

# Money Management and Living on a Budget for Freelancers

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This not going to be an ebook in which I tell you to stop buying lattes at Starbucks (though I will talk about what I do instead) or to stop eating avocado toast. Nor am I going to magically fix your budget with a few suggestions—I wish I could, especially in these times when so many people face budget strain, freelancers not least. But over the past months and years, as I've advised beginning freelancers, I've identified numerous tips I wish I'd taken sooner, and which seemed new to my friends. So I'm sharing them here in case they're new to you.

*Disclaimers:* I am not a financial advisor or a tax advisor, and definitely not yours. Instead, this ebook is to be read as a financial autobiography, describing some of what I do in my own life and which you may (or may not) find it useful to do in yours. By reading onward, you acknowledge that I am not liable for any losses or damages you might somehow incur by trying out the ideas (not rules or promises) offered herein. Additionally, some of the links included here are referral links, so if you join certain websites I might earn money or reward points (in some cases, so will you; in most cases, you do not need to make a purchase or spend money for me to earn the referral fees). These have not influenced my overall recommendation of websites or products; I used all of them and recommended them to others before becoming aware of their referral options.

Also, I want to share up front a relevant read from the weeks I wrote these posts: Kickstarter's Happening newsletter included a link to [The Creative Independent's Guide for Financial Survival During the COVID Crisis](#). It's by a financial planner who offers in-depth advice based on different scenarios you might be facing at this time, along with some info about when and if to expect the \$1200 stimulus check. Some of the tips I'm taking to heart: don't panic and sell off your investments just as they're losing money, but *do* find ways to lower your expenses.

On to this ebook: We'll take a stroll through my budget, not discussing exact numbers, but sharing my tips for maximizing what you get both in what you earn and for what you spend or give.

I manage my budget on [Mint.com](#), a free website from Intuit, which makes money by referring financial services (I find these referral ads unobtrusive and fairly easy to ignore or turn off, well worth the usefulness of Mint). But whatever sort of system works for you—software, spreadsheet, pen 'n paper—is good.

## Chapter One: Income

I have four main classes of income that seem applicable to most freelancers.

First, the biggest and most important source: my copyediting fees. I bill both by the word and by hour. Over time, I've come to prefer the hourly method in most cases. I've determined both a reasonable hourly rate and a reasonable number of hours to bill per day so that I'm earning enough for my financial goals, but not overworking myself (which would dull my eagle eye and insightful suggestions!). When scheduling work, I've also tried to protect my evenings and part of my weekends so that I have time for rest, errands, and/or socialization. Some entrepreneurs brag about pulling 80-hour weeks. I won't say you'll never have to do that (though I don't think it's physically possible to *edit* for 80 hours in 7 days), but you don't need to, and really shouldn't, make it your normal.

- A thing to be aware of with receiving freelancing payments: aside from income taxes (discussed later), you'll watch a surprising amount of your earnings go to transaction fees. Fiverr and Upwork offer great structures for finding clients and managing contracts, but take 20% of the transaction as a fee. Even PayPal swallows a chunk. I've started to prefer invoicing through Google Pay, which offers direct deposit to a bank account. Good old-fashioned checks are also useful, but do look up the rules for when 1099 statements start needing to be issued (electronic payment 1099-Ks have a higher threshold).
- A tip someone once gave me, which I'll pass on to other freelancers, is "Raise your rates and you'll immediately eliminate most problem clients." Clients who are a bit broke or cash-strapped aren't a problem; entitled and penny-pinching ones certainly can be, though. You are trading them hours of your life and skills you've worked hard to cultivate. Ensure respect goes both ways in the relationship—and if nothing else, this respect can be expressed financially. As you gain a track record of success, remember to give yourself a raise (while leaving room to negotiate options for golden-but-broke clients!).
- Meanwhile, however, when you're just starting out, it can be good strategy to "overdeliver" on the first few projects—partially because you're ascending a learning curve and aren't as efficient as you will become, and partially because good reviews and testimonials are worth an extra hour or two of unbilled work, especially when you're building your track record. The corollary isn't that you're "underdelivering" on the rest of your career, but rather than you're finding a healthier work-life balance and opportunities for more efficiency, smoother workflow, and more well-managed project scope. But rewarding the first clients who take a chance on you can be good for everyone.

- While starting out, you should assume you will not be earning enough to cover living expenses for the first few months (or longer). This can mean doing one of the following:
  - Live with your family or parents 'til you save enough to strike out on your own (thanks, Mom!
  - Continue working an outside job at least part-time to supplement your freelance earnings
  - Have a partner with a steady income, and mix your freelancing with “house spouse” duties
  - Work your day job while building up a savings cushion to supplement your initial freelance earnings (I’m going to talk a lot about the value of savings cushions at every point in your freelance career, actually)

A second source of income is interest accrued on savings accounts. Interest rates aren’t high these days, but you can find credit unions or online banks with better offerings than most (I’m currently switching from a [CD ladder](#) at my credit union to an online account with [Ally](#)). Because of the feast-or-famine nature of freelancing, a savings account balance is vital, and you might as well earn a dollar or two a month on it. And sometimes well more than a dollar—I’ve had years where my 1099-INT income was in the three figures.

Third, there’s passive freelancing income: in my case, [book royalties](#). I’ve set up my Kindle Direct Publishing and Draft2Digital accounts so that these are deposited straight into my savings account, and since the earnings month-to-month are unpredictable, I don’t budget for them: anything earned here is a “bonus.” Again, it’s not much—at best a little higher than my interest earnings—but it’s money I don’t need to work & bill additional hours for each month. It’s also money I could continue earning if I break my arm and can’t sit at a laptop typing editing notes for a few months, which, I’ll be frank, is a real concern for me.

Fourth, there are less predictable sources of “bonus” income, some of which I can earn in my downtime.

- I’m a member of [MyPoints](#), where I earn points for filling out surveys, printing & using coupons (more on coupons in my next post), signing up for a subscription or buying something from an online store (only if I’d planned to buy it anyway), and sometimes just from clicking a link in a MyPoints email (these clicks add up slowly but steadily!). MyPoints points can be cashed out for gift certificates or for cash through PayPal. The link I’ve share at the beginning of this bullet point is an affiliate link, which means if you sign up through it, there’s a chance that we’ll both earn some bonus points. For example, MyPoints’ offer in May 2020 is that if

you sign up and earn 500 points by the end of the month, we'll each receive another 750 bonus points.

