

In Monica's life as a freelancer, she found great comfort and solace in practicing Money Day. As someone who had always been quite anxious about money, she would sit down on the first Friday of each month and review *all* her financial responsibilities, both business and personal, and take some time on the same day to learn about money. After a while, the regularity of the day and the focused attention on her finances helped her to learn how to manage her money better, and how to navigate the 'famine and the feast' of creative life without going broke.

The most important thing, before you start this process? Create the reward that you'll gift yourself when you're done. For Monica it was always a lovely chilled bottle of champagne to share with friends (and sometimes lounge room disco after). Whatever your favourite thing, plan that for the end, otherwise you're very unlikely to commit to a whole day of money!

Now, she recommends the same to her clients, and here are the steps!

1. Go to the glove box, wallet, back of the couch (wherever) and collect all the receipts you have secreted away over the last month;
2. Organise all the receipts into date order for the month. Staple or stick them to A4 paper in date order so you have a ready record;
3. Make sure you've sent all the invoices you're supposed to send. Forgetting is so embarrassing!
4. Check all sent invoices and make sure they've been paid. If not, send a reminder;
5. File paid invoices into your records, along with your receipts, with a note on them about when and how they were paid (we recommend a large folder organised in month order).
6. Pay all bills, whether they're due immediately or not;
7. RECONCILIATION (yuk) - Check your bank and credit card statements and make sure they match your invoices and receipts you've collected. This is easier if you are using a cloud accounting system like Wave or Square;
8. Check your business diary or calendar and look for any forgotten travel expenses or incidentals from the past month;
9. Calculate whatever taxes you need to set aside, including GST and PAYG (and company tax if you're a company), and transfer into your business savings account;
10. Transfer your monthly "wage" or "drawings" from business accounts to personal account. It's crucial to keep your personal and business finances separate, otherwise you'll always be dipping in and making your bookkeeping horrific;
11. Finally, scan all the paperwork and create a digital copy for backup, and file the paperwork into the folder.

Now that you have the past sorted out, look into the future. We recommend a cashflow projection for the next 3 months.

1. First, make sure you have created budgets for your business and personal life. How much does it cost you to run your life for a year?
2. Use your budgets to figure out how much money you need to spend in the next three months, on both the business and your personal life.
3. Now, investigate your income for the same period of time. Will you be OK financially?

If you're very dedicated, or if you have a cloud accounting system that allows you to do this quickly, generate a **balance sheet** for the day. Also check on your **profit and loss** for the Year To Date (YTD). Sounds boring, and it is, but crucial in being able to make predictions and decisions about the financial future of the business.

If you still have some time at the end of Money Day, use it to learn more about your personal and business money. Fill the gaps in our knowledge and do your best to get your head around the numbers. Here are some great ways to learn that we recommend:

The *Pineapple Project* podcast: A very funny podcast about money from comedian Claire Hooper.
<http://www.abc.net.au/radio/programs/the-pineapple-project/>

MoneySmart Online Learning: Free and impartial financial guidance and tools you can trust from the government. The development modules and face-to-face workshops are designed to build your personal financial capability. All free!
<https://www.moneysmart.gov.au/teaching/professional-development/workshops-and-online-learning>

The following online courses are also very highly rated:

<https://www.udemy.com/the-core-four-of-personal-finance-basics/>

<https://www.udemy.com/personal-finance-101/> (free)

<https://alison.com/course/Financial-Literacy> (free)

At the end of Money Day, you should know what's left over and pop it into a savings account. This is your buffer against the hard times, and helps pay for illness and holidays if you need them. On the other hand, if it's been a rough month you can augment your "wage" from your savings if you need to, but always make sure to pay that money back when the boom returns.

Money Day means you're always on top of your finances and there are no unpleasant surprises. Any ongoing and end-of-year tax responsibilities are easier because the work is already done. Paying a monthly "wage" also means that you can participate in the regularity of the rest of the world without giving up the independence of working for yourself.

You may not get any security from your creative work, but you can build your own. Be good to yourself, manage your money and embrace your own power.

For more help:

<http://www.business.vic.gov.au/money-profit-and-accounting/financial-management-set-up>

<http://www.business.gov.au/business-topics/tax-finance-insurance/business-finances/Pages/default.aspx>

And for tax:

<https://www.ato.gov.au/Individuals/Income-and-deductions/Records-you-need-to-keep/>

If you found this info sheet helpful, please visit

www.creativeplusbusiness.com

for more resources aimed at helping creative businesses.

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