

a little more about  
**TAXES,**  
**COST OF LIVING,**  
**HEALTH INSURANCE,**  
 and **OTHER REAL LIFE STUFF**

+start **BUSINESS PLAN B**  
 +start **FINANCIAL FORMS**

GRFX-4503 SPG24

I am **not** a lawyer.  
 I am **not** a licensed tax preparer.  
 I am **not** an HR (Human Resources) Specialist.  
 But I am a designer who has dealt  
 with almost all of what we will talk about today.

- I have worked for a salary with benefits.
- I have worked totally freelance where I had to pay my own insurance.
- I have worked on retainer, also with no benefits.
- ^^^ Over many years in multiple states.

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**DOWNLOAD AND OPEN  
 SECTION 4 PROJECTS**

**THE MONEY TALK**

Begin **BUSINESS PLAN B**

- > Cost-of-Living
- > Health Insurance (Benefits)
- > Salaried OR Contract
  - > Hourly OR Per Project OR On Retainer

- > More About Taxes
- > Benefits!!! (Usually only for Salaried)
- > Pre-Hire activities:
  - Tips from an HR Specialist

Begin **FINANCIAL FORMS**

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Begin **FINANCIAL FORMS**



## What is salary pay?

Salary pay is what an employee receives upon becoming a full-time employee. Your pay is a predetermined annual sum dispersed throughout the year.

What is salary pay *beyond* the annual paycheck? Well, schedule and predictability. When you are a salaried employee, you know exactly when you'll get paid and how much will be in your paycheck. This schedule allows for financial reliability and planning.

A salaried employee vs. an hourly one also varies in their benefits packages. Salary workers are usually entitled to benefits, including health insurance, paid time off, and other programs determined in your contract.

<https://www.facebook.com/topsalarieshourly>

## What is hourly wage?

An hourly wage is quite simply the amount of money paid out per hour. So, a salaried person still has an hourly wage - they just don't often look at it that way.

Now, once we make the distinction that we're talking about a non-salaried worker, we can call them "hourly workers" and refer to those who only get paid for the hours that they work.

Remember a salaried worker gets paid a fixed salary based on a schedule. That's it. So if they work longer one day, they usually don't get overtime or extra hourly pay, (some salaried positions WILL be allowed overtime below a certain amount of money).

Compare that to a non-salaried worker who will likely be allowed overtime, depending on the amount of hours they work, the job, and the applicable laws. In terms of classification, regardless of salary or hourly pay, the person could be a contractor or an employee. More on this later.

<https://www.facebook.com/topsalarieshourly>

## Key Differences



### Salary Pay



### Hourly Pay

#### Pros

- Consistent paycheck
- Paid time off and sick days
- Eligibility for improved benefits
- Greater opportunity for career advancement
- Benefits, specifically insurance.

- Overtime compensation
- Holiday Pay
- Freedom to pursue other interests
- More autonomy over schedule

#### Cons

- Potential to work more than scheduled hours
- Possibly less autonomy over holidays and overtime
- Less availability for other jobs

- More vulnerable to economic downturns
- Pay losses when tardy or absent
- Fewer benefits (usually) none if contract

<https://www.facebook.com/topsalarieshourly>

## THE MONEY TALK

### Begin BUSINESS PLAN B

- > Cost-of-Living
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- > Salaried OR Contract + WHERE?
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  - > Per Project OR
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### Begin FINANCIAL FORMS

### In-house graphic designer

In-house graphic designers generally work in an organization's creative or marketing department. As an in-house graphic designer, you're usually the sole person with this specialization, or have just a few team members. Your work is focused on one industry, though you might still tackle a range of projects. You also have fixed duties within your position, though there are typically opportunities to grow into roles with increased responsibility like a senior designer or creative director.

In this scenario, the employer handles much of the behind-the-scenes tasks in the business, like budgeting, billing, and getting clients, so you (hopefully) can focus fully on the creative work.

#### Pros of the job

- ✓ May have employment perks such as paid time off, health care benefits, 401k matches, and more.
- ✓ More opportunities to climb the corporate ladder and advance your career.
- ✓ Hone your expertise with a hyper specific focus on an industry.
- ✓ Gain experience building one company's brand design.
- ✓ Easy to clarify questions on design projects, since you work in the same space as your client.

#### Cons of the job

- ✓ Variety of tasks and challenges are limited by working with one brand that may already have an established style.
- ✓ Difficult to refuse jobs you may not want to do, especially if you're the only graphic designer.
- ✓ Work environment may be challenging because of fewer opportunities to collaborate with colleagues or the need to justify designs to management personnel unfamiliar with graphic design principles.

