



The Money Book for Freelancers, Part-Timers, and the Self-Employed: The only personal finance system for people with not-so-regular jobs

Joseph D'Agnese , Denise Kiernan

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This is a book for people like us, and we all know who *we* are.

We make our own hours, keep our own profits, chart our own way. We have things like gigs, contracts, clients, and assignments. All of us are working toward our dreams: doing our own work, on our own time, on our own terms. We have no real boss, no corporate nameplate, no cubicle of our very own. Unfortunately, we also have no 401(k)s and no one matching them, no benefits package, and no one collecting our taxes until April 15th.

It's time to take stock of where you are and where you want to be. Ask yourself: Who is planning for your retirement? Who covers your expenses when clients flake out and checks are late? Who is setting money aside for your taxes? Who is responsible for your health insurance?

Take a good look in the mirror: *You are.*

The Money Book for Freelancers, Part-Timers, and the Self-Employed describes a completely new, comprehensive system for earning, spending, saving, and surviving as an independent worker. From interviews with financial experts to anecdotes from real-life freelancers, plus handy charts and graphs to help you visualize key concepts, you'll learn about topics including:

- Managing Cash Flow When the Cash *Isn't* Flowing Your Way
- Getting Real About What You're *Really* Earning
- Tools for Getting Out of Debt and Into Financial Security
- Saving Consistently When You Earn Irregularly
- What To Do When a Client's Check Doesn't Come In
- Health Savings Accounts and How To Use Them
- Planning for Retirement, Taxes and Dreams—All On Your Own

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Date : Published March 2nd 2010 by Three Rivers Press (first published June 3rd 2006)

ISBN : 9780307453662

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Format : Paperback 297 pages

Genre : Nonfiction, Business, Economics, Finance, Currency, Money, Personal Finance

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From Reader Review The Money Book for Freelancers, Part-Timers, and the Self-Employed: The only personal finance system for people with not-so-regular jobs for online ebook

Amanda says

This is a very direct read, with plenty of exercises in it to reevaluate one's personal finances. Doing the exercises helps one to get the most out of this book. Even if you don't, and you aren't a freelancer (yet), this is still helpful to read. It is geared towards freelancers, so anyone else in a different situation would have to reconfigure it to better match their lifestyle. However, the main lesson in the book can apply to everyone: save your money!

It is helpful that this book does not get bogged down with big financial terms one might expect in a book about personal finance. It is clear to anyone, especially those who are the opposite of math geniuses (and the math they do talk about is so simple). The narration is enjoyable, and sometimes it is like having a financial coach talking to you, steering you away from bad habits. I would recommend this to anyone who wants to learn how to save money.

Brenda says

Very practical and useful guidance for independent contractors and the self-employed. The book is nicely peppered with humor too: "credit cards are the handmaidens of Satan."

Joel B Pryde says

Fantastic and essential book for anyone who works for themselves.

Adam says

A good introduction to personal finance for freelancers and the self-employed. However, it focused a little more on strategies for those with a lot credit card debt or overspending issues than I expected. Neither problem is an issue for me right now (and hopefully, not in the future).

I was also surprised that they didn't address the topic of keeping personal and business accounts separate a little bit more. I've heard from multiple individuals (entrepreneurs & accountants alike) that this is a good idea, but it may not be for everybody.

It also seemed to focus on reactive techniques (i.e. what to do with money once it comes in), but didn't address proactive techniques such as cash-flow projections, but I believe that this was probably a more advanced topic than the authors wanted to address.

It was a little more basic than I expected but there were a few tips and resources that they mentioned that I was not aware of that I will implement after reading this book. Very well written (both of the authors are freelance writers).

Lisa Mccooy says

I wish I had known about this book years ago! Completely indispensable for freelancers and the self employed. I went through the entire book first and now will go back and complete the exercises. This book is a game changer.

Cara says

Just got this book last night, and I'm already halfway through. I've been freaking out about wrecking my finances when I become self-employed; this book reminds me that there's no magic to it. Figure out how much money you need for the stuff you need, and put that much aside when you have money so you can get that stuff. Even self-employed people can have health insurance, an emergency fund, a retirement, sick days, etc., if they do the math and follow through.

There is nothing in this book that I didn't know, but I'm still finding it helpful and very reassuring. The advice is concrete, specific, and clearly correct. Yay math!

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The whole book was excellent. Highly recommended.

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Notes:

Ch1: treat yourself like a good employer would treat you. That means retirement, benefits, sick days, tax withholding.

Ch2: figure out what happened last year. What did you earn, what did you spend it on? Figure out fixed expenses, 3 top areas to watch/goals, when to recheck (weekly? next month?).

