

Financial Independence for Mu\$icians

Earnings

1. Diversify
 - How many ways can you make money as a musician?
 - Can you live with a fluctuating income?
 - Should you get a “day” job?

Spending

1. Responsible use of credit.
 - What is the purpose of credit cards?
 - If you're in debt, first pay off credit cards and other financing.
 - Never charge more on your credit card than you can pay in full each month.
 - Use credit cards to earn “points” or cash back (but pay them off in full each month!)
 - Don't go without health insurance.
 - Don't finance luxuries.

Savings

1. Pay yourself
 - You should have at least 6 months income in savings (not counting retirement).
 - Set aside money for retirement
 - What percentage of your income should you save?
 - Pay off home mortgage as soon as possible.

Budgeting

1. Categorize your spending
 - You can't budget if you don't know how you're spending your money.
 - Lump items into broad categories (food, housing, entertainment, savings)
 - Look for trends (track about 3 months of your spending)
2. Track your cash
 - Keep a diary of every cent you spend (you can use an online money management program like Mint.com).
3. Separate needs from wants
 - Necessities are paying rent, transportation, food, etc. Wants are having your nails manicured, going out to dinner or the movies.
4. Set limits
 - If your needs don't leave you with enough cash to cover your wants, you have to adjust your spending (move to a less expensive apartment, use coupons to lower your food bills, etc.)
5. Pay yourself first
 - Before spending money on luxuries, be sure to set aside some savings.