<https://www.facebook.com/topsalarieshourly>

### Agency graphic designer

Agency graphic designers work for an organization that delivers creative and marketing solutions to companies who either have too much design work to handle themselves or lack the expertise. Graphic designers in agencies work within many industries and niches, usually on numerous types of projects at once.

As with companies using an in-house designer, agencies have departments to take care of the administrative and accounting work that keeps the business running smoothly, leaving you to focus on your design tasks.

#### Pros of the job

- ✓ May have employment perks such as paid time off, health care benefits, 401k matches, and more.
- ✓ Opportunity to build a portfolio with a variety of project types and showcase work for high-profile clients.
- ✓ Allows you to gain skills in various areas of graphic design and build connections in different fields.
- ✓ Work alongside others with similar interests and learn new skills and techniques from them.

#### Cons of the job

- ✓ Pressure can be high, and you're often required to juggle multiple projects and tight deadlines.
- ✓ Less job security, since agencies may cut designers if there aren't enough clients with projects.
- ✓ Hours can be long when you need to hit difficult deadlines.

<https://www.facebook.com/topsalarieshourly>

### Freelance graphic designer

Freelance graphic designers work as contractors and run their own businesses. While their livelihood depends on creating a steady stream of clients, they have the last say in all aspects of their business. This includes when, where, and how they work, as well as the prices they charge and the type of projects they take on.

While graphic design might be your business, you'll also be spending a good part of your time on marketing, content creation, finding design gigs online, and communicating with clients.

You'll also be responsible for billing your clients, an area where WAVE Invoicing makes easy with professional, customized invoices templates you can quickly create—for free! Clients easily pay straight from your invoices you send them with a credit card or bank payment, so you spend less time waiting for your hard-earned money.

#### Pros of the job

- ✓ Significant freedom in choosing work environments, locations, and schedules.
- ✓ Income potential is limited only by your willingness to work.
- ✓ Flexibility in selecting types of projects you work on.

#### Cons of the job

- ✓ Inconsistent income and no employee benefits.
- ✓ Must find your own clients, and may have to bid on projects.
- ✓ Often takes on many roles beyond graphic designer when growing the business.

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### Begin FINANCIAL FORMS

## THE MONEY TALK

### financial forms

Student will create a basic template in InDesign for each of the following:

- Hourly estimate
- Project quote
- Invoice for job that was billed hourly
- Invoice for job that was billed per project



**financial forms**

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**WHEN YOU WOULD USE THESE FORMS:**

- **Freelance Hourly Pay.**
- **Freelance Pay Per Project Pay.**

**WHEN YOU WOULD NOT USE THESE FORMS:**

- **Salaried Job** > You would already have negotiated your contract and now be paid on a regular basis.
- **"On Retainer"** > "On Retainer" is a mixture between the 2 above.

**financial forms**

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**WHEN YOU WOULD USE THESE FORMS:**

A retainer fee is like a monthly design fee. It is paid up front each month before work is ordered. Essentially, you are paying for time versus a specific service. Based on the retainer package you select, I will block out my schedule with the appropriate amount of hours each month and plan my workload accordingly.

Hello Ginger Creative  
<https://www.helloginger.com> | retainer-services |  
 Retainer Services | Hello Ginger Branding + Web Design

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**MORE AT END OF TALK**

**THE MONEY TALK**

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Begin **FINANCIAL FORMS**

**Employee vs. Independent Contractor**

Employee	IC/Freelancer
<input type="checkbox"/> Paid through payroll	<input type="checkbox"/> Paid gross amount
<input checked="" type="checkbox"/> Taxes withheld <ul style="list-style-type: none"> <li>■ FICA/Personal Income</li> <li>■ W-4</li> <li>■ W-2</li> </ul>	<input type="checkbox"/> You pay your own taxes <ul style="list-style-type: none"> <li>■ 1/3 rule</li> <li>■ 1099</li> </ul>
<input type="checkbox"/> Benefits	<input type="checkbox"/> Not Benefits Eligible

In a financial context, the term "gross" generally means all of something. For example, on your paycheck, "gross pay" refers to the entire amount of money you get paid, before taxes and other deductions come out. IC = Independent Contractor

FICA: Federal Insurance Contributions Act tax - to fund federal programs like Social Security and Medicare. As you work and pay FICA taxes, you earn credits for Social Security benefits.

Benefits       Not Benefits Eligible

In a financial context, the term "gross" generally means all of something. For example, on your paycheck, "gross pay" refers to the entire amount of money you get paid, before taxes and other deductions come out. IC = Independent Contractor

**Gross pay vs. net pay**

Your gross pay will often appear as the highest number you see on your pay statement. It is a reflection of the amount your employer pays you based on your agreed upon salary or hourly wage. For example, if your employer agreed to pay you \$15.00 per hour and you work for 30 hours during a pay period, your gross pay will be \$450.00.

