How to Calculate Your Salary
& Hourly Rate

Set Your Holiday

Before you start calculating your monthly, weekly, daily or hourly rates, you need to know how many weeks of paid holiday you would like to take per year. In this example, we are taking **4 weeks** of paid holiday.

*Remember: you work hard and run a professional business, and you deserve a paid holiday as much as anyone! People often forget to factor time off into their salary calculations, but **you deserve it!***

Annual Salary

- Begin by deciding how much would need/would like to earn per year
- Things to consider when deciding how much you should be earning per year:
  - Rent (for your home, not studio, if you don't work at home)
  - Health insurance
  - Cost of living (transport, groceries, etc.)
  - Holidays
  - Savings for the future
  - Basically, these should be your **personal expenses**. Your business expenses will be factored into your overhead costs.
  - Example: **€33.000 per year**

Monthly Salary

- Divide your annual salary by 11 months to calculate your monthly salary
  - Example: €33.000 ÷ 11 **= €3.000 per month**
- *(Why 11 months and not 12? Because 4 weeks (1 month) is your paid holiday, where you won't be working!)*

Weekly Salary

- Divide your annual salary by 48 weeks to calculate your weekly salary
    - Example: €33.000 ÷ 48 = **€687,50 per week**
- *(Why 48 weeks and not 52? Because 4 weeks is your paid holiday, remember?!)*

Daily Salary

- Divide your annual salary by the number of working weeks times 5 to calculate your daily salary
    - Example: €33.000 ÷ (48 x 5) = **€137,50 per day**
- *(Why multiply the working weeks by 5? Because in each working week, there are 5 working days. It's true that when running a small business we often have to work on weekends, but the goal should be to work 5 days a week, maximum. Can't work full-time? Replace the number 5 with the number of days per week you can work.)*

Hourly Salary

- Divide your daily salary by the number of working hours in a day (in this example we are using 8 hours per day) to calculate your hourly salary
    - Example: €137,50 ÷ 8 = **€17,19 per hour**

When do I need to use these different salary rates?

- Your **annual** salary can be used as an overall sales target
- Your **monthly**, **weekly** and **daily** salary can be used to calculate quotes for freelance projects and commission pieces
- Your **hourly** salary can be used to help calculate your product costs

Note: This template is only a guideline. Each person has unique conditions, and it's up to you to find what works best for you. Hopefully this will help you find the right path!

(Created for you by Emma Wood)