Ch3: Debt. Go through records, find out: how much you spent on interest and fees last year, what kinds of things you borrow money for, what you're still paying on. Rank debts in order of priority to pay off. (small balance first, highest rate first, most hated first?) Don't put any more on credit, pay the minimum on everything but #1, pay it off, then do the same for each debt down the line.

Ch4: Make a big list of the specific things you want. Categorize them into 5-6ish categories. Rank them. Find out how much each one costs--spell out costs and dates in your goals. Focus on a few to make happen first.

CHh5: Save by percentages because freelance income is inconsistent. Have dedicated account for each goal, and siphon off the percentage for each as soon as you get paid.

Ch6; holy trinity of savings: retirement, emergency, taxes. Make account for each, put in a percentage every time you get paid. If you use the emergency fund, pay it back as soon as you can--consider it a short-term loan to yourself. For retirement account, use it to hold funds on their way to your SEP-IRA, Roth, whatever. SEP-IRA recommended: save up to 20% of net self-employment income (income after deductions), up to

\$49k. Tax deductible; have until April 15 for previous year. But bad if you plan to have employees--must put same amount in theirs. Another good option: Solo 401(k)--can save \$16,500+20% of net or 25% of salary, tax-deductible--this offers the most money sheltered but slightly more complicated to set up, may have \$250/year maintenance fees. Employees are also problematic with this one.

If hiring a financial planner, get one who works for fees only, not commissions. Choose a fiduciary--required to put your needs first. Get that in writing.

Ch7: Have a spending account at a brick-and-mortar bank you can deposit checks immediately. Link to the other accounts. When a check comes in, transfer percentages from here to other goal accounts. If big, transfer all but one month's expenses to local savings. Move back to spending acct as needed in next month(s).

Ch8: Do it. Start with 3/4/3 emergency/tax/retirement if have never saved before (??? not nearly enough ???) or 5/15/10 (better). Once you get 6-12 months' income in emergency, you can stop putting money in there and throw it at other goals.

Ch9: Debt vs. saving for retirement, emergency, taxes? Save first. Otherwise, you'll probably just put the other shit on credit cards and make the debt worse. Or set up percentages like this: 3/15/5/7 emergency/taxes/retirement/debt.

Ch10: As more money comes in, the fixed percentages automatically mean you're saving more. You could also up the percentages so you're still spending the same amount and saving the rest. Consider setting up a health account to save for health insurance (quarterly or annual) premiums, or to be sent to HSA (if you have a high-deductible health plan).

Stuff you need: life insurance, disability, estate plan (revocable living trust with an incapacity clause, will, living will). Get a real lawyer to do them.

Set up dedicated dream accounts to save for other things you want: new camera, big trip, etc. Add them to percentage system.

Where to save? <3 years: savings account or CD. 3-5 years: low-risk portfolio (20/60/20 stocks/bonds/cash). 5-10 years: moderate-risk portfolio (40/60 stocks/bonds). 10+: high-risk (65-90/35-10 stocks/bonds)

Ch11: Get more income: marketing, expand skill set, make more offerings, etc. Invoice promptly, follow up promptly, work promptly. Be open to offering new things. Envision where you want to be in 1, 5, and 10 years. Location? Employees? Customers? Income? Be detailed and descriptive as possible.

Ch12: Celebrate what's awesome about working for yourself! (or go back to a regular job if you don't like it--that's ok, too.)

Other books to read: Getting Things Done, Just give me the Answer\$, Expert Advisors Address your most pressing financial questions, The complete tightwad gazette, The millionaire next door, The richest man in Babylon, Think and Grow Rich

Freelancers' advocacy:

Freelancers Union freelancersunion.org

National Assoc for the self-employed nase.org

Health insurance:

ehealthInsurance ehealthinsurance.org

freelancers union freelancersunion.org

nase nase.org
trade association

fee-paid financial planners
Garrett planning network garrettplanningnetwork.com
National Assoc of Personal Financial Advisors napfa.org

Chad Warner says

A decent primer on personal finances for the self-employed, aimed at freelancers and microbusiness owners. The advice is sound but quite basic. I'm already doing almost everything they advocate.

It covers saving (for emergencies, taxes, and retirement), spending, and debt. It also briefly covers insurance and estate planning.

Notes

How long to keep financial records

- If you owe additional tax, keep for three years.
- If you claim credit or refund, keep later of three years or two years after tax was paid.

Instead of telling people, "I can't afford that" to excuse yourself from spending, say, "I'm saving for X."

Choose a financial planner who:

- Works for fees paid by client, not by commissions. There's a conflict of interest with commissions.
- Is a fiduciary .
- Is affiliated with NAPFA or Garrett Planning Network.