- I'm also a member of the [Life, Fun, & Everything](#) panel (I fill out a monthly survey on my video-watching and book-buying habits for \$2), the [Esearch](#) panel (all sorts of survey and study opportunities), and an email group for a local market research firm which sometimes offers invitations for in-person or Zoom focus groups paying \$50-\$100 for a morning or afternoon's work.
- Additionally, [Amazon Mturk](#) hires workers for "HITS," microtasks that need human input, which can include transcription and surveys. The pay per HIT is low, but gets better as you continue working on the site and earn a higher rating and qualifications. If you enjoy taking part in demographic and psychological studies during your downtime, it's not a bad way to earn a few bucks a day. I once did an Mturk study where I got to make up stories about cartoon robots.
- If the above sound interesting, you might be interested in the [Reddit beermoney community](#), which has a list of common websites and seems good at vetting scammy or unreliable ones. As the subreddit title implies, this isn't going to be your primary income, but it can be useful extra earnings, especially from your free time (a friend of mine who does voice acting and narration uses Mturk when they're not up for talking, like early in the morning or after lunch, and for a while was earning about \$90/month).
- I also class as "bonus" income anything I earn selling used books on Amazon (it's something, but shipping can swallow a lot of this; thank god and the post office for [Media Mail rates](#)), gently worn clothing and jewelry through [Poshmark](#), affiliate earnings through my [Amazon](#) and [Bookshop.org](#) links, and upfront payments from sales of short fiction. None of it's predictable money, but they're all extra dollars in my savings account. [Here's a guide I wrote for setting up a Bookshop.org store.](#)

My "expenses" budget is more-or-less equal to my copyediting income (ideally, copyediting income should significantly exceed expenses, but I have my reasons for budgeting a bit high on expenses, as I'll discuss toward the end of this book). Interest earnings help me reach my savings goals—a dollar in my savings account is a dollar in my savings, whether I put it there from my earnings or it accumulated via interest. Passive & bonus income is intended to help with savings, but in a leaner month they might go to covering expenses. And in especially dire months, I can withdraw from savings to cover my expenses.

My next chapter will discuss ways I keep my expenses lower.

## Chapter Two: Expenses

Again, I'm not going to tell you not to buy Starbucks (but I will explain how I don't). And if you've been penny-pinching for years, this might not all be new to you, or feasible for you. But a number of these tips and habits have sounded new to people, especially fellow freelancers, who I've shared them with—so I want to spread the word about them. My initial inspiration for this blog series struck after I read [The \\$1,000 Challenge](#) and realized I was already executing most of its tips that applied to me (it's still a highly entertaining and pretty informative read, and you may want to check it out if you want more info).

Mint classifies expense categories in alphabetical order, so that's more or less how I'll run through them.

### **Auto and transport:**

It certainly helps that I don't commute. I drive a Toyota Corolla and I love her—though she's 16 years old, her maintenance needs are low. That's partially because she's a Toyota, but helped by the fact that I don't drive a lot. I once got turned away from an oil change because I hadn't gone enough miles since the last one.

And her gas efficiency is good, about 30 mpg. I look forward to the days when used Priuses go up for sale—I rode in a friend's and watched her mpg climb up with regenerative braking—but I'm not in a rush to get rid of my current vehicle, no matter how many offers dealerships make me to sell her (and there have been a few).

- Since my Corolla doesn't have regenerative braking, but does have brake pads that I've had to replace on frighteningly short notice (“The trip you're leaving on tomorrow is *how* far?” the young man at the Toyota repair bay asked, going pale), I've learned to drive in a way that doesn't require lots of sharp braking. By which I mean, go the speed limit and leave a good following distance, you maniacs.
- A fellow cheapskate online described a “game” they played which I've picked up: every time the car in front of you needs to brake, but you have enough following distance that you don't have to, you win a point. Your points reset to zero when you have to hit the brake. That said, don't play this game if you're going to be so competitive that it keeps you from braking when you really need to. Buying a new car, going through a hospitalization, being sued, and/or planning a funeral are all much more expensive than gas.
- To say nothing of what an accident might do to your insurance. Be a responsible driver, however, and you might get some deals.

- Speaking of gas costs, a Costco membership is worth it just for the fact that their gas is significantly cheaper (often 6-10 cents a gallon, by my estimate) than surrounding stations, plus with their credit card you earn 4% cashback on fuel purchases.

## **Bills and Utilities**

- My water bill is paid by my landlord, though because my hometown is having a water crisis—the rainwater that used to recharge our aquifer now lands on concrete—I [turn off the tap when brushing my teeth](#) and all that for ethical rather than financial reasons.
- I had a pretty nice, simple and inexpensive cell phone plan from Virgin Mobile, which switched to [Boost Mobile](#)—corporate takeover?—and actually became \$2/month cheaper. So I can't complain there. When my internet usage goes over a certain amount per month, it becomes slower, but they don't otherwise penalize me. And talk & text are both unlimited.
- For managing my internet bill, I found a beautiful solution for a time-strapped person who hates waiting on hold and isn't great at negotiating with massive corporations: [BillFixers](#). They were able to negotiate a \$20/month discount on my internet contract, which we then split 50/50—so I pay BillFixers \$10/month and save \$10/month for the next year. To be honest, the time and stress they saved me is well worth the \$120. I'd have no guarantee of getting the \$120 that's left to me if I relied on my own willingness to call up and negotiate with my provider anyway. You only pay BillFixers if you agree to the discount or new contract they negotiate for you, so you'll always come out ahead on money as well as time.
- BillFixers can also negotiate bills for cable, phone plans, and more. There are also a few other such services, including some that negotiate down healthcare expenses. I can only speak to my experience with BillFixers, which was simple and satisfying—uploaded my bill, saved \$10/month. Do your research until you feel comfortable choosing a company. (For full disclosure, the links I've shared to BillFixers are referrals, and I'm rewarded if you upload a bill to the service.)
- My other major bill/utility expense is energy. And as you might have guessed, I care about the environment, I want to use as little as possible—plus, if possible, use renewable sources. My utility, WeEnergies (best pronounced “weinergies”) offers a plan where they say they'll use more renewables to power your home or apartment...and [then charge more for it](#), more or less because they can. My alternative: I signed on with [Arcadia Power](#). Their 50% wind energy plan is free—I pay what I ordinarily pay WeEnergies for my electric bill, but to Arcadia, who matches 50% of my usage with wind energy credits. By my math, even Arcadia's 100% wind plan would be less expensive than WeEnergies for the same amount,

should I choose to upgrade. And I actually earn some credit card rewards because Arcadia, unlike my utility, allows you to pay via credit card (more on card rewards in Chapter 3. Short version: earn them!)

- Arcadia also offers a solar panel program, where you can buy a share of solar energy from an existing installation rather than installing your own: to say the least, this is helpful when you don't own your roof, or when your home isn't well situated for solar energy. For your upfront payment, you get a share in a solar farm that knocks off a certain dollar amount from your monthly energy bill. I'm considering doing this when I'm ready for the longer-term commitment.
- Depending on your location, [Arcadia](#) may be able to offer other services that help save energy and lower your bills. It depends on local legislation. I'm envious of people who are able to, for instance, take advantage of off-peak-hour billing with their SmartRate offering.
- Overall, Arcadia is an example of making sure I get more value for what I pay: getting my electricity while being a little kinder to the environment. (My links to their site are referral links; if, for instance, you sign up for their free 50% wind plan, I might get \$5 discounted off my month's electric bill.)
- But, for all I make fun of WeEnergies' name, they are a partner in [Focus on Energy](#), which means they offer [free efficiency kits](#) to households with items like high-efficiency lightbulbs, low-flow faucet heads, and pipe insulation, along with [discounts on similar items in their marketplace](#). I highly suggest everyone, freelancer or not, check out their eligibility for this or similar programs in their area. It's good for your bills and the environment.
- Other [tips from Arcadia's website](#): use smart power strips, and cultivate a bit more heat & cold tolerance. Apparently, for every degree you set back your thermostat, you can save up to 6% of your energy bill. I really don't like the cold, but I have enough warm blankets that I can turn the heat a few degrees down at night and sleep through my savings.

