,505,682)

### **III. BEYOND 2025**

Beyond this offseason, the largest remaining considerations are (1) pathways below the Tax Level in 2026-27 and (2) the 2027 offseason.

Getting below the Tax Level in 2026-27 will likely look similar to the steps above, but on a relatively smaller scale. The team will need to shed around \$6 million while also filling an additional roster spot. This will necessitate some further consolidation of the roster but is certainly possible to get below the Tax Level again next season while keeping the main core of the team together.

The 2027 offseason is uncertain by design. The Pacers still have a core of Haliburton, Siakam, Turner, Nembhard, and Mathurin under contract. The rest is up for decision. If the team wants to keep that group together it has \$37 million to fill out the roster under the Tax Level (not a ton of room, but not nothing). If the team wants to go in another direction, Siakam and Turner are expiring contracts that will likely net a decent return via trade. In short, the Pacers would have some options depending on the desired direction of the team and performance over the 2025-26 and 2026-27 seasons.