Saving

- Save at least 30% of income; 50% emergency fund (until maxed), 15% taxes, 10% retirement.
- Saving 40 to 50% is better; 15% emergency fund (until maxed), 20% taxes, 15% retirement, 5% health savings.

Michele says

A great resource for people with irregular income, whether that means you're part-time, freelancing or self-employed. Authors teach a simple, scalable finance system that shows you how to make your money work for you so you can avoid the "feast or famine" lifestyle. Of course, the book can only provide so much information, so you'll still need to hire a CPA and/or business attorney to make sure you're making the best financial decisions for yourself/your biz, but the book is definitely a great starting point!

Tami says

Some of the content in this book is stuff people should probably already know - but overall, this book is filled with useful information. Anyone with a not-so-regular job should probably at least skim through this because you're guaranteed to find some helpful tips.

Kat says

This was such a great book! It was very helpful in giving me direction and motivation. If you are just looking for a self-help type book that just throws out theories and tips, this is NOT the book for you. This book really makes you get hands on with your finances. Each chapter has different objectives. At the end of the chapters it gives a little list of all the things you are to do next or to have done in that chapter. Part 1 seemed like fluff to me but I realized the authors were just trying to set you up for the real stuff and probably trying not to scare readers away with the wealth of information they laid on in part 2. Part 3 was mostly geared toward the self employed and freelancers but it still motivated me to look forward to my future. I will have to read this book again in the future. Since I checked it out from the library I am definitely going to have to copy the appendix. The authors list websites for everything you could need from financial software to online banks to health insurance to investment firms. A must read!

Sarah says

i think this would be a really good book for anyone who has never read anything about personal finance or who is just starting out freelancing. since i've been freelancing for 6(!) years now, i'd figured a few things out by trial and error. but it would have been nice to have this book at the get-go to clue me in on a few things!

one thing the book didn't seem to mention at all though is the federal self-employment tax. it's 15.3% of your income off the top if you're self employed. so, saving just 15% of your income for taxes isn't going to do much, as you'll already be behind! you need to save enough for your federal (15.3% plus your tax bracket), state, and city/municipality (if applicable).

if you're a personal finance junkie, you probably won't find anything new in this book. but, like i said, if you don't know your ira from your 401(k), or you're just starting out on your own, this would be a good book to read. it spurred me to create an "emergency fund" account in addition to my "tax account" (well, that and a crown that fell out the same day i was going to write my 2010 tax checks!). next to come, a "retirement account".

i won this book in a good reads give away. i was so excited! i never win anything! it arrived earlier this week and i started it today (3/31/11). hopefully there will be some GREAT advice in it that i can use to get our shit together.

Jennifer says

This book is a veritable godsend for those of us who have non-traditional jobs with erratic and unpredictable income. Had this book existed three years ago it would have saved me two years of toil and struggle as I experimented with methods of achieving financial security as a self-employed individual. It seems that 99% of financial guides make the assumption that the reader has a regular and dependable paycheck, and this book is for those who experience a "feast or famine" cycle. The authors are insightful and witty, and their recommendations simple and realistic. I found this book to be quite refreshing, as it provides answers for all of the "what ifs" that have been generated for me in reading the standard books by suze orman/jean chatzky/david bach/etc. This book takes into account that the self-employed bear the extra burden of saving their own taxes each quarter, shopping for their own health insurance, administrating their own retirement vehicles, and doing all of it with no steady paycheck. This book was a great comfort to me, if for no other reason that the authors finally acknowledged the difficulties and anxieties that are an inevitable facet of non-traditional employment.

Their philosophy in a nutshell? Create a "holy trinity" of non-negotiable accounts consisting of 1) taxes 2) retirement 3) emergency fund, that you pay a percentage of each dollar earned FIRST.....BEFORE paying for your own bills....NO MATTER WHAT. Luckily, I had already implemented a system like this in the last couple of years. However, for readers who have not finessed such a system, this book would be invaluable. They also go into Health Insurance and Health Savings Accounts, which I believe are financially savvy moves for the self-employed.

An accessible, successful, thoughtful book!

J. Franklin says

Very practical and helpful book for those of us in the gig economy!

Tinea says

Totally useful, though quite longwinded to get across a simple message. It's a how-to guide for managing your finances (especially how to save money longterm) if your income is variable and unpredictable, like freelancers and people employed part-time or who work for tips.

The book had a few things that differentiate it from a traditional, holistic personal finance book (like The Financial Peace Planner, which I definitely recommend-- finance geared towards low-income folks). These included organizational tips and how to handle stuff specific to the self- or under-employed: you have to pay your own taxes (no withholding), health insurance, vacation & sick days, and retirement.