**Net pay** is the amount of money that will finally be available to you. Using our last example, if you earned \$450.00 in gross pay, your net pay will be the amount that ends up in your bank account after taxes and other fees have been taken out.

In most cases, your net pay appears in larger font on your paycheck or pay statement and is often bolded to appear darker so that you can easily distinguish it from your gross pay.

**Employment Forms BEFORE**

W-4	I-9
<p>Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but without higher single rate <input type="checkbox"/></p> <p>Line 5 - Number of Exemptions Line 6 - Extra Withholding</p>	<p>A citizen of the United States          A non-citizen national of the United States          A lawful permanent resident (Alien #)          An alien authorized to work in the U.S.</p>
<b>Employee</b>	<b>IC/Freelancer</b>

**Employment Forms TAX TIME**

W-2	1099
<p>1 Wages, tips, other compensation    2 Federal income tax withheld          3 Social security wages    4 Social security tax withheld          5 Medicare wages and tips    6 Medicare tax withheld</p>	<p>1 Other income          2 Nonemployee compensation</p>
<b>Employee</b>	<b>IC/Freelancer</b>

If you filled out a W-4 before working, you will receive a W-2 from your employer.

**1099**

**IC/Freelancer**

How do you pay taxes on 1099?

The IRS taxes 1099 contractors as self-employed. And, if you made more than \$400, you need to pay self-employment tax. Self-employment taxes include Medicare and Social Security taxes, and they total 15.3% of the net profit on your earnings as a contractor (not your total taxable income). Oct 19, 2021

What tax form do I use for 1099?

Independent contractors report their income on Schedule C (Form 1040), Profit or Loss from Business (Sole Proprietorship). Also file Schedule SE (Form 1040), Self-Employment Tax if net earnings from self-employment are \$400 or more. Nov 4, 2021

## FEDERAL vs STATE TAXES

You must pay **federal** taxes.  
You must also pay **state taxes** for **every state** you work and/or live.

For example, every year I pay:

- **Federal** taxes
- **Tennessee** taxes (where I live, own property, and sometimes work)
- **Arkansas** taxes (where I work)

https://www.dor.tn.gov/Content/Default.aspx?Module=BusinessHealthInsurance

## FEDERAL vs STATE TAXES

You must pay **federal** taxes.  
You must also pay **state taxes** for **every state** you work and/or live.

There have been years where I did work for clients in Colorado and California. The California job made less than \$400, but the Colorado jobs made me more than \$1000. That means I paid:

- **Federal** taxes
- **Tennessee** taxes (paid property tax, plus it's where I reside; also I received a W-4 from a yoga studio where I worked and paid taxes)
- **Arkansas** taxes (where I work and received a W-4 from A-State)
- **Colorado** taxes (I received a 1099 from at least one of my clients).

*But I never did enough work to bother hiring a tax preparer. I just used Turbo Tax, but had to pay for each state's program separately.*

https://www.dor.tn.gov/Content/Default.aspx?Module=BusinessHealthInsurance

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Tips from an HR Specialist

Begin **FINANCIAL FORMS**

### Benefits

Most do not offer all of this.  
The best would offer Medical as a minimum.  
These are what I consider to be a minimum:

- |   |  |
|---|--|
| <input type="checkbox"/> Medical, Dental & Vision Insurance | <input type="checkbox"/> 401(k)                |
| <input type="checkbox"/> Life/AD&D Insurance                | <input type="checkbox"/> Stock Options         |
| <input type="checkbox"/> STD/LTD                            | <input type="checkbox"/> Tuition Reimbursement |
| <input type="checkbox"/> FSA/HSA/HRA                        | <input type="checkbox"/> 529 Plan              |
| <input type="checkbox"/> Supplemental Insurance             | <input type="checkbox"/> Adoption Assistance   |
| <input type="checkbox"/> Sicknes                            | <input type="checkbox"/> Pet Insurance         |
| <input type="checkbox"/> Accident                           | <input type="checkbox"/> Gym Membership        |
| <input type="checkbox"/> Cancer                             | <input type="checkbox"/> Mobile Massage        |
| <input type="checkbox"/> Long-term Care                     |  |

### Benefits

What I suggest you take if offered at this time in your life:

- |   |  |
|---|--|
| <input type="checkbox"/> Medical, Dental & Vision Insurance | <input type="checkbox"/> 401(k)                |
| <input type="checkbox"/> Life/AD&D Insurance                | <input type="checkbox"/> Stock Options         |
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| <input type="checkbox"/> Cancer                             | <input type="checkbox"/> Mobile Massage        |
| <input type="checkbox"/> Long-term Care                     |  |

## FYI

If you're covered by a parent's job-based plan, your **coverage usually ends when you turn 26**. But check with the employer or plan. Some states and plans have different rules.