### **Business expenses:**

Remember to keep records and receipts for these so you can subtract them from your gross (and even grosser, taxable ;P—though I am not a tax lawyer or accountant!) self-employment income:

- For writers, these can include professional services such as book formatting, cover art, and copyediting services (just saying), as well as web design. Don't be stingy in hiring outside your expertise, but also do your research—some companies that offer self-publishing or online marketing services seem to do so at rather inflated

rates (and I suspect the freelancers who do the actual work don't get a large cut of them). There are also some things I've chosen not to pay for: for instance, I'd rather rely on word-of-mouth advertising than spend money trying to figure out Facebook or Google Ads.

- Just because you're hiring an expert to do something (and often you should), doesn't mean you don't need to also know some basic best practices and terminology. You'll be better able to select a freelancer who meets your needs when you understand the kind of work they're doing. You'll also often save on hours billed when you're able to put some of your own work in: as an example from my experience, authors who punctuate dialogue correctly and proofread to avoid repetition in their writing often receive smaller bills from me because I work fewer hours on their manuscripts. They're happy, and I'm also happy because instead of developing wrist strain by replacing periods with commas, I'm able to use my editorial insight to strengthen their storytelling in other ways.
- Classes, conventions, and travel expenses can also be tax-deductible, and there may be ways to find savings here: for instance, if you participate as a panelist or volunteer at a convention, you may receive a discount on your ticket.
- For my business, I invested in a beautiful (and knock-a-burglar-out substantial) copy of *The Chicago Manual of Style*...only for a new edition to come out just a year or so later. Remember to budget for periodic updates to your materials.
- Another environment and wallet-friendly tip, and a plug for what must be my favorite wholesaler: Costco's photo centers offer [refills of printer ink cartridges](#), which can be significantly cheaper than buying a new cartridge (plus it keeps the plastic out of the landfill). Sadly, this service is getting harder to find as more stores are closing their photo centers, but it's something to be aware of and take advantage of if you can.
  - If you're not a Costco member yet, you might see if you've got a friend who's already a member and [can refer you in person](#)—when I helped one friend sign up, we both got \$10 Costco gift cards.
  - In addition to Costco, [several other stores offer ink cartridge refill services](#).
- Additional business supplies for me include stationary and address labels, along with pens. You can pick up a surprising amount of pens for free as part of attending trade shows and fundraisers. As for address labels, stickers, and to-do lists, I get them through a perhaps surprising source—my charitable giving (see “Gifts and charitable causes” for details).

## Food & groceries:

- I use coupons for both grocery shopping and restaurants. Of course, when eating out, tip based on the bill before the coupon is subtracted (and tips in cash are good).
- My food bills skyrocketed when my partner and I started dating around this time last year, though they've settled down now that we're so in love we're content with gourmet frozen pizzas (Cedar Teeth are quite good!) and each other's company. Plus the whole pandemic thing.
- I treat most restaurant dining as the purchase of at least two meals: leftovers also mean I don't need to spend time cooking the next day, win/win! If you're inclined, go ahead and take the napkins, oyster crackers, or butter packets if your waitstaff brought them to you with your meal; otherwise they have to throw them out anyway, at least so a waitress once told me. But don't snatch all the creamer, jam, and sugar packets set out on the table, that's just cheap.
- Back to the coupons: So, my sister used to work in a grocery store and has horror stories about people her co-workers dubbed "the coupon crazies". Apparently I'm not truly crazy, because I only just learned what "stacking" coupons means—using a store coupon and a manufacturer coupon at once, with each taking an amount off. But I'm crazy enough to find that *nifty*.
- Most conductively to not receiving unpleasant nicknames, I don't harangue the cashier if one of my coupons has expired. In my experience they're happy to make sure each coupon is applied appropriately when it's valid. And I've saved as much as \$40 in one shopping trip through coupons.
- I usually gather coupons throughout the month and then go shopping about a week to three days before the earliest ones expire. I use the coupons as a shopping list, and if I have something I need that lacks a coupon, I try to buy store brand.
  - Note: sometimes store brand is cheaper anyway, even with coupons. For quick comparisons between brands, check if there's a per-unit price included on the label near your desired item on the shelf.
  - If shopping without coupons entirely, I try to favor inexpensive stores like Aldi's or Trader Joe's, or bulk purchases like at Costco.
- I shop after I've eaten to limit impulse purchases (shopping alone helps with this too—something about having another person along makes the activity more social and thus, for me, more impulsive).
- My diet is somewhat low-protein, though I use lots of canned tuna and chicken, get frozen fish and ground hamburger inexpensively from Aldi's, and have

made [some delicious bean soups](#) from mixes. Because I only grocery shop once a month, I tend to eat canned or frozen veggies when the farmer's market isn't running (I also get veggie pasta as a harmless way to inject more vitamins). Part of keeping my food budget is being realistic: sure, it'd be *nice* to eat those two pounds of mixed greens, but I know I'm not going to because salads feel like so much chewing for so little reward, so I shouldn't buy them.

- When I go out, bringing bottled water or juice, or a thermos of coffee, along with me can avoid needing to purchase something additional (like those Starbucks lattes).
- Also, alcohol is expensive. To each their own, but I've found it's not worth the money to me except for rare social occasions.

*Coupon sources:* some addresses still get mailers full of coupons; my apartment does occasionally, and my mom gets tons with her newspaper subscription, which she generously lets me clip when she's not using them herself. [MyPoints](#), which I mentioned in my previous chapter as a way to earn extra money, has an entire Coupons section and rewards you with points when you use them. I'm also a rewards member at CVS, who both mails me coupons and sends them to their app on my phone. Sometimes these coupons can be for as much as 20%-30% off my entire purchase, which signals a time to stock up on things like shampoo, makeup, and first aid supplies.

Other shopping:

- My indulgences include nicely scented soaps, body sprays, and lotions, which my family often buys at craft fairs and gives me for Christmas and birthday gifts. I've also picked up some nice stuff inexpensively at T.J. Maxx. Whenever I stay at a hotel, yes, I take the tiny shampoo bottles (after all, I've already opened them). I also use one of [those handmade soap saver washcloth bags](#) to get the most out of even the slivers.
- For clothing, I get a mix of inexpensive items at T.J. Maxx or St Vincent de Paul stores (I enjoy not only the savings but the scavenger hunt aspect—though it can certainly get exhausting to find nothing that fits), and high-quality pieces that fit my goals for ethical purchases, such as [Mata Traders Fair Trade dresses](#). I don't care about being on the cutting edge of fashion, so I can keep wearing the same comfortable wardrobe for years.
- For food, clothing, or anything else, I try to follow the “30-day rule” with my shopping list: I put something on the list, then wait a few weeks to a few months before actually buying it, unless it's a truly urgent purchase (I try to keep a stock of most “emergency” items, including extra toilet paper, cleaning supplies, tools,

batteries, and Pepto-Bismol). This cuts down impulse purchasing, and also gives me more chances to find coupons or sales on the item.

