



NatWest

Tips for managing your personal finances when going it alone

In partnership with Emma Gannon



Photo by: Paul Storie

Emma Gannon: Starting a side hustle or taking the leap to go freelance can be scary – with lots to organise and keep track of. When you're working for yourself, it's so important to keep track of your finances. This may be obvious when it comes to business expenses, but it's just as important to understand and manage your personal income and spending too. Hopefully these tips provide a great starting point.

NatWest's freelance finance fundamentals



1. Save two to three months' salary before you make the jump and keep for emergencies

The golden rule when going it alone is to have 2-3 months' salary saved as a safety net. Then, if work is slow to start with, you have something to fall back on. If you can, try to keep this pot to tide you over in case of quieter periods, or emergencies. If you struggle to save, set a savings goal via your banking app. Look for higher interest rate accounts, like NatWest's Savings Builder, or ISAs to save paying tax on your savings.



2. Open a business bank account

Open a business bank account to separate your personal and business banking and make sure all your work-related income and payments go in and out of your business account. Keeping the accounts separate will simplify your book-keeping and save you dipping into business funds by mistake. There are lots of options available, from digital only banks like Mettle by NatWest, to high street banks which often offer products to help you run your business. NatWest offers its business account customers online accounting software, FreeAgent, free of charge. FreeAgent makes it easy to stay on top of your finances, helping you build and maintain a strong credit rating as your business grows.



3. Pay yourself a salary

Once you've separated your business and personal bank accounts, pay yourself a monthly salary. Keep the amount consistent, even when you've had a good income that month, to help even out the 'lumpy' salary experience – a common freelance issue. When setting your salary, calculate your personal outgoings so you know what you need. Categorising your spending can help show where your money is going and help you to determine where savings can be made if needs be.



4. Stay on top of your invoices

When you're first starting out, you might not be able to hire an accountant for your invoicing. However, there are special tools available to help you out. Digital business account Mettle by NatWest helps you create and send invoices and will match payments to invoices. FreeAgent automatically chases overdue invoices so you don't have to be shy about asking for the money you're owed. Include reference to the Late Payment of Commercial Debts Act (1998) on every invoice, a reminder to your client that you have the right to charge interest on overdue accounts.



5. Put money aside for the things you know you'll need

It can be hard to save regularly when you don't have a steady income – but there will be costs that can't be avoided and times of year when you'll be quieter. Consider opening various savings accounts to cover these periods. Set yourself goals such as saving 20% of your income to cover your tax bill or a percentage each month to save for a holiday, or quieter periods such as Christmas. As well as personal savings accounts you can also

consider business savings accounts. NatWest's Business Reserve instant account allows you to earn interest while giving you immediate access to your savings. If you're able to lock away your spare cash for 35 or 95 days, you can earn a higher interest rate with the NatWest Liquidity Manager Notice Account.



6. Don't avoid your bank or your bank balance, it's easier than ever to get in touch

Take control of your finances and check your bank account regularly. With mobile banking it's easier than ever to see your transactions as and when they happen. NatWest also offers a free financial health check to go through your finances and help you to meet your personal financial goals. It's never been easier to get in touch with your bank, whether through 24/7 chat, video banking, telephone, or face to face through a branch, mobile branch or via a community banker.

Other financial issues to think about



1. Insurance

It's important to think about what insurance you have in place, for example, do you have an income protection insurance policy? You can find out more through the [Money Advice Service](#).



2. Pension

If you're self-employed, you don't get automatically enrolled into a pension. Whatever stage for your work life you're at, it's important to think about how you'll get the retirement you want. You can access advice from the Department for Work and Pensions [here](#).



3. Tax implications

Make sure you know the tax implications of working for yourself. [HMRC](#) offers great advice on how to register yourself as self-employed and manage your taxes.

Emma Gannon's tips on how to get going



1. Start with a side hustle

Having a side hustle can help prepare you to make the jump from full-time to freelance because instead of just quitting your job, you can experiment with side projects, allowing you to build up work on the side and gradually make that move. It is a good way to test out whether or not you enjoy freelancing, and experiment with how you price yourself.



2. Don't get lonely – find your tribe and stick with them

To avoid getting lonely and so I can share ideas with likeminded people, I work from co-working spaces. I also have a WhatsApp group of fellow freelancers who share support and advice with each other. When we discuss finances and fees we speak in actual numbers. I make sure I make evening plans to get out of the house, or schedule a couple of meetings in places like coffee shops each week.



3. Manage your time effectively

I use my old office job hours as a way to structure my day. I try and close my laptop around 7pm latest on weekdays and Sundays are absolutely non-negotiable for me. I work in 90min spurts, focusing on one thing at a time (no multi-tasking!) and taking lots of breaks. Also, make sure you book some time off for yourself! The most satisfying thing about being a freelancer is going on holiday and not asking permission.

Emma has been a freelancer for four years. Her book, 'the Multi-Hyphen Method' is the ultimate guide for getting ahead in the world of modern working.