



*HOW TO
MANAGE YOUR
MONEY NOW
YOU'RE SELF-
EMPLOYED*



It's all up to you now!

You must pay your bills, save for taxes and retirement, and keep your business profitable.



Disclaimer: I am not a financial professional!

I am just sharing what has worked for me, and suggesting things for you to look into - please consider talking to an accountant or financial advisor.

Seek Professional Advice




- I recommend talking to a small business accountant.
- They can help you set up the best business structure and advise you on how to manage your money.
- Even if you're not working with them long-term, they can do a one-off consult.
- I did this at the beginning, and it was well worth the small cost!

Separate your personal and business finances.

- Have your business and personal finances separate.
- Set up a separate bank account/paypal/stripe etc. for your business.
- I actually have my business and personal accounts in two separate banks! Makes it very easy to keep everything straight.
- This enables you to set up automatic payments, and it makes it very clear what money is the businesses, and what is yours.

Set a Budget & Plan Debt Payments

- Set up a plan to pay down any debts you have.
- Then, put together a budget - both for your personal and business finances.
- Know what you are spending in your business every week, month, and year.
- Same for personal bills.
- *If this seems a bit overwhelming for personal finances, I'll talk about a different approach later in the workshop.*



Pay your bills on
time - not early
and not late!

- Make sure you aren't late paying your bills, you don't want to pay fees!
- Also, try not to pay too early - you want to keep your money in your account for as long as possible.

Diversify your Revenue Streams

- If you can, protect yourself from ‘all eggs in one basket’ syndrome and diversify your revenue streams.
- Maybe you sell online in multiple places.
- Markets, shows, wholesale, consignment.
- Teach classes - online or in person.
- Start a YouTube channel!
- There are many options - consider how you can diversify to protect yourself.

Do your Bookkeeping Regularly



- **Do NOT neglect this.**
- Start with a simple spreadsheet, or use software like Wave, Xero, MYOB - there are many options out there.
- Do your bookkeeping NO LESS than once a month - fortnightly or weekly is better.
- If you don't look at this regularly, it's not only a nightmare come tax time - but more importantly - you don't know how your business is going!
- A switched-on business owner knows what's happening with their income and outgoings.

Keep your Overheads Low



- Try to keep costs down as much as possible.
- It's tempting to buy all the shiny things (materials, tech, etc.) but resist the urge to buy stuff you don't actually need.
- What gives you value - the best return on investment?
- Staying lean means you have more money in the bank, and can grow more sustainably without incurring debt.

Save for Taxes



- You MUST set aside savings for your taxes if you don't have an employer doing so for you anymore.
- Look into the tax rates in your country - estimate what tax bracket you will be in, and put away that percentage of your income for tax time.
- Don't be caught short at tax time!

Save for Retirement



- You must set aside money for retirement (if you're not already there).
- In Australia we have Superannuation - where your employer is legally required to put a % of your income aside into a retirement fund.
- If you're self-employed, you have to pay your own Super!
- I made the mistake of not doing this for a few of my early years in business and regret it now. Pay money into your retirement account from the beginning, even if it's just a little!

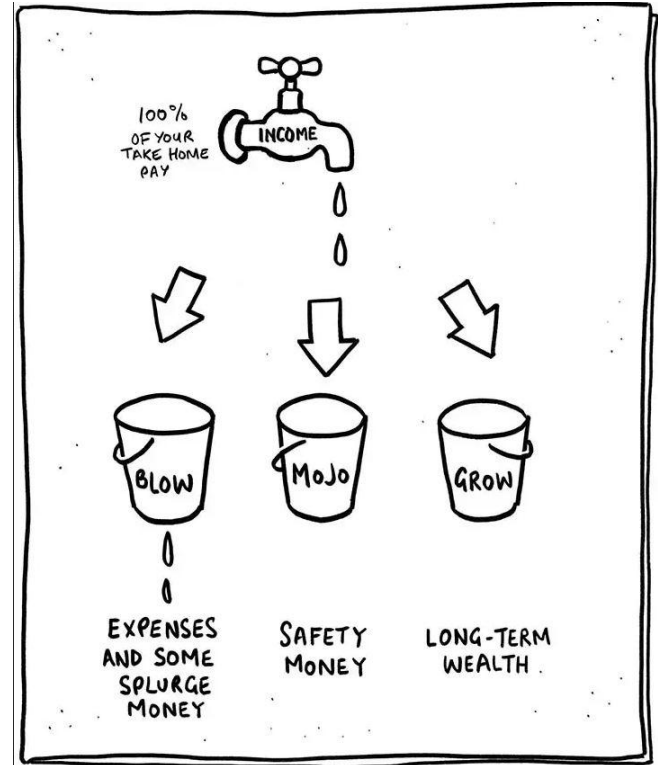
Set Up an Emergency Fund

- Ideally, you would do this BEFORE quitting your job.
- Have 3-6 months of living expenses saved so you have a cushion for the start of your business.
- In a perfect world, you started your business on the side and made sure it was going to be profitable before quitting work.
- You should always have this fund, no matter what, so don't see this money as money to spend once you are making a living from your business.

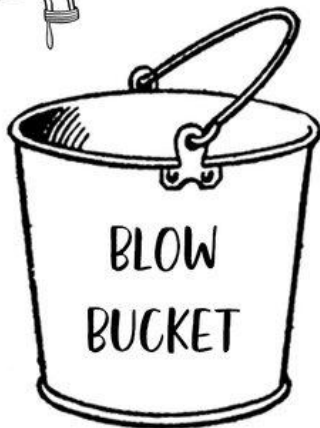
Barefoot Investor Money Management System

- Scott Pape - Barefoot Investor money management system.
- 60% of income goes to expenses
- 20% of income goes to savings
- 20% of income goes to wants
- Designed for people with a job, but can be altered for those who are self-employed by tweaking a few things.
- For us, the following is AFTER TAXES & SUPER (Retirement Fund) have been put aside.

Barefoot Investor Money Management System



100% TAKE HOME PAY



DAILY EXPENSES
60%



SPLURGE
10%



SMILE
10%



FIRE EXTINGUISHER
20%

Profit First!

- Another approach: Mike Michalowicz - Profit First.
- This may be easier if you have erratic income.

“He recommends setting up five different accounts:

- Main income
- Profits
- Owner’s salary
- Taxes
- Operating expenses

When the company makes money it goes straight into the main income account. From there, you can transfer it as you need into the other accounts, beginning with the one for profit.”

(<https://fourminutebooks.com/profit-first-summary/>)

Another good book summary:

<https://jamesclear.com/book-summaries/profit-first>



2 Minute Activity

- **What is ONE thing you are going to do right after this workshop to improve your money management situation?**
- Schedule a time in the not-too-distant future look at your finances and make some plans towards better money management.
- Good luck!

Further Resources

- [Barefoot Investor](#)
- [Profit First](#)
- [My video on how I allocate my money](#)