- Books are, of course, a significant part of my budget :D. And as an author, I definitely believe in buying lots of books! That said, hardcovers are expensive—purchasing ebooks can be a way to save some money, while not necessarily earning the author any less in royalties (some authors earn *more* on an ebook sale than a print book).
  - If you *really* want to support an indie author, consider buying their books directly from their or their publisher’s website, Gumroad, or Smashwords, which can offer higher royalty rates than Amazon’s 35%-70% (if the ebook costs less than \$2.99, most other retailers will pay the author more than Amazon’s paltry 35% on that price point).
- However, I read more than 150 books a year. I think I buy more books than the average person reads in a year, but I simply can’t buy everything I want to read. So libraries are saving my life.
  - Incidentally, if you want to read a book, can’t afford to purchase it, and your library doesn’t yet have it, remember that you can usually find instructions on your libraries website for how to request that they stock the title. You get the book, and the author not only gets a book sale but the chance at reaching a lot of other readers.
- The library is my primary source of entertainment: print books, ebooks, CD books to listen to in my car, DVDs. Most of my down time is spent reading—or, when I need to do something that doesn’t involve words, playing free games on my phone (Candy Crush level 600 and counting) or walking outside when the weather allows it (my area has a number of nice parks and a fairly pedestrian-friendly downtown). That’s right: no Netflix subscription. Okay, I can borrow my sister’s login if there’s something I desperately need to watch. I’m also a fan of *Star Trek: Discovery*, so I subscribe to CBS All Access for the two months or so that new episodes are coming out, then pause my subscription until the next season releases.
- Books I can’t find at my library, especially books that are out of print, get put on my wishlist to buy when I have extra funds for them, or for my friends and family to buy me for Christmas or birthdays.
  - I currently have this wishlist on Amazon, but I’m working on moving it to [Bookshop.org](http://Bookshop.org) instead. Bookshop.org is meant to be an ethical alternative to Amazon that, among other things, supports indie

bookstores. Part of managing my expenses means maximizing what I get for what I pay, and that includes supporting causes I believe in—like a more diverse, healthier bookselling ecosystem.

Lastly, the other hand of shopping is saving: I replace items carefully, and often hold on to the older version as a backup. This cuts down on emergency purchases, for one thing! So I was able to lend an old laptop for doing presentations at the first Sustainability Fair, I had a backup charger cord when I left my primary one at a friend's house, and I have a very very old iPhone that I'm currently using as a camera (since my primary phone's storage card is full of silly pictures I send my family and haven't the heart to delete).

I also clean out plastic and glass bottles or other containers when I can reuse them. Argo iced teas come in beautiful, sturdy glass bottles—I'm currently using one to store loose-leaf tea. Ice Mountain sparkling water came in such a wonderfully lightweight plastic bottle that I'm keeping it for when I need to carry water with me on hot days (I also have a sports water bottle, but compared to the thinner plastic, it's extra weight!). Some restaurants have started using microwaveable plastic containers for takeout that I can get at least a few more uses out of (and so I don't have to buy more storage containers). And so on. You'll want to do a sweep of your house every so often to ensure you don't start resembling a hoarder situation, but I find it's often worth hanging on to a (clean) item for up to 12 months to see if a use for it emerges.

### **Gifts, charitable giving, and causes:**

I have a number of causes I believe in and want to do the most good for. It's important to me that the charities I support are high-impact and efficient. There are a few ways I categorize that:

- First, there are organizations that allow me to support a cause while more or less doing "business as usual". [Arcadia energy](#) counts as one on the environmental side. And I'm a Fair Trade shopper, getting items such as Women's Bean Project soups, Mata Traders dresses, AlterEco chocolate, Equal Exchange coffee, and [Franciscan Peacekeepers](#) lotions at [Plowshare Fair Trade Marketplace](#) here in Waukesha. "Fair Trade" products must meet certain standards for living wages, safe working conditions, and sustainable environmental impact. For example, Fair Trade art and household items are sometimes made of recycled or "upcycled" materials, which is super cool.
- I support causes through organizations I believe are run in a sustainable, informed way, especially ones that operate based on the priorities of the communities they serve, and with leadership from those communities. These include [Engage Globally](#) and [Roots of Development](#). I've also been an [ACLU](#) member since 2016.

- The third set of causes I support are high-impact because they're addressing very large concerns in a systematic way. [GiveDirectly](#) has an efficiency rate that's hard to beat, in that about 96% of my donation to them goes straight as a cash transfer to people in extreme poverty, who know best what they need to use that money on (according to GiveDirectly's research, often it's for upgrading to a metal roof, buying more and better-tasting food, and sending their children to school). I also admire GiveDirectly's research, and my monthly donation currently contributes to their ongoing study into a basic income program.
- I support the [Nature Conservancy](#) because 86% of donations go to preserving vulnerable and vital habitats. Lastly, microloans through [Kiva](#) are a sustainable way to help support entrepreneurs (including women and "green" entrepreneurs) around the world by helping them access financing. Once a Kiva loan is repaid (without interest to me, though Kiva's microfinance field partners do charge interest to cover their own operating costs), I'm able to relend the funds to a different entrepreneur. Over the years, an initial \$200 donation to Kiva has grown to something like \$1500 in loans.

As I mentioned, charitable giving is the source of a lot of my stationary! I think this is thanks (and I mean that with some sincerity) to the Nature Conservancy and ACLU donations—GiveDirectly certainly doesn't bother with this kind of fundraising—but I get regular appeals from a wide variety of charities, and these often involve "free gifts". While I can't always respond to the fundraising appeal, the paper is already printed (and accounted for in the organization's fundraising budget) so frankly I don't feel guilty for using it (I have a friend who does; instead of using them, she donates notepads and stationary to St Vincent de Paul). Thus I have a wide variety of notepads, address labels, greeting and Christmas cards, and even stickers, as a side effect of my giving.

I should note that some charities are partners with [MyPoints](#), meaning you can earn points for your donation to them. It's worth checking if your own favorite charity has a MyPoints offer available. This is especially likely when you're making a recurring donation, which is something I prioritize in my giving, even when this means supporting just a few organizations with a smaller donation per month. These recurring donations mean reliable income charities can more incorporate into their budgets. And speaking of budgeting, when I'm given the opportunity to select what area my donation goes to, I choose "wherever there's most need" or "unrestricted". From my experience on the boards of nonprofits, I realize administrative tasks like staff wages, insurance, and printing are vital to the success of an organization, but grants and donors rarely want to fund them. Because I'm already giving to organizations I trust to work efficiently and with guidance from their constituents, I'm hardly going to begrudge my donation going to pay their office rent or the salary for a field officer. They know best how to use my donation.

By serving on the boards of nonprofits, I also donate time. Currently I serve as a co-president of [Plowshare Fair Trade and Education for Peace](#) and as treasurer for the [Waukesha County Green Team](#). This helps me act on behalf of causes that are important to me in my own hometown, provides a bit of socialization that working from home as a freelancer doesn't, offers opportunities to learn new skills, and keeps me connected with the wider community.

Lastly, I fund a few creators on Patreon. I put this under my "gifts and charitable giving" line in Mint, though it's at least as much for my own fun and entertainment (and hey, maybe it keeps me from always running over on "Books").

### **Health insurance and healthcare:**

If you're a non-American freelancer, feel free to skip this section.

I'll be frank: the ACA marketplace is what makes freelancing possible. At least for me, and I have several advantages in that I'm young and healthy.

Your choice of health insurance is limited by what's offered in your state marketplace, but I can speak highly of my experience with Common Ground, a cooperative insurer rather than a for-profit one (if Common Ground isn't available to you, consider cooperatives in your own state). I'm satisfied with their selection of healthcare providers, my premiums, and especially with [the rebates I received when their actual costs were lower than projected in 2018!](#) I'm not counting on that happening every year, but any health insurance provider who pays me money *back* is a choice I feel happy with.

