Money Matters for Self-Employment

Thinking About Self-Employment

ABC LifeLiteracyCanada

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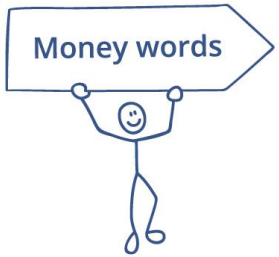
Welcome to *Money Matters*

What will you learn?

In today's workshop, you'll think about:

- What it means to be self-employed
- Different ways of being self-employed
- If self-employment is right for you



An **employer** is a person, company, or organization that pays people to work for them.

Self-employment means you work for yourself.

What does it mean to be self-employed?

- When you're self-employed, you work for yourself or run your own business
- Self-employment can mean providing a service or selling a product

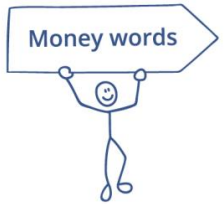
Think about it

- What are some products or services a self-employed person might sell?

Why choose self-employment?

Reason to choose self-employment:

- You're having trouble finding a job
- You need to earn extra money
- You want to be your own boss
- You want to make your own schedule
- You have an idea you want to share
- You want to make a difference in your community



Motivation is the reason you want to do something

Think about it

- What are some other reasons somebody might want to be self-employed?
- Think about your situation. What motivates you to learn about self-employment?

Meet Sumaya

Sumaya just graduated from high school. She has a passion for baking.

One day, she'd like to have her own bakery. But for now, she'd be happy selling her bread, pastries, and desserts at the local farmers' market. She's never run her own business before, but she's confident and believes she can learn what she needs to through experience.

Meet Pascal

Pascal moved to Canada last year. He works in a kitchen at a busy restaurant, but it's been hard to save money.

Pascal shares a car with his cousin, and he's thinking about working as a driver for a ride sharing app. He's never worked for himself before, but he thinks this might be a good way to make some extra money to help pay his bills.

Let’s talk about it

- What motivates Sumaya to start her own business?
- What motivates Pascal to explore self-employment?
- How are you like Sumaya? How are you like Pascal?

Ways to be self-employed

There are different ways of being self-employed, including:

- Having a side job
- Working as a freelancer
- Starting a small business

Having a side job

A **side job** is when you have a second way of making money in addition to your main job. It's also called a side hustle or side gig.

Example

You work at a coffee shop during the day, but from time to time, you play music at weddings. Your side job is playing music at weddings, and your main job is working at a coffee shop.

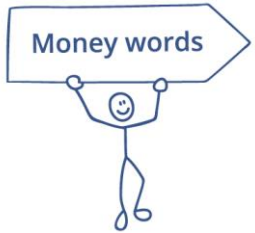
Think about it

- What's another example of a side job?

Working as a freelancer

Employees are…

- Paid a regular wage or salary
- Told by their employer what they'll do and when
- Provided tools, equipment, and materials



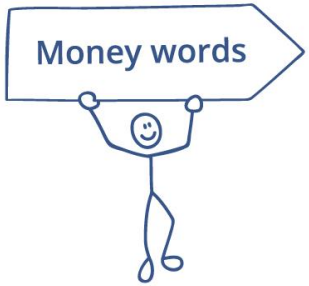
An **employee** is paid by their employer to complete work

Working as a freelancer

Freelancers are…

- Their own boss
- Paid for each task or project they complete and typically use a **contract**
- Not considered employees
- Free to decide which work contracts they'd like to complete and make their own schedule
- Required to provide their own tools, equipment, and materials

Working as a freelancer

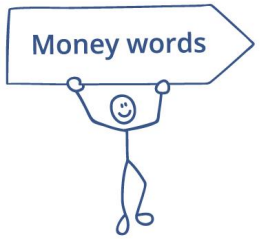


A **freelancer** is a self-employed person who signs a contract to do a job or to provide a service for a client.

A **contract** is a legal agreement between 2 or more people

Starting a small business

When you start a business, you sell something or provide a service. Someone who starts their own business is often called an **entrepreneur**.



An **entrepreneur** is someone who works for themselves or runs their own business. The business can be big or small.

Starting a small business

For more information about starting a business, visit abcmoneymatters.ca and check out the workbook *Starting a Business*.