## CHOICES IN THE U.S.

### • NOT HAVING INSURANCE

You pay no money each month, but you must pay in full or get on a payment plan when something happens. To acquire government assistance is not as easy as it sounds, nor is it consequence-free.

### • PAYING FOR YOUR OWN INSURANCE

You pay an amount each month to the insurance company no matter what. Then the amount paid for at appointments, surgeries, etc. is partially or entirely covered, depending on your plan. What is covered depends on your plan too.

### • HAVING EMPLOYER-PAID BENEFITS:

You pay a little each month by having it taken out of your check, but enrollment (cost to have insurance) is always significantly paid for by your employer also. The amount paid for appointments, surgeries, etc. is also reduced greatly depending on your plan. What is covered depends on your plan too.

## MEDICAL COSTS WITHOUT INSURANCE

### Urgent Care vs. Doctor Care Visit Cost

In general, the average cost of urgent care without insurance ranges from **\$80 to \$280** for a simple visit and **\$140 to \$440** for a more advanced visit. The average cost for a doctor's visit ranges between **\$300 and \$600** without insurance. However, this does not mean that urgent care will always be the cheaper option for seeking care.

https://www.dor.tn.gov/Content/Default.aspx?Module=BusinessHealthInsurance

# MEDICAL COSTS WITHOUT INSURANCE

INSIGHTS

## How Much Does Surgery Cost Without Insurance in 2021?

### The Cost of Surgery Without Insurance

Paying for surgery out of pocket can vary greatly, costing you between **\$4,000 and \$170,000**, depending on what surgery you get. LASIK eye surgery may cost you about \$4,000 because the surgery is less intensive, takes less time to perform, and can be an outpatient procedure, which is less expensive when compared to inpatient procedures.

DO YOU KNOW THE DIFFERENCE BETWEEN OUTPATIENT AND INPATIENT?

<https://www.healthline.com/health/cost-of-surgery-out-of-pocket>

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# COST OF MEDICAL INSURANCE

**Health Insurance:** Though you may legally stay on your parent's health insurance until you are 26, you should attempt to take care of yourself as an adult as soon as you can. Without benefits from an employer (or being a student), the average cost of health insurance in 2024 is **\$584/month** for single coverage. Though Arkansas is about \$23 lower than this, you shouldn't assume you will be in the state. See more information [here](#).

FYI > IF YOU DON'T THINK MEDICAL INSURANCE IS A BIG DEAL.

IT IS.

AND IT'S **VERY EXPENSIVE** IN THE U.S.

AVERAGE MONTHLY FOR AN INDIVIDUAL WHO IS PAYING THEIR OWN INSURANCE + THE COST OF CARE (GREATLY REDUCED)>>

State	2024 cost	2023 cost
National	\$584	\$569
Alabama	\$584	\$591
Alaska	\$948	\$822
Arizona	\$517	\$509
Arkansas	\$461	\$456
California	\$600	\$541
Colorado	\$535	\$489
Connecticut	\$665	\$614
Delaware	\$567	\$566
Florida	\$613	\$599
Georgia	\$509	\$474
Hawaii	\$490	\$482
Idaho	\$473	\$483

# COST OF MEDICAL INSURANCE

FYI > IF YOU DON'T THINK MEDICAL INSURANCE IS A BIG DEAL.

IT IS.

AND IT'S **VERY EXPENSIVE** IN THE U.S.

AVERAGE MONTHLY FOR A FAMILY PAYING THEIR OWN INSURANCE + THE COST OF CARE (GREATLY REDUCED)>>

## Average family health insurance cost per month

An insurance premium is the monthly payment you make to stay enrolled with your insurance carrier. In 2020, the average cost per month for family health insurance was **\$1,152**, according to our recent study. Keep in mind that this number is an average and your premium can vary greatly depending on the size of your family, location, and level of coverage.

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# MEDICAL INSURANCE EMPLOYER-PAID BENEFITS

BELOW IS **JUST AN EXAMPLE** IF YOUR EMPLOYER HAS THE CHOICE. BRONZE IS STILL A VERY GOOD FOR EMPLOYER BENEFITS.

Tier	Insurer Pays	Employer/Employee Share
Platinum	90%	10%
Gold	80%	20%
Silver	70%	30%
Bronze	60%	40%

<https://www.healthline.com/health/cost-of-medical-insurance>

# MEDICAL VS. DENTAL

Most health insurance plans don't cover dental care.