My current plan is high-deductible (again, I'm young and healthy, and I also have emergency savings that could cover that deductible), and this along with other arcana make me eligible for an [HSA, a Health Savings account](#). I got one through my local credit union. The (untaxed!) interest I earn on my balance is high enough that I'm actually treating this as an investment/longer-term savings, and pay for my medical expenses from my checking account instead—generally by using a credit card and earning the 1-2% cashback rewards, which add up fast when you're covering American healthcare costs.

For over-the-counter medications and supplies, I go to CVS, where I'm a member of their rewards club (with its "25% off your entire purchase" coupon mailings). Walgreens and other pharmacies also offer membership clubs for discounts that are definitely worth your time. A coupon offer or sale alert is my cue to stock up on products for cleaning, hygiene, and basic first aid like Band-Aids, painkillers, Pepto-Bismol, and decongestants. All the stuff that I want to be able to stumble to my bathroom and administer in the middle of the night rather than having to go shopping right when I need it.

Healthy habits are also important: I aim to eat a balanced diet (having red meat as an occasional treat rather than a staple is good for both my body and my budget) and get regular exercise. I'm lucky to be in a downtown area that's very walkable and has several

parks close by. For a while, until my instructor moved, I took tai chi classes through the Waukesha Rec Center, where they were extremely affordable—about \$40 for six hour-long weekly classes. Your own local parks & rec department might have similar offerings, and it's a good opportunity to get out, move your body, and meet people: all of which is good for both physical and mental health!

### **Rent & renters' insurance:**

I'm fortunate to live somewhere the cost of living is still manageable (in fact, I moved back to the Midwest from Washington, DC when I decided to freelance full-time). When it comes to rent, one thing I've noticed is that costs per person do drop *dramatically* if you take on a roommate or two and get a multi-bedroom place. But I need a lot of space and quiet to focus for work, so it's the rare person who would make a good roommate for me. The added expense of renting a place on my own is a worthwhile investment for my business (and sanity, and ongoing relationships with friends). Still, roommates could be a good option for some freelancers—especially if you're able to do most of your work at home alone during the hours when your roommate is out at their own job.

Many landlords require renters' insurance, and it's always a good idea. Equally important is being ready to make, keep, and provide rigorous documentation of any item you might need replaced should it be stolen or damaged. Read up on [what's involved in making a claim](#) so you're ready ahead of time.

In my emergency fund savings account, I try to keep several months' worth of rent, and a year's worth of renter's insurance (plus car insurance, which is bundled with it). The benefit of this, in addition to earning a bit more interest on the savings balance, is that I can pay off my annual insurance premium in a single check, which earns me a discount compared to paying monthly. It's also one less thing to do every month.

### **Taxes:**

As a freelancer, you have to plan for these. Particularly self-employment tax, which hits you in just about any tax bracket and can hit *hard*. I set aside around 20% of my earnings to pay the IRS quarterly (usually I get at least a small rebate, but my mind rests easier if I've probably overpaid than if I've probably underpaid). So when you're calculating your hourly rate, keep in mind that only around 80% of it is going to stay with you, rather than going to pay income tax, Social Security, & etc. Or if you're using a platform like Fiverr or Upwork, only 80% of the 80% they pay you. Keep this disparity in mind when hiring a freelancer, too.

I don't have any particular tips for keeping self-employment tax expenses down—the IRS might get a little too curious if I did—except to track your business expenses. But also, I'm going to stand atop an inexpensive soapbox and say I do not have any strong moral objection to paying taxes, because a robust social safety net (much of self-employment

tax goes to Social Security) and infrastructure do me a lot of good as a freelancer. My only source of resentment is that I don't think Jeff Bezos is paying 20% in taxes on what *he* makes from the books I write and help edit and publish. I mentioned a few alternatives to Amazon in my section on book-buying under "Shopping," but my resentment will only truly be soothed with more institutional reform. (Hey, by the standards of my friends sharing guillotine memes, I'm a spineless moderate.)

### **Retirement Savings and Investments**

I'll speak more on these in the last chapter, but I should note I max out my annual contribution to my Roth IRA and my HSA on the first of January—i.e., the first day of the year—whenever I can. This means I'll be earning interest/investment gains on it for the entire year. To have that money available, I stock the funds away in my high-interest savings account throughout the previous year, just as I do for my renter's insurance.

Freelancers should seriously consider the "Pay yourself first" model, where you take a percentage off the top of your earnings to send directly to a savings or retirement account, then pay expenses from what's left over after saving. I've taken steps toward this paying-myself-first model, such as the retirement investments at the beginning of the year and the decision to deposit certain kinds of earnings directly in my savings account.

In the next chapter, I'll talk more about payments and accounts for both receiving and making them. In the last chapter, I'll talk about savings and investment accounts.

## Chapter Three: Payment Methods

Bank accounts, credit cards, Paypal—it seems being a modern economic agent means all these different options coming out of your ears. Let's go over different accounts I have and how I use them, both to get paid and to pay others.

### Cash and ATM

This is actually the last part of my expense budget in Mint, its own line item. I assign myself a certain amount per month that I can take out as cash and use however I want. These cash expenditures “don't count” for any other budget line (if they did, my “groceries” would shoot up a bit in summer when I'm at the Farmer's Market every weekend). But when the cash is spent, it's spent.

Some people prefer to budget using only cash for this reason. The [envelope method](#) is certainly a good way to ensure you're not spending beyond your means. I prefer to pay by credit card, but I see how replacing a card with cash can be a good idea in certain situations, such as when you're approaching the limit of your monthly budget.

I don't carry all my cash in my wallet; some is hidden in various other locations. This is not only to secure myself from pickpockets (who are probably scarce in my neck of the woods, though I suppose there's always a risk) but from myself: if I only have \$20 in my wallet, this day trip can't include *that* much splurging. So in this sense I do some cash-only budgeting as well. Otherwise, I mostly use cash when credit isn't accepted or preferred: when buying things from markets and craft fairs, when tipping, and so on.

### Checking Account

My checking account is very vanilla, but one of those wholesome organic slow-churned vanillas: it doesn't pay me interest, I didn't get a toaster when I opened it (it was long enough ago that I don't remember what reward, if any, I did get—but be sure to see what you might earn when you open your own), and it does not charge me any monthly maintenance fees. I use it to pay expenses—particularly, to pay my credit cards with. For more on choosing a bank account, [check out what the nerds at Nerdwallet have to say](#).

I try to funnel most expenses through a credit card for a few reasons: one, it means fewer payments to make over a month (helpful because my freelancer income can arrive at irregular times). Two, I earn cashback rewards when I pay with a credit card. Three, credit cards offer more aggressive protection against fraudulent charges than a debit card or cash (which offers none).

I still balance my checkbook monthly with pen and paper, alongside tracking the balance in Mint (Mint is wonderful for seeing all your transactions in one place, but it is not always...shall we say, consistent...in how it shows transactions; it's a good idea to keep at least one alternative source to consult, and log in to your accounts off of Mint periodically

to make sure they're accurate). I always try to keep at least \$100, preferably more, as a "floor" in my checking account. This provides a cushion to avoid overdraft charges and other such penalties.

