

Solopreneur Money Math: Calculate Your Freedom Number

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Icebreaker:

What is the weirdest
thing within arm's
reach of you right
now?

It is projected that in 2027, 86.5 million people will be freelancing in the United States and will make up 50.9 percent of the total U.S. workforce.

Myth: corporate
employment is
more safe than self
employment

My story

Just because a
company lays off
10,000 employees
doesn't mean they
have 10,000 people
less work to do!



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FEAR

UNTIL YOU HAVE THE COURAGE TO LOSE SIGHT OF THE SHORE,
YOU WILL NOT KNOW THE TERROR OF BEING FOREVER LOST AT SEA.

Introduction to the benefits of solopreneur work

- You are your own boss and make all the rules
- You work on what you want to work on, when you want to work on it, where you want to work, and for whom you want to work
- When you are talking to a potential employer (client), you are one of a few people they are talking to, at most
 - “It is easier to land your first client than your next job!” -Brett Trainor
- If a potential client is talking to you, it is because they have real work that needs to be done, not a ghost job ad

Caveat Emptor:

I am not a lawyer or
an accountant

Exercise: What is your hourly rate?

$$\text{Hourly Rate} = \frac{\text{Annual Salary}}{\text{Number of Working Hours in a Year}}$$

- Assumes you received paid vacation/holiday and sick time
- Number of working hours/year varies by country
 - US: 2080 hours (40 hours/week x 52 weeks/year)
 - UK: 1740 hours (37.5 hours/week x 52 weeks/year)

Exercise: What is your hourly rate?

$$\text{Hourly Rate} = \frac{\$150,000}{2080}$$

How does that number compare to typical contractors working in your company or field?

How much do contract shops typically take off the top?

A fully-burdened number

$$\text{Hourly Rate} = \frac{\text{Annual Salary} \times 1.25}{1000}$$

[https://github.com/ClairSullivan-Associates
/maven_slide_decks/tools](https://github.com/ClairSullivan-Associates/maven_slide_decks/tools)

Monthly scenario planning

The Rule of
60%

Hourly rate	\$150	Weekly revenue (FT)	\$3,750
Number of hours in a week	25	Monthly revenue (FT)	\$15,000
Health insurance	\$1,500	Health insurance	\$1,500
Targeted monthly take home	\$8,000	Expenses	\$750
Monthly tax-deductible business expenses	\$750	Revenue less insurance, expenses	\$12,750
Federal tax (including self employment tax)	0.29	Federal tax	\$3,698
State tax	0.0455	State tax	\$580
		Monthly take home pay	\$8,472
		Difference	\$472

Annual scenario planning

Hourly rate	\$150	Weekly revenue (FT)	\$3,750	
Number of weeks worked	48	Monthly revenue (FT)	\$15,000	
Number of hours in a week	25	Annual revenue (actual)	\$180,000	Annual revenue (FT) \$180,000
Health insurance (monthly)	\$1,500	Health insurance	\$18,000	(if working 52 weeks)
Number of months paying insurance	12	Expenses	\$9,000.00	
Targeted monthly take home	\$8,000	Revenue minus insurance and expenses	\$153,000	
Monthly tax-deductible business expenses	\$750	Federal tax	\$44,370	
Federal tax (including self employment tax)	0.29	State tax	\$6,962	
State tax	0.0455	Revenue less insurance, expenses, taxes	\$101,669	
		Monthly take home pay	\$8,472	
		Difference	\$472	

Some final thoughts

- “It is easier to land your first client than your next job.”
 - You don’t need tons of clients, just a few to make those hours and completely replace your corporate salary
- You can be up and running as an official business in under 24 hours
- Just because companies are laying off doesn’t mean they don’t have work that needs to be done
- You can start the wheels in motion while still in your corporate job

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Launch Your Solopreneur Business for Senior ICs and Managers in Tech

Clair Sullivan Tech pro who replaced salary going solo

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Thank you!

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