Standard health insurance policies usually limit this kind of coverage to dental or oral surgeries that involve:

- diseases to the facial bones
- physical trauma to the tissue and structures of the face
- treatment of jaw disorders
- correction of facial deformities

Some health plans cover more common types of oral surgery, too, such as the removal of wisdom teeth. Even then, though, those wisdom teeth often have to be impacted before they'll pay part of the bill.

<https://www.healthline.com/health/cost-of-dental-care>

# MEDICAL VS. VISION

Regular health insurance protects you from unexpected costs for eye injury or disease. In contrast, **vision insurance provides an added wellness benefit for healthy eye exams**, which includes routine eye care, prescription eyewear and contact lenses.

<https://www.healthline.com/health/cost-of-vision-insurance>

## Benefits

- ◻ Medical, Dental & Vision Insurance
- ◻ Life/AD&D Insurance
- ◻ STD/LTD
- ◻ FSA/HSA/HRA
- ◻ Supplemental Insurance
  - ◻ Sickness
  - ◻ Accident
  - ◻ Cancer
  - ◻ Long-term Care
- ◻ 401(k)
- ◻ Stock Options
- ◻ Tuition Reimbursement
- ◻ 529 Plan
- ◻ Adoption Assistance
- ◻ Pet Insurance
- ◻ Gym Membership
- ◻ Mobile Massage

# LIFE / AD&D INSURANCE

Life insurance is a contract between you and an insurance company. Essentially, in exchange for your premium payments, the insurance company will pay a lump sum known as a death benefit to your beneficiaries after your death. Your beneficiaries can use the money for whatever purpose they choose. Aug 24, 2021

An accidental death and dismemberment (AD&D) insurance policy can help protect your family's finances in the event of the loss of your life or limb(s). It can be an affordable way to supplement your life insurance or medical coverage if you're seriously injured or die as a result of an accident.

## Benefits

- Medical, Dental & Vision Insurance
- Life/AD&D Insurance
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- Mobile Massage

# STD SHORT TERM DISABILITY vs. LTD LONG TERM DISABILITY

## The Definition of Disability

You should review the definitions section of your policy to find out how "total disability" is defined.

Each policy may be different, but in order to qualify for benefits, a person must meet the definition of total disability. To qualify for short-term disability or long-term disability benefits, your insurance company needs evidence that you are "totally disabled."

When you apply for STD benefits, the test for total disability is whether you can perform the duties of your "own occupation" (or a similar occupation, in some policies).

Under most group LTD policies, there are two definitions of disability, the "own occupation" and "any occupation" definition of disability. A person could also have a private LTD policy where the disability test is own occupation only.

A total disability means you are reasonably unable to carry out the normal functions of your usual job. It does not mean that you have to be completely physically unable to do any part of your job, but that your injury or illness is such that you are unable to perform the essential duties of your own occupation.

This is the definition your insurer will go by during the "own occupation" period of your disability. When the own occupation is over, you are considered totally disabled if you are unable to perform any occupation for which you are reasonably suited for or could become suited for.

# STD SHORT TERM DISABILITY vs. LTD LONG TERM DISABILITY

## How Your Benefit is Calculated

Short-term disability benefits are calculated based on a percentage of your weekly earnings and this percentage can range from 50% to 100% of your earnings, depending on your policy.

Some policies use a tiered system where you receive a higher percentage of your salary for the first few weeks, and a lesser amount for the majority of the STD period, and other policies use the same calculation for the entire period.

Long-term disability benefits are calculated based on a percentage of your monthly earnings and the percentage can typically range from 35% to 70% of your monthly earnings, policy dependent. Depending on your employer you may have the option to "top up" your benefit and receive a higher LTD benefit. For example, your employer may offer you a "core benefit" of 35% of your monthly earnings and then offer you the option of increasing your benefit if you choose to pay the monthly premiums for it. You may be able to increase your benefit to 60-70% for example.

Some short-term disability policies may also have optional coverage to top up core benefits.

# STD SHORT TERM DISABILITY vs. LTD LONG TERM DISABILITY

## The Waiting Period

The waiting period for STD benefits is relatively short compared to LTD benefits and can be as short as 1 day or as long as 2 weeks. Short-term disability benefits are meant to provide almost immediate financial assistance when you become disabled, whereas LTD benefits could have a waiting period of anywhere from 119 days to 52 weeks.

Typically, if you have coverage for both STD and LTD benefits, LTD benefits would start at the end of the STD period, if you meet the definition of disability. In most cases, STD benefits are meant to cover the duration of the waiting period for long-term disability benefits.

# STD SHORT TERM DISABILITY vs. LTD LONG TERM DISABILITY

## How Long Benefits Are Paid For

Short-term disability benefits can only be paid for the amount of time set out in the policy. The duration of benefits can range from 15 to up to 52 weeks.