I'll climb back on that soapbox from the end of the previous post: pretty messed up how people are made to pay more money for not having money, isn't it?? Remember, most banks—even wholesome vanilla ones and credit unions—take out expenses before adding income, so if you have two \$100 charges, \$180 in income, and a \$20 balance, you'll end up paying possibly two different overdraft fees. Pending widescale reform (and/or my overzealous friends with a homemade guillotine), try to keep a checking account cushion to avoid paying those fees.

My checking account is at a local bank; my savings account(s) are at my local credit union and online at Ally.com, both of which offer much higher interest rates. I'll talk more about savings in the next chapter.

### **PayPal and other online accounts**

I treat my PayPal account more as an income account than an expense one—it's where I make and receive invoices. Only rarely do I pay for something out of my PayPal balance. But sometimes it's easier to checkout through PayPal for an online purchase. My account is hooked up to Mint alongside my bank accounts and credit cards, so it's easy to check the balance in any event.

I try not to keep a large balance because there are some scary stories out there of PayPal seizing accounts for various issues, more or less randomly, with very little recourse for the account owner. [Here's a discussion of why that could happen, and what you might be able to do about it, specifically for small business owners.](#) Still, PayPal isn't really optional for me, as it's the way a lot of clients, plus Fiverr, pay. So two to three times a month, any time my balance gets much above \$199 (as I reread this paragraph, it could certainly be lower), I transfer the bulk of it to my checking account.

For the above reason and because of the chunk it takes in transaction fees, I've started using payment options other than PayPal, like Google Pay. I've met some authors who seek payment through Venmo over PayPal, though I'm not mobile-app-savvy enough myself to go that route.

I've set my Google Pay account so that payments are automatically deposited in my savings account (as are my Upwork earnings)—a way to "pay myself first". Then, as necessary, I transfer money from my savings to my checking to pay off credit card bills, rent and insurance checks, taxes, and so on. From my Ally savings account, I can make up to 6 outgoing transactions per month (and as many ingoing ones as I want). This is more than enough for my purposes. But do be aware of any transaction limits your checking or savings accounts have—or else you may be paying them more fees.

While I don't make PayPal my primary account for holding money or making payments, I am glad of the credit card I have through them. On which note—

### **Credit cards:**

Whichever card you use, pay off your balance in its entirety each month, before the due date. If you don't have the money in your checking account or as a credible pending invoice (or in a pinch, in your emergency savings), don't charge it onto your credit card. I've found credit cards a convenient and useful way to manage my budget, but that depends on not racking up any of their obscene interest charges. If you do, you're not doomed to bankruptcy, but it makes everything much easier if you can avoid owing another 20% on what you already owe.

Mint helps keep track of credit card payment due dates. You can also arrange to be alerted by the card account itself. Additionally, I get account alerts for large or unusual transactions—if my card gets used in a liquor store in Tennessee, there's a good chance I'm a victim of fraud. And as I mentioned, the zealous fraud & consumer protection is another reason I actually prefer to pay by credit card.

The big reason, at least the one I find most exciting, is that you can earn credit card rewards—earning money for what you spend, basically. Of course, you're only earning a fraction of what you spend, so do not think you can spend enough money to make money here. But it's a way to cut costs. And if a credit card does not give you rewards for using it, I suggest you stop using it (don't, however, close the account, at least not without considering what it could mean for your credit rating—[the total number of accounts you keep open, plus your total available credit, can show you're more creditworthy](#)).

That said, part of how a credit card company earns the money to pay those rewards is, aside from charging interest rates, charging transaction fees to the merchants you pay. For this reason, some very kind people sometimes prefer to pay for their Fair Trade purchases at Plowshare (a non-profit organization) with debit, cash, or with an additional donation on top of their purchase to cover the credit card fee. I try to keep this in mind when I make my own purchases. Yet I'm not particularly concerned about costing a Fortune 500 company some percentage of my transaction. Even if that money goes to the credit card company, itself probably in the Fortune 500, I'm earning a percentage *back* from them in rewards... Working the system like this might be something capitalists and anticapitalists alike can enjoy. Of course, if everyone did it like this—taking their rewards points and never paying a cent of interest—we'd no doubt have to completely rework the credit industry. I just can't convince myself that'd be a terrible thing.

Credit cards offer rewards in a whole bunch of ways. Some people seem very excited about airplane miles. I don't travel all that much, so for my purposes, cashback is where it's at.

My Capital One card offers 1.5% cash back, and it can be paid either by check or by “erasing” purchases from my history (i.e. I don’t need to pay for them). I keep a balance of reward points on this account partially as another form of emergency savings, should a month ever come when my Capital One bill is higher than I can pay off—then I can erase some purchases via the rewards.

(When saving up rewards, make sure to check what the rules are on expiration. Capital One rewards don’t expire “so long as the account is in good standing.” But never assume this without checking—and do your research into what counts as “in good standing”.)

Costco’s Citi credit card also offers some pretty excellent cash back rewards, including 4% back on gas (which as mentioned, I try to buy from the nearest Costco anyway, since it’s significantly cheaper than other places). These [rewards get paid out annually](#), and in my experience are often more than enough to pay off the annual membership fee. If you have a Costco store near you, I definitely suggest checking this out. I generally—stepping back on my soapbox—approve of Costco anyway because I like buying in bulk for savings, I approve of their [\\$15/hour minimum wage](#), and their [giant teddy bears](#) are just plain good PR.

As mentioned, I also have a credit card from PayPal, a Mastercard that offers an impressive 2% cashback on all purchases. Given it’s \$2 earned for every \$100 I spend as I usually would (on groceries, bills, etc.), that’s not shabby at all. In fact it’s higher than the interest on a lot of savings accounts. What more do I even need to say about it?

These cash back rewards get classed as “bonus” income in my Mint budget when I withdraw them periodically and put them in a savings account (or, if I’m drawing them out in December or January, they go toward my HSA and Roth IRA investments. If I’m withdrawing them around June, they can help cover my renter’s & auto insurance, and/or replenish my savings account after I’ve taken those large payments out.)

Lastly, I have a Target Redcard that gives me 5% off all in-store purchases, which is probably the best reward I earn percentage-wise. If you shop regularly at the weird red orbs (now being replaced by an even [uncannier white bullseye](#) on a red background), this seems worth going for. Just be aware, this is the one card that sends me politely threatening letters if I haven’t used it in a few months, reminding me to use it some more or risk my account getting closed. I generally take that as my cue to buy toilet paper or something. Also, on the topic of drawbacks, those weird red orbs (and the new white logo, which fills me with a disquiet as if I’ve slipped into a parallel universe) don’t make for as good PR as the giant teddy bears at Costco. But here I am talking about them, so I guess they work for brand awareness.

For the good of your credit score, you don’t want to rush out and open lots of credit cards at once—that leads to a lot of credit inquiries, which can lower your score. One new card a year can still keep your score healthy, depending on the rest of your circumstances. [You](#)

[can check your credit score for free through your Mint account](#). I'm also able to check it through my CapitalOne card account.

The more cards you have, the more due dates and balances to keep track of—once again, Mint.com helps with this, as can assigning particular expenses to particular cards (purchases at a Target store always go on my Redcard, and Costco and gas expenses always go on Costco. I've put monthly payments like my Arcadia energy bill on the PayPal card.)