Benefits and challenges of self-employment

Benefits of self-employment:

- You are your own boss
- You make all the decisions
- You make your own work schedule
- You can take the credit when things go well

Benefits and challenges of self-employment

Challenges of self-employment:

- You're responsible for all the work
- Mistakes are your responsibility
- You may have to work long days
- It can take time to start making money
- If you don't succeed, it's your responsibility

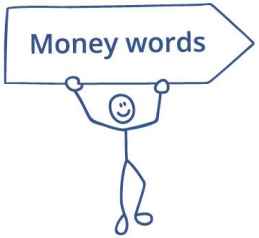
Let’s talk about it

- Can you think of any other benefits or challenges?
- Which benefits or challenges are most important to you?

Things to think about before becoming self-employed

Some questions to ask yourself include:

a) What skills do I have?
b) What do I need to learn?
c) What is my **risk tolerance**?
d) What support do I have?



Risk tolerance refers to how comfortable you are with taking risks or with uncertain situations.

a) What skills do I have?

Some important skills include:

- Communication skills
- Confidence
- Organizational skills
- Time management skills
- Decision-making skills
- Adaptability
- Creativity
- Accountability
- Money management skills

Think about it

Look at the list below, write down or think about which skills you already have:

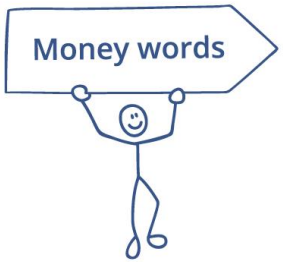
- Communication skills
- Confidence
- Organizational skills
- Time management skills
- Decision-making skills
- Adaptability
- Creativity
- Accountability
- Money management skills
- Anything else?

b) What do I need to learn?

Ways to learn about self-employment:

- Learn through experience
- Talk to friends and people who already have experience and have **informational interviews**
- Visit your local community centre or library
- Explore online and in-person courses

b) What do I need to learn?

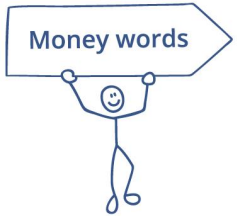


An **informational interview** is when you interview someone who already does the kind of work you want to do so you can get more information about it.

b) What do I need to learn?

Living with an inconsistent income

Employees are usually paid around the same time every month, and they can usually predict how much they'll be paid. This is not always the case when you're self-employed. You often have an **inconsistent income**. This is when the money you earn doesn't arrive at the same time or in the same amount.



Inconsistent income is when the amount of money you earn changes every month.

Meet Kamee

Kamee works freelance doing social media. She's noticed a pattern in her work: from June until September, most of her clients don't have work for her.

This year, she's started a savings account. She takes on a lot of work in the winter and puts all her extra money into a savings account. This way, she has money saved for when she needs it, and she won't have to worry so much when her business is slow.

Meet Levi

Levi works at a hardware store, but he wants to start his own business as a handyman.

Levi already does some work as a handyman as a side job, and he's saving all the money he makes from it. His goal is to save enough money to cover all his expenses for 6 months. Once he's achieved his goal, he'll leave his job at the store and start his own business.

Let’s talk about it

- How are Kamee and Levi managing their inconsistent incomes?
- Could either of their strategies work for you? If not, what could you try?

b) What do I need to learn?

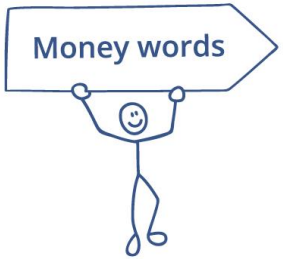
Money management

Some topics you may need to learn about include:

- Business and personal taxes
- Invoicing
- Budgeting
- Insurance

You may also need to think about **start-up money**. How much you need depends on your expenses (ex. Equipment, supplies, and insurance).

b) What do I need to learn?



Start-up money is the money you need to start your business.

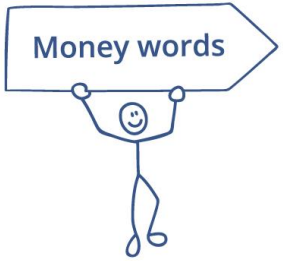
b) What do I need to learn?

Time and workload management

When you're your own boss, you're responsible for managing your own time and setting healthy boundaries for yourself.

Being able to **prioritize** tasks and be **productive** without getting overwhelmed are skills you can get better at.

b) What do I need to learn?



When you **prioritize**, you figure out which things are the most important and do them first.

Being **productive** is getting a lot done in the time that's available.

Think about it

- Why do you think time management skills are so important when you're self-employed?
- A lot of people struggle with time management. How do you feel about your time management skills right now?

b) What do I need to learn?

What success means to you

Being successful in your work can include:

- Making enough money to cover your costs
- Being able to support your family and loved ones financially
- Having a good work-life balance
- Having a positive impact on your community, clients, or environment
- Learning, growing, and overcoming challenges

Let’s talk about it

- What does being successful in your work look like for you?