Long-term disability benefits can be paid for a much longer period of time, unless the policy specifies there is a maximum period (i.e. there are some policies that have a 2 year, 5 year, 10 year maximum, depending on the reason for disability if it is a private policy or depending on what the employer chose).

# STD SHORT TERM DISABILITY vs. LTD LONG TERM DISABILITY

## MY ADVICE:

**IF YOU ARE PROVIDED THE OPTION, TAKE BOTH.**

**EVEN IF THAT MEANS MORE MONEY OUT OF YOUR CHECK.**

## Benefits

- Medical, Dental & Vision Insurance
- Life/AD&D Insurance
- STD/LTD
- FSA/HSA/HRA
- Supplemental Insurance
  - Sickness
  - Accident
  - Cancer
  - Long-term Care
- 401(k)
- Stock Options
- Tuition Reimbursement
- 529 Plan
- Adoption Assistance
- Pet Insurance
- Gym Membership
- Mobile Massage

# FSA • HSA • HRA

Health Savings Accounts (HSAs), Healthcare Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs) each let members use tax-free dollars to pay for qualified medical expenses.

## Benefits

- Medical, Dental & Vision Insurance
  - Life/AD&D Insurance
  - STD/LTD
  - FSA/HSA/HRA
  - Supplemental Insurance
    - Sickness
    - Accident
    - Cancer
    - Long-term Care
- ➔ 401(k)
- Stock Options
  - Tuition Reimbursement
  - 529 Plan
  - Adoption Assistance
  - Pet Insurance
  - Gym Membership
  - Mobile Massage

## 401K

What is a 401k and how does it work?

A 401(k) is a retirement savings and investing plan that employers offer. A 401(k) plan gives employees a tax break on money they contribute. Contributions are automatically withdrawn from employee paychecks and invested in funds of the employee's choosing (from a list of available offerings).

## Benefits

- Medical, Dental & Vision Insurance
  - Life/AD&D Insurance
  - STD/LTD
  - FSA/HSA/HRA
  - Supplemental Insurance
    - Sickness
    - Accident
    - Cancer
    - Long-term Care
- ➔ 401(k)
- Stock Options
  - Tuition Reimbursement
  - 529 Plan
  - Adoption Assistance
  - Pet Insurance
  - Gym Membership
  - Mobile Massage

## STOCK OPTIONS

Equity compensation, sometimes called stock compensation or share-based compensation, is a noncash payout to employees via restricted shares and stock options. Employees who received this perk gain stake in their companies, which means they hold partial ownership of the business and its profits. Startups that can't afford to pay out huge salaries often include some form of stock benefits in their hiring packages to make their offers more competitive, and to motivate their employees to do better work.

## Benefits

- Medical, Dental & Vision Insurance
  - Life/AD&D Insurance
  - STD/LTD
  - FSA/HSA/HRA
  - Supplemental Insurance
    - Sickness
    - Accident
    - Cancer
    - Long-term Care
- ➔ 401(k)
- Stock Options
  - Tuition Reimbursement
  - 529 Plan
  - Adoption Assistance
  - Pet Insurance
  - Gym Membership
  - Mobile Massage

## 529 PLAN

A 529 college savings plan is a specialized savings account that is used to save money for college. Each 529 plan account has an account owner, who controls the investments and selects the beneficiary, and one beneficiary. The account owner and beneficiary may be the same person. Aug 2, 2018

## THE MONEY TALK

Begin **BUSINESS PLAN B**

- > Cost-of-Living
- > Health Insurance (Benefits)
- > Salaried OR Contract
  - > Hourly OR
  - Per Project OR
  - On Retainer
- > More About Taxes
- > Benefits!!! (Usually only for Salaried)
- > Pre-Hire activities:

Tips from an HR Specialist

Begin **FINANCIAL FORMS**

## Pre-Hire Activities

NOT SO FAST

- Contingencies
  - Background check
    - Authorization & Scope
  - Drug screening
  - Reference checks
- The OFFER Process
  - Find out everything including:
    - Total Compensation, Benefits, Vacation, etc.

## Pre-Hire Activities

NOT SO FAST

- Contingencies
  - Background check
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# THE MONEY TALK

## Begin BUSINESS PLAN B

- > Cost-of-Living
- > Health Insurance (Benefits)
- > Salaried OR Contract
  - > Hourly OR Per Project OR On Retainer
- > More About Taxes
- > Benefits!!! (Usually only for Salaried)
- > Pre-Hire activities: Tips from an HR Specialist

## Begin FINANCIAL FORMS

CRFP-8500 SPRING 2024

# section 4

**FINANCIAL FORMS**

"Your survival depends completely on getting paid by clients. It's as simple as that. If the money isn't coming in, you can kiss your freelance life goodbye."

