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FREELANCE FOCUS


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**Q1: How do you handle unexpected expenses or income fluctuations in your freelance business? What financial strategies do you employ to maintain stability?**

A freelance business should never have unexpected expenses. As the business owner, it's your responsibility to know what your expenses are and to plan for them. This includes everything from federal and state taxes, insurance, memberships in professional organizations, and professional development to equipment, software, paper, and toner. In my opinion, before you pay yourself, you must put away the money that you'll need to meet these expenses. It's also your responsibility to expect the unexpected. I recommend putting away some extra money because you know other expenses will arise. They always do.

As for income fluctuations, welcome to freelancing. The only thing we can be certain of is the uncertainty of how much we'll make and when we'll make it. It changes week to week, month to month, and year to year. I'll take that uncertainty over the uncertainty of whether I might be downsized to please investors or let go because my employer lost a client despite my doing a great job. Freelancers have more responsibility, but also more control over their destiny. Besides, freelancers can make more money than a company would ever pay them to work on staff. To manage your personal income despite the inevitable fluctuations, I recommend the following

- Create a household budget including just the necessities.
- Pay yourself the same amount every week based on that budget.
  - This leaves money in the bank when you're flush with cash, so it's there to take when money is tight.
  - It also makes it easier to anticipate and meet your tax obligations.
- Make a list of your wants beyond the necessities (note, not extravagances).
  - When there's consistently enough money in the bank for you to always meet your necessities budget, you can start adding items from this list to your weekly budget (and adjusting your tax payments accordingly).
- Make a list of the extravagances you dream about.
  - You'll know when you have enough extra money in the bank to make one of them happen without jeopardizing your budget.

**—Brian Bass**

Income fluctuations are a normal part of a freelance business. Plan for them by setting money aside for expected expenses, such as taxes, insurance, professional memberships, equipment, and software. Unexpected expenses or fluctuations can be stressful or derail a business that's not prepared.

The best strategy for me to maintain financial stability has been to maintain a high-yield savings account with an emergency balance of at least 3 months' worth of income. Financial advisors might suggest more than 3 months' worth, but I find keeping more in my savings difficult because I am already setting aside money for taxes, a simplified employee pension individual retirement account (SEP-IRA; a retirement plan designed for self-employed individuals and small business owners), and vacations.

My emergency fund came in handy in August 2024 when I was in a car accident. I was fine, but my car was totaled. I was unexpectedly thrust into the position of buying a new car. Fortunately, I had enough money in my emergency fund for a decent down payment on a new car. Now I need to build the emergency fund back up.

Tip: Set up automatic transfers from a checking account into your high-yield savings account. After my car accident, I changed automatic transfers from twice a month to every week. The amount transferred should be small enough that you don't feel pinched financially. The savings account will increase without you noticing.

**—Melissa L. Bogen**


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**Q2: How do you handle conflicts of interest when working with multiple clients in the same therapeutic area or with competing companies?**

I draw a hard line about not working on competing products in the same therapeutic area at the same time. Although I would never use confidential information from one client to benefit another, I don't even want the appearance of it. I want to work with everyone, but it's not worth the potential harm to my reputation.

Fortunately, because I work in a lot of different therapeutic areas instead of specializing in just one or a few areas, potential conflicts rarely arise. When they do, I simply thank the person who reached out to me and tell them that although I can't help them now, I'm very interested in working with them in the future. I also tell them that when I'm working on a project for them, they can rest confidently knowing that I'll similarly protect their interest. It doesn't hurt to add that I'd be happy to work with them now in a different therapeutic area if they have a need. Then I reach out to them after my current commitment is finished to let them know that I'm now available.

There are gray areas, however, and there are different kinds of conflicts. For example, I once received a call from a client who wanted me to work on a sales training program for a product I was already working on an advisory board meeting for with another client. I explained the situation and then reached out to the client I was already working with to see whether they thought it would be a conflict. Because that client doesn't ever work in the advisory board arena, they were fine with my working with the other client. The other client didn't see a conflict with it, either. Both clients benefitted from my involvement.

Most conflicts of interest are obvious. And when they're not obvious, ask. If you wouldn't ask, it's obvious. And if you wouldn't want both clients to know about each other, it's obvious.

**—Brian Bass**

Because freelance medical writers generally sign a confidential disclosure agreement (CDA)—particularly when working for the pharmaceutical or biotechnology industry—you should not expect to encounter this problem. A CDA is a legally binding document that states that you may not divulge any confidential information learned while working for that client, nor may you divulge to the client any confidential information you learn while working for a different client. Thus, no conflict of interest is likely to exist.

There are some exceptions. For example, if you are an advertisement, marketing, or communication agency, it is possible the client will have you on a (quite sizeable) annual retainer along with separate payment for specific projects. In such cases, in addition to executing a CDA, the clients often require that you not work for a competitor while working for them, as well as for a specified period of years thereafter. This is reasonable.

Another exception is when you are actually a W4/W2 employee, and not a freelance consultant (either incorporated or on a W9/1099 basis). If you are being paid as an employee—whether part-time, full-time, temporary or transient, or a contract employee or writer—then you have agreed to be under your employer's rule and control. You are no longer an independent freelancer and thus must agree to their terms that may well include saying you cannot work for another client in the same therapeutic area.

For me, this has come up only twice. Otherwise, my signed CDA has been sufficient. It is important to remember that you have control over the contract(s) you sign; if a client asks for something you cannot agree to, do not sign. Find another client.

**—Cathryn D. Evans**

**Q3: What are the most common financial mistakes you've made as a freelancer, and what lessons have you learned from them?**

Several mistakes I have made over the years include the following

1. I did not save or invest wisely.
2. When I was earning a very good income, with several subcontractors working for me to handle projects in my absence, I took about 3 months off each year for expensive vacations, going to health spas, Europe, England, Ireland, Australia, India, Hawaii, and so on. Although vacations and time off are very important for everyone, I took more than was truly necessary for physical and mental health.
3. I bought a fair amount of designer clothes and accessories, donated more than was prudent, ate in expensive restaurants, and generally was injudicious in spending over many years.
4. I overpaid trainees and subcontractors in early years and thus lost money on some projects because I had to redo them.

Lessons learned from these mistakes, and advice I offer to others include the following

1. Put 20% from each check you receive into a savings or money-market account (separate from retirement account contributions at the end of the year). Make sure it is easily accessible, so you have enough available cash flow during slower periods. (Although I usually have cash available like this, I have not always put aside a full 20% from each check.)
2. Contribute the maximum possible to your retirement account.
3. Do not spend excessively on things or high-end travel and vacations without serious consideration of your overall financial status. (Once in a while, a splurge is okay, but do not do this frequently.)
4. Do not pay trainees more than is appropriate.

**—Cathryn D. Evans**

I pay off my credit card balance each month. But because of high credit card balances around Christmas, vacations, and attendance at work conferences, I have sometimes neglected to keep setting aside money for taxes or my SEP-IRA. Then I am forced to use my emergency fund to pay quarterly taxes or contribute to my SEP-IRA.

The lesson I have learned is to transfer 50% of my income into my high-yield savings account without fail. I need to do this transfer as soon as client payments are posted in my checking account.

**—Melissa L. Bogen**