



Lesson 4: How to Pay Yourself

Why Paying Yourself Matters

You've worked hard to earn profit, and now you deserve to get paid — but how you pay yourself matters. Doing it with a plan keeps your business healthy and avoids cash shortages later.

Ways to Pay Yourself

- **Owner's Draw:** Transfer money from the business account to your personal account (common for sole props & LLCs).
- **Payroll Paycheck:** If you run payroll for yourself (often for S■Corp owners), you receive a set paycheck each pay period.
- **Profit Distributions:** Extra money you take out after covering taxes and business needs.

How Much Should You Pay Yourself?

- 1) Start with your **Adjusted Profit** (Lesson 2).
- 2) Subtract the amounts you set aside for **taxes** and **upcoming bills** (Lesson 3).
- 3) Decide what you'll keep in the business as **savings** or cushion.
- 4) What's left is your **Pay Yourself Amount**.

Consistency is Key

Pay yourself on a set schedule (weekly, biweekly, or monthly). Even if the amount is small at first, it builds a habit and helps you plan your personal finances.

■ When to Call Your Accountant

- You're unsure whether to use owner's draw or payroll
- You want a consistent pay amount without starving cash flow
- You need help calculating a reasonable salary (e.g., S■Corp)
- You want a simple process for scheduling pay and taxes

Key Takeaway: Pay yourself intentionally and on a schedule — after taxes, bills, and business savings are covered.

Try It Yourself

Calculate how much you can pay yourself this month using your adjusted profit.

Adjusted Profit: _____

– Reserve for Taxes: _____

– Reserve for Bills/Commitments: _____

– Business Savings: _____

Pay Yourself Amount: _____

Pay Date (set your schedule): _____

Reflection

How does this planned approach to paying yourself feel compared to taking money when you need it?

- Is this amount enough for your personal needs? _____
- How could you increase your pay over time without hurting cash flow?
- Do you want to switch to a set paycheck schedule going forward?

■ **Action Step:** Put a recurring date on your calendar to review profit and pay yourself intentionally.

■ Download a PayYourself Calculator at jnbservice.com/resources.