Along with development of a business plan, designers must create standard forms to use. These commonly include financial documents like an estimate, quote, contract, and invoice.

This project will demand all but the contract, though a signed quote is similar to a (not-very-legally-binding) contract. Contracts are legal documents and it would be best to see a lawyer vs. trusting your livelihood to a template available online.

## financial forms

Student will create a basic template in InDesign for each of the following:

- **Hourly estimate**
- **Project quote**
- **Invoice for job that was billed hourly**
- **Invoice for job that was billed per project**

**WHEN YOU WOULD USE THESE FORMS:**

- **Freelance Hourly Pay.**
- **Freelance Pay Per Project Pay.**

**WHEN YOU WOULD NOT USE THESE FORMS:**

- **Salaried Job** > You would already have negotiated your contract and now be paid on a regular basis.
- **"On Retainer"** > "On Retainer" is a mixture between the 2 above.

## financial forms

### overview

Student will create a basic template in InDesign for each of the following:

- **Hourly estimate**
- **Project quote**
- **Invoice for job that was billed hourly**
- **Invoice for job that was billed per project**

See [FinancialForms\\_Templates.PDF](#) on Slack #8500\_sack\_financial-forms

Student should understand these and combine any information listed here or in readings to complete his/her own quote and invoice. These must be completed in a design form that is consistent with other collateral under the visual brand.

For extra credit, make a contract that is closer to legally binding words. (It won't be legally binding until you have a lawyer review it, but you can get started.)

## Hourly estimate

1> **REQUIRED:** Hourly Job Estimate Template to use later (using your brand visuals)

2> **FYI:** Estimate using this template

## Project quote

1> **REQUIRED:** Project Job Quote Template to use later (using your brand visuals)

2> **FYI:** Quote using this template

## Invoice for job that was billed hourly

1> **REQUIRED:** Invoice Template (using your brand visuals) to use later for Job charged Hourly

2> **FYI:** Invoice using this template

## Invoice for job that was billed per project

1> **REQUIRED:** Invoice Template (using your brand visuals) to use later for Job charged per Project

2> **FYI:** Invoice using this template

## financial forms

### real life steps

None of the following is your assignment. It is an explanation to guide you in your creation of the required estimate/quote and invoice.

#### REAL-LIFE STEP 1: REQUEST FROM CLIENT

Design jobs often are created in steps. After obtaining information about the project, you then provide a quote. Preferably you receive project information in the form of a brief, but you will hardly ever receive this while freelancing.

- Your own price rate and experience level. (See Business Plan B)
- Timeline for the project.
- What is the budget?
  - Remember that simply asking what the budget is also is an indirect way of saying, "You know I'm not doing this for free, right?" (It's not awkward, it's asking, "Would you be able to send me a brief of the project?")
- Who is the direct point of contact to discuss the project?
- Where and how will the piece be used?

#### REAL-LIFE STEP 2: ESTIMATE / QUOTE

Next you answer with something called an estimate or a quote of what you will charge. (A quote is closer to a contract, but is not legally binding. Also sometimes clients will ask for an estimate and then a quote, in which case the quote is closer to a non-signed contract.)

See all examples in [FinancialForms\\_Templates.PDF](#)

There are usually two ways to charge for a project if you are a freelancer or under contract:

- **Charge per hour.**
  - **OR**
  - **Charge per project.** If you do this, include how many revisions will be made before the rate goes to hourly.
- If you create your own business or have an ongoing work relationship, you could consider creating a contract that explains you will be doing all work for a set amount of time. If this is not a salary, it could be considered being "under retainer."

#### REAL-LIFE STEP 3: CONTRACT

Professor Lakin's talk provided the most information in regards to an actual legally binding contract. For what is required for this project, see [FinancialForms\\_Templates.PDF](#)

Once an estimate/quote has been provided, you would then be granted the work or refused. Even though you would provide this before a contract, an estimate/quote is very similar to the nuts and bolts of a contract without needing to be legal. It is up to you if you work with contracts or not. Contracts can be tricky, especially if you have never even signed one. Depending on the client, he/she might be scared off by it. See [The Business Contract by AIGA](#) (optional). There are many more examples of templates available. The following are tips from HOW. Many of these tips are also applicable to your quote and invoice forms.