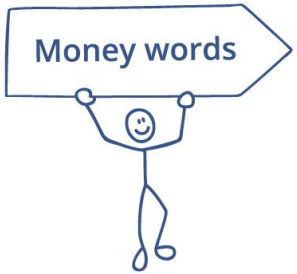
c) What is my risk tolerance?

Being self-employed involves some level of risk. Some risks of include:

- Having an inconsistent income
- Not finding enough work to pay your bills
- Feeling overwhelmed with too much work
- Clients not paying you on time

c) What is my risk tolerance?

You can't predict the future, but you can take **calculated risks**.



Taking a **calculated risk** is making a choice to do something even though you know it may not work out. You've decided the benefit of success is worth more than the costs of failing.

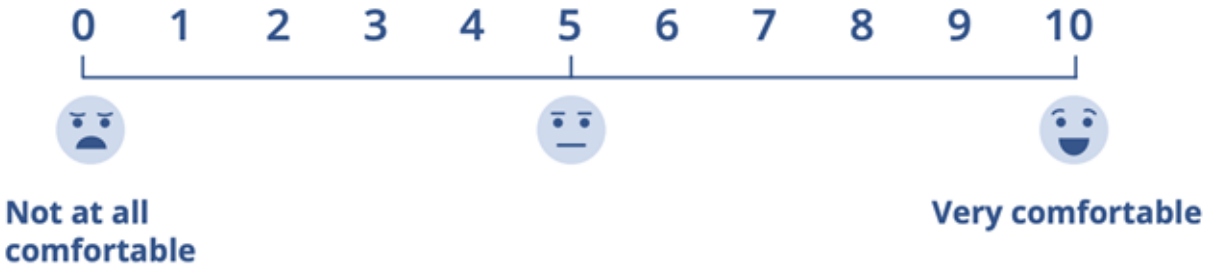
c) What is my risk tolerance?

Examples of calculated risks:

- Setting prices that feel a little high because they reflect your time and skill
- Saying no to a customer because they don’t align with your values or goals
- Spending money on your business before you’ve made your first sale

Think about it

- What's an example of a calculated risk for the kind of work you want to do?
- How comfortable are you with uncertainty and taking risks?



d) What support do I have?

Your support network is made up of the people who you can go to for help when you need it.

You may need help emotionally if you're feeling stressed. Or you might need help professionally, if you want advice about your business.

d) What support do I have?

Your support network might include:

- Friends
- Family members
- Former colleagues
- Someone who does the same kind of work as you

Think about it

- Who can you turn to for emotional support?
  - How can they help you?
- Who can you turn to for professional support?
  - How can they help you?

Meet Andi

Andi works part-time at a coffee shop. The only part of the job Andi really enjoys is making the fancier coffees.

Andi is really passionate about music. They're thinking of leaving the coffee shop job to focus more on music. Maybe they could teach private lessons or play music at weddings. Andi's nervous about leaving a stable job but excited to do more of what they love.

Meet Sam

Sam loves animals. She walks a few dogs and takes care of cats for neighbours and friends while they're away.

Sam would like to go back to school someday to become a veterinarian. She's thinking of starting a business looking after people's pets. She already does this for a few people, but she could make a website where clients could book services, learn more, and make payments. And she could promote her business on social media.

Let’s talk about it

- Why does Andi want to be self-employed? Why does Sam?
- What experience or skills do Andi and Sam already have that might help them succeed at self-employment?

Let's talk about it

- What sorts of things do you think Andi and Sam need to learn about?
- Now that you've learned a bit more about being self-employed, how are you feeling about self-employment? What else do you want to learn?

Self-employment and you

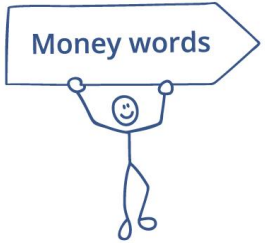
How do you feel about self-employment?

- I’m interested in being self-employed.
- I feel ready to take a step towards self-employment, like starting a side job.
- I’m not ready to try self-employment, but I might be one day.
- I’m unsure if self-employment is right for me, but I want to learn more.
- Self-employment is not the right fit for me.
- None of the above.

Congratulations

You've completed the Thinking About Self-Employment workshop.

For the last activity, we hope you will make a **pledge**.



A **pledge** is a serious promise to yourself or to others.

My pledge

I pledge to learn more about self-employment by:

My action plan

What do I need to do first?

Who will support me?

How will I overcome setbacks and obstacles?

Thank you for participating in *Money Matters*!

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