The book's main purpose is its savings system for people who can't make regular payments into a savings account. Instead the authors recommend:

(1) **Save in percentages of all income you receive**, instead of fixed dollar amounts. So instead of saving \$50 every month, you would save 10% of every check, which might mean \$15 one week and \$35 another week. This way you still save even when you're not really earning much money, but it never bankrupts you, and when you're flush, you save more.

(2) Actually **open many different savings account so you keep your money separated by purpose**, instead of all in one lump. The authors figure that when you have no good feel for how much money you will have in the future, you tend to go through crazy spend and thrift cycles, getting super frugal between checks and then making extra purchases as soon as one comes in. Because of that, they feel that keeping all your money lumped together in one savings account makes it too hard for most people to sort out what they can spend now and what they should save for later. This is purely psychological-- you could easily just keep track of things on paper. But the authors feel that since it's easy to make many free online savings accounts nowadays, it's more effective to actually create separate accounts for each thing you are saving for.

They suggest you keep your checking account at your regular bank, with a debit card and all that. Then you create several savings accounts at an online high-interest savings bank. These do not come with debit cards, so to access the money you have to wait 2-4 days for it to transfer to your checking account, making them still liquid but not available for impulse purchases. These also get slightly more interest than regular banks, but are equally secure (they're FDIC insured).

They suggest 3 separate savings accounts to start:

- **emergency fund (5-10%)**: 3-6 months worth of expenses saved up so that if you lose your job or something really expensive breaks (like a car), you can pull from this instead of a credit card. You set a limit to how big this will be and save a % of your income until you hit that limit. Once it's full, you don't need to add more money here, until you withdraw from it for an emergency. Then you save a % again until it's back to its full size. It's crucial to decide ahead of time what counts as an emergency: the authors recommend only pulling from this account to pay your fixed expenses like rent.

- **retirement/long-term fund (10-15%)**: Choose a low enough % for this that it won't be a burden, but actually go ahead and start saving for longterm stuff like a house or retirement now since even small amounts become a lot of money over time. They recommend you have an online savings account for this, but regularly transfer that money into a higher interest investment like an IRA retirement account (which they explain in detail). As an aside (not in this book), I think a cool option might be to invest this in "socially responsible investments." That term has definitely been co-opted, so I'm not suggesting you throw money at any random organization that uses those words. But with research, it's possible to find things like revolving loan funds or other financial institutions that support good causes; your investment gives them some more capital to give out bigger loans, and you earn slightly more interest than you would in a savings account. For example, the Cooperative Fund of New England gives low-interest loans to housing and worker's co-ops, and they accept really small investments. I tried to do some research on mutual funds that have strict guidelines in what companies they invest, but I didn't find anything worth recommending.

- **taxes fund (20-30%)**: If you earn enough to pay taxes, and they don't get taken out of your paychecks, it's important to prepare yourself for that enormous bill by actually putting like 20-30% of you income in a separate account that you don't touch.

After these three big ones, the book suggests creating more accounts based on your needs and goals. For example:

- **[savings goal] accounts (5-15%)** - accounts named by the thing you are saving for. Use the money that would have gone to the emergency fund, once that account is full. They suggest having separate accounts for small or regular stuff and large dreams, so you don't end up never reaching the big dream cuz you constantly empty your savings for smaller ones.

- **health fund** - to pay for things that aren't covered by insurance, if you have it, and to pay for everything if you don't.

- **donations (5-15%)** - Separate out some money to give to good causes, campaigns, and charities; actually choosing a % to spend on this leads to donating more money overall in a way that doesn't make you feel hard up.

I'm gonna repeat that a lot of this system is mental, and could be just as easily accomplished if you are meticulous about your financial records, keeping track of how much money you can allot to any specific part of your budget. That said, I'm probably going to try some of their recommendations: namely, separating out an emergency fund into a high-interest online savings account (I think I'll use this for dream&goal savings as well, just keeping careful track that the bottom X number of dollars don't count for fun stuff) and starting a retirement/long-term savings account; by starting a retirement account really early, I'm hoping to give myself less pressure later on to either get an amoral-ish high-paying job in my 30s and 40s, and/or struggle with needing to work forever. I also started a running Donations Budget, with a starting balance that I will continuously add to as a % of my income, and subtract from as I make donations; I'm hoping this will allow me the ability to send money out to emergency legal funds and stuff while having the peace of mind that it's actually money that's budgeted towards donations and not, you know, rent.

Michael Starghill says

Excellent! I highly recommend this book to all the self employed folks out there. It really helps with getting a grasp on the ebbs and flows of income that come with the self employed life. It also helps with structural ideas about planning for your financial future. Very informative and extremely helpful.