#### REAL-LIFE STEP 4: INVOICE

Again, see [FinancialForms\\_Templates.PDF](#). The following is from [this article](#). When crafting your invoice, you should refer to the following checklist as a minimum of items to include:

- Your company logo (if available)
- Your name
- Your contact information
- A unique invoice number you have assigned for your files
- Any relevant PO number issued by the client (if available)
- Name and address of your client
- The word "invoice" on the document
- The date - this ensures that if payment isn't received, you have proof of when it was submitted
- Item(s) and description(s). Describe the work you have done for your client
- **If quote was per project:** the final cost should match. If extra revisions were made, this should be listed in an hourly format. All math should be clear.
- **If quote was hourly:** Hours worked on project x the agreed charge. All math should be clear
- Terms and Conditions: include your payment terms, i.e. "Payment must be made within 30 days." An additional explanation of consequences for later payment may be included.
- Where/how the payment should be made. You may provide a PO Box or street address for a check to mailed or bank information. Payment app links like Cash, PayPal, or Venmo are also a great idea.

#### REAL-LIFE STEP 5: GETTING PAID

Even if you only do a couple of jobs a year and choose not to pay quarterly taxes (be careful), remember that you must count on your client reporting the payment to his/her bank. Because this can be helpful in reducing tax owed when investing in one's own business. If (when) the government knows, it will be expecting some of that money from you via your taxes via a 1099-MISC form for each client.

Hopefully you get about 25% of the money you earned from this job immediately into a savings account that you don't touch. (U.S. states 15-3% of your net profits, but it's better to have more saved just in case.) Required taxes include payment to Social Security and Medicare, which are often hidden when paid at other jobs you may have had where you filed just a W-4.

"They're not hidden at all, but most of us don't think our payables is digital."

Even if the client doesn't report it and you receive no 1099-MISC, you should still report it. Nobody wants to get audited by the U.S. government when a large amount of savings appears on your account that is earning interest.

It is so common to hear from designers to "keep it under \$400 and nobody will know". It is true that the person who paid you does not need to report the job to the IRS if it's under \$400, but you are legally still supposed to report the amount as self-employment income and pay taxes.

The other option someone may offer you is to get paid "under the table" where nobody reports anything. This is technically not legal. Again, getting audited by the U.S. government is not a goal you should have.

**Scared of taxes yet? Don't be.** Keep your receipts for anything you have to keep you in business, even if that's just your computer and its software and the cost of your business cards. Find out more about all the things for which you could receive deductions. Programs like TurboTax can explain all of this to you if you cannot afford taxes to be prepared for you. It's not as hard as it all sounds. Just be sure you keep all receipts, invoices, etc. if all matters.

**SECTION 4 MENU**

**financial for**

**future tips**

**MARK**

The following are more in-depth considerations that may only apply to the more in-depth content. Some items are more in-depth than others. If you are not sure what to do, ask your instructor for help. This might be the best time to ask for help. Note: This might be the best time to ask for help. Note: This might be the best time to ask for help.

**CLIENT RESPONSIBILITIES:**

- **Client Responsibilities:** (Company Name Here) representatives, terms of client representation. Note: This might be the best time to ask for help. Note: This might be the best time to ask for help.

**PAYMENT PARAMETERS:**

- **Client Responsibilities:** (Company Name Here) representatives, terms of client representation. Note: This might be the best time to ask for help. Note: This might be the best time to ask for help.

**ELECTRONIC FILES:**

- **Client Responsibilities:** (Company Name Here) representatives, terms of client representation. Note: This might be the best time to ask for help. Note: This might be the best time to ask for help.

**SAMPLES AND CDS**

- **Client Responsibilities:** (Company Name Here) representatives, terms of client representation. Note: This might be the best time to ask for help. Note: This might be the best time to ask for help.

**QUESTIONS**

**REAL LIFE HELP**

**DISCUSSION**

**HELP**

**MENU**

# directions

On Thursday, March 14th, students will begin this project during "The Money Talk" workshop.

After lectures/discussions about Taxes, insurance, cost-of-living, and financial forms, create the assigned templates in 4 separate InDesign documents, using your brand visual guidelines and logo Name as follows:

- Hourly estimate: **YOUR LAST NAME\_HourlyEstimate**
- Project quote: **YOUR LAST NAME\_ProjectQuote**
- Invoice for job that was billed hourly: **YOUR LAST NAME\_HourlyInvoice**
- Invoice for job that was billed per project: **YOUR LAST NAME\_ProjectInvoice**

→ **W.I.P. DUE** in class on Thursday, March 14 during "The Money Talk."

**DUE > WHAT • WHEN • WHERE**

When finished, check all spelling. Be sure they all files are named correctly. Then File > Print> save each file as shown below.



Place these 4 separate folders with all elements in **SECTION 4: FINANCIAL FORMS** folder. **DUE by 11:59pm on Sunday, March 24th**, but it is highly suggested to finish before break. Interactive PDFs of Financial Forms will be created as part of the interactive Files project.

**ALSO:**

**Visual Guidelines Questions?**

**Resumé Questions?**