**In the event that you do wind up with credit card debt**, make paying it off your top priority. To save the most money in the long run, pay off the debt with the highest interest rate first—and credit cards have some of the highest interest around. (An alternative option is to pay off the smallest debts first. This is called the snowball method and is recommended by writers such as Dave Ramsey because it's psychologically motivating to cross off the list of what you owe. But I don't want to knock the psychological boost of watching your monthly interest drop, either.) A [balance transfer](#) can help reduce the amount of interest you incur each month, too. Remember, there's just about no other investment you can make that will earn you 20% interest, other than paying off a credit card account that's currently costing you 20% interest.

Mint's Goals tool can help you track the debts you're paying off. And even while paying off debt, it's a good idea to save a small amount for if an emergency comes up (for instance, Dave Ramsey suggests [building a \\$1,000 "starter" emergency fund, then paying off debt, then building the emergency fund further](#)). I'll discuss both Goals and savings in more detail in the next, and final, chapter.

## Chapter Four: Goals, Savings, and Investments

So, we've looked at sources of income, ways of keeping down expenses, and how I send and receive payments. Here, let's talk about the other accounts I have, those for savings and investments. While I've mentioned these in passing throughout the previous chapters, now they deserve more detail. Then I'll close this ebook with my final thoughts.

Mint's free budgeting software is awesome for tracking my savings *and* the goals I'm saving for. In its [Goals tab](#), I've set targets for things like retirement, emergency savings, travel, moving to a new home or buying a new car, and custom goals I can choose and name for myself (examples could include "Buy a new laptop" or "Hire a copyeditor for my novel"). Each goal is connected to an account, and I can watch my progress toward achieving my goal as the balance in that account grows. Viewing my balance makes saving feel concrete, which is way more motivational than viewing it as a matter of *not* getting or doing things: I could spend \$20 on a new top, and see it in my closet, or I could put the \$20 in my savings, and watch my Goal come that much closer. And the latter often sounds even more appealing!

Mint does require a separate savings or investment account for each goal—which I have, but in practice this means having quite a few accounts. I already had several accounts because for a time I kept my emergency savings at a credit union in a [CD ladder](#), i.e. 5 separate CDs with rotating maturity dates. This enabled me to earn a high interest rate while also being able to withdraw money on a predictable, regular basis if I needed it.

However, I've recently started shifting my savings to an online account with Ally. Ally offers an equally high interest rate while letting me access these funds at any time. That's helpful, because a lot of my savings are my emergency fund.

My archetypal examples of emergency-fund emergencies are (knock on wood, god forbid) if I slip on a banana peel and through comic but severe injuries am left unable to work for six months, or if my car gets totaled and I need to buy a new one. My emergency fund would be large enough to handle either eventuality. It can also help smooth over the "famine" times of the feast-or-famine freelancer cycle.

No matter your walk of life, everyone should keep an emergency fund. Because of the inherent uncertainty of self-employment, a freelancers' emergency savings should be bigger than most. Common recommendations are for 3-6 months of expenses; my own balance is a bit larger, equivalent to 6 months of income. *Any* emergency savings balance can make a difference—aim to build at least \$1,000. It'll mean less scrambling, more time to consider your options, or the chance to repair or replace a problem before it becomes catastrophic (and more expensive). A savings account also gives you somewhere to build up—and earn interest on—larger balances to make big payments such as insurance (as I mentioned in Chapter 2, paying this in one lump sum can bring a discount), quarterly taxes, or annual IRA or HSA contributions. Regarding the Health Savings Account: some

might consider this part of the emergency fund, since it could pay medical expenses. I'm currently treating my high-interest, tax-free HSA as an investment, but plan to use it in future years when my health expenses grow higher with age, or if my luck runs out (knock on wood). But my IRA is not and never will be an emergency fund.

Even though interest earnings are low right now, emergency funds belong in savings accounts, not investment accounts. If you're going to spend the money in less than five years—and emergency savings should be free to use tomorrow (or to pay the credit card bill with if you're able to put emergency expenses on your card and earn those reward points)—keep it *as* money, not stocks or bonds, which can lose value in a sudden market swing.

So, where and how should you start a savings account, if you don't already have one? I recommend either a credit union or an online bank (such as Ally) because they offer much higher interest rates on your balance—it can mean an extra few dollars a month in passive income. For even higher interest rates on larger amounts of savings that you won't need immediately, you might consider a CD ladder over a savings account. Be aware this means you have to wait for each CD to mature before you can withdraw funds (or withdraw with a penalty, often the last few months' earned interest).

I was able to open my non-CD savings accounts with comically small amounts. I've then connected the to Draft2Digital, Amazon Affiliates, and some other passive-income sources so as to save that "bonus" income automatically—a small-scale way of banking my windfalls. (You generally can't add money to a CD after you set one up, another reason I'm coming to prefer my online Ally account.)

Speaking of windfalls, whether you win the lottery or receive an inheritance from your mysterious late maiden aunt, [Bogleheads has a good list](#) of what to do next. One of the first tips is to set aside some of the money in your savings accounts.

But you should never hold your breath for a windfall. Other ways to start a savings cushion, or to build one faster, without needing to slash your budget:

- Sign up for [BillFixers](#) and upload as many bills as you can—phone and internet are a good place to start. Once BillFixers negotiates a discount for you, take the amount you're no longer paying thanks to that discount and redirect it to your savings account as a monthly contribution.
- You can set that up as an automatic monthly transfer—using [automatic transfers](#) will make it that much easier to build savings, and some accounts either offer perks for having automatic deposits set up, or require them.
- For more bonus income, join [MyPoints](#). You can earn points just by clicking their emails when they send them, plus by taking surveys, using coupons, and taking advantage of their advertised sales for stuff you already planned to buy. Cash out

points as you earn them and put that cash (or the \$ equivalent if you take out gift cards instead) into savings.

- Also check out survey websites, Mturk, affiliate accounts at Amazon or Bookshop.org, and opportunities to sell stuff you're no longer using through Poshmark, Ebay, Amazon, and other sites. For this latter option, be sure to budget for shipping. But after that, anything you make is extra dollars to save.
- Look closely at your budget—do you have a monthly subscription that you could cancel or downgrade, at least for a while, for funds to redirect to savings?
- Consider cashing out your credit card rewards and putting them into savings (with my own selection of card rewards, this can mean saving the equivalent of 1.5% to 4% of everything I spend).
- As smaller windfalls, consider saving birthday or Christmas cash, tax refunds, any money you get back on a returned purchase, or unexpected rebates (such as the one I received from Common Ground last year).

### **Retirement and Investment Accounts**

Self-employed people can't get a 401k through our workplace, but we are able to open accounts such as [solo 401\(k\)s](#) and [SEP IRAs](#). I've also opened a [Roth IRA](#)—Roth accounts have tax advantages depending on your income level. I'm not an expert in this area, so please click the links for more information on these kinds of plans before deciding on the best option for you. I can say that I've found my solo 401(k) through Schwab and my Roth IRA through Vanguard relatively simple and inexpensive to open and manage.

And there's no need for a retirement/investment account to be expensive. Look for low management fees in your investments. Highly diversified mutual funds and indexed funds (rather than actively managed ones) are good choices. I'm a fan of the Bogleheads "Three fund portfolio": one fund for US stocks, one fund for international stocks, and one fund for bonds. In practice my portfolio is a bit more complicated than that—for one thing, I practice Green/Sustainable/Socially Responsible Investment with a portion of my retirement fund savings ([The Do-Gooder's Guide to Investing](#) is the most recent book I read nearly cover to cover in one go)—but it doesn't *need* to be complicated to earn a return. And getting too complicated or bringing on so-called "strategy", trying to predict an inherently unpredictable marketplace, makes it much more likely that your portfolio will have worse-than-average returns.

