

How Much Do I Really Need to Earn?

The money you keep from a sale is almost always less than what the customer pays. Fill in each line with a pencil. Fees change, so check the current fee page where you sell.

The bill

A. My bill's real monthly cost (from statements): \$

B. Extra cushion for slow months (for example 10%): \$

C. $A + B$ = money I need to keep each month: \$

What I keep from one sale (or one hour)

D. What the customer pays me: \$

E. Fees (listing, transaction, payment, booth): \$

F. My costs (materials, postage, gas, supplies): \$

G. $D - E - F$ = what I keep, before taxes: \$

Taxes and my target

Side income is generally taxable. The IRS says self-employment tax of 15.3% applies once net earnings reach \$400 for the year, and regular income tax may apply too. Many people set aside a share of every payment; a tax preparer can help you pick your number.

H. Share I'll set aside for taxes (my own number): _____ %

I. Profit I need = $C \div (1 - H)$: \$

J. Sales or hours I need each month = $I \div G$:

Example (made up, from the Step 2 article): a \$25 Etsy sale (including \$5 shipping) has about \$2.83 in fees, \$5 postage and \$6 materials, leaving about \$11.17. A \$35 phone bill then takes more than three sales a month to cover, not two – and more once you add a cushion and taxes.

If the number looks too high: raise your price a little, choose a cheaper way to sell, trim the bill first, or start with a smaller bill. Results vary.