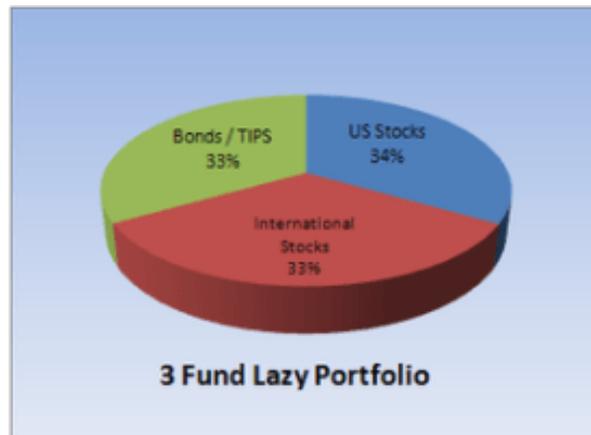


Image source:

[https://www.bogleheads.org/wiki/Bogleheads%C2%AE\\_investment\\_philosophy](https://www.bogleheads.org/wiki/Bogleheads%C2%AE_investment_philosophy)

A common saying among Bogleheads is “Time in the market beats timing the market.” By which they mean: invest your money early and often, and then ignore it. At times stocks will plummet—now, as I’m writing this, is one such time. Historically, stocks have recovered their value again. Alternatively, if they never recover, our society might be drastically reorganized and retirement savings will no longer be a priority to worry about. You might find that idea comforting.

I started a Roth IRA in college, soon after I learned what one was in an economics class. I didn’t have a lot to stash away the first few years—maybe a few hundred dollars from my writing and part-time student jobs—but it was still something, and it slowly grew (and, being in a Roth account, it grew tax-free). Especially when you start young, that growth over time can be impressive. And you’re never going to be younger than you are today. Currently, I try to make the maximum contribution as early in the year as possible, saving up a portion of my earnings over the entire previous year so as to have it handy come January 1<sup>st</sup>.

### **Tracking what you have**

Between my credit cards, PayPal, checking, and multiple savings and investment accounts, I have a fair bit to keep track of (even though I might not always have, or want, a large balance in any one account). Rigorous organization is necessary, but it doesn’t have to be complicated. In fact, the simpler it is, the better organized.

I’ve used Personal Capital to track all my accounts, and it’s especially helpful for investments and long-term savings. It’s free to sign up for, though Personal Capital also offers wealth management for a fee (if you follow the Bogleheads rules you won’t need this, but you may have reasons to want it, and you certainly could do worse). In any event, because I’m a Personal Capital member, I have a referral invitation link, and if you sign up with it and their terms & conditions are met, we might both get \$50. I have nothing

against Personal Capital, but I'm also not an evangelist for them, even for a potential \$50, so you may take it or leave it. [Here's the link](#). (Also, if you're a MyPoints member, you might earn a few thousand points for starting a Personal Capital account.)

What I am feeling evangelical about is [Mint](#), a free budgeting website from Intuit. Again, this ebook was written from my budget, goals, and account tracking in Mint. I find the website easy to navigate and use. It's really good at helping me visualize my bills, goals, and expenses. Because it's free, Intuit makes money from this website through affiliate offers (also, it doesn't have a referral option)—this means it advertises various financial services to you. These advertisements aren't terribly distracting; you can minimize them with a click, and some of the offers might even be useful if you're planning to open a credit card or investment account. But remember to research any fees or conditions that might be involved first.

Lastly, if you're a spreadsheet fan, some financial nerds/geniuses have created numerous budgeting forms and shared them on Google Drive. Here's some recommendations, along with an [in-depth guide to using these templates](#). In my experience, these sheets can be especially useful when you're testing out a plan and want to experiment with different scenarios—I helped a friend create a Google Sheets budget template when he was making the choice to plunge into freelancing, for instance. Or you can use one to determine your minimum monthly expenses, which you can multiply by 3 or 6 to determine how big your emergency savings fund should be.

#### \*Conclusion\*

Whether you're viewing them through Personal Capital, Mint, a spreadsheet, or in pen on paper, I encourage you as a freelancer to get comfortable with looking at numbers with dollar signs in front of them.

Yes, money can be complicated and scary. But in my experience, the really scary thing about money is not having it when you need it. Budgeting can help you use money when you have it in a way that makes it less likely you won't have it when you need it.

For a freelancer, it's especially important to have a budget so you know where you are compared to your goals and so you can name your rate with confidence, knowing it will cover your time and living expenses. Yes, the first few times you hit "send" on an invoice or claim a business expense on your tax forms it feels like a plunge on a roller coaster. But you can do this.

Remember to pay your credit card monthly and your estimated taxes quarterly. Put this on your calendar in whatever way you'll find easiest to notice (oh, being good friends with your calendar, whether it's on Google or hanging on your wall, is also important for a freelancer. It's impossible to schedule your work without one). I also suggest updating your budget every few months, or at minimum once per year.

When you make a budget, you're not going to get it perfect on the first try. That's perfectly fine. Especially for the first year, making a budget is more about paying attention to where your money is coming from and going, rather than perfectly predicting or directing it. But as a hint: pad the numbers for expenses. It's a much nicer surprise to have budgeted \$100 in a category and spent only \$80 than to budget \$70 and spend \$75. And hey, that's \$20 to either cover a different expense where you went over budget, or to put in your savings, or to splurge on a reward, because you've earned one!

It's been very helpful to rent somewhere with a low cost of living. I'm also aware, thanks to my parents' support when I was starting out (I include in this an inheritance from my late father), that I've been able to build up a reliable savings cushion faster than many. Even if you follow all of my advice and more, you still may find yourself struggling, and it's not because you're lazy or foolish with money. Our economy does not work perfectly, and its results are not fair to everyone. And to put it bluntly, \$h!t happens that nobody deserves or can control. I don't think anyone can look at the news these days and disagree (if you're reading this in 2035, I hope some of my comments are obsolete).

Still, I started writing the blog posts that became this ebook because I realized people from all walks of life often overlook options that can help them financially. I had a good friend who used a single credit card opened a few decades ago and didn't realize credit cards could offer cash-back rewards until I helped him sign up for one at Costco. People miss the chance to clip coupons, buy generic, or take advantage of sales. People have recurring subscriptions to websites they never visit and storage units they haven't stored anything in for months. My fellow Wisconsinites don't know they can receive energy-efficient lightbulbs for free through Focus on Energy. People who don't have MyPoints might not realize they could earn points for shopping at sites they use routinely, or for clicking a few emails each week. People dread the thought of having to negotiate with their phone company and don't realize services like BillFixers exist. After reading, I hope you're now more aware of your options. For every line item of your budget, there's at least one way to reduce its costs (and I'm not talking about \$5 lattes, although as a freelancer, try making friends with the coffeemaker in your kitchen. Then you might have money [to eat avocado toast](#), if not a house. I mean, even Jeff Bezos doesn't have enough money to eat a house. Apples to oranges comparison there. And this is your copyeditor, signing out).