

The Freelancer Pricing Worksheet

Five steps from what you need to earn to a price you can say out loud

LEDGER & LOOM

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Most freelancers set their rate by looking sideways: at a friend's rate, a forum thread, or what the last client agreed to without complaint. This worksheet replaces that guess with arithmetic. It takes about forty minutes, and you only need a pen, last year's bank statements and an honest estimate of how you spend a working week.

Work through the five steps in order. Each one feeds the next, and the last page turns the result into the words you will actually say to a client.

How to use this worksheet: fill in the blank column of every table. Where you are unsure, write a deliberately pessimistic number. A rate built on optimistic numbers fails quietly, in the months when work is thin.

Decide what you need to earn

Start with the life you want the business to pay for, not with the market. The figure below is what you want to take home in a year after tax, before any business costs.

What you need to cover	Yearly amount
Rent or mortgage, utilities, food, transport	
Savings and pension contributions	
Health cover, insurance, family costs	
A buffer for slow months (aim for three months of expenses)	
Take-home pay you want (A)	

Now set aside tax. Ask an accountant for your real rate; until then, use a cautious estimate for your country and income band.

Tax and contributions	Your figure
Estimated share of income paid in tax and contributions (T)	%
Income needed before tax (B = A divided by (1 minus T))	

Count what the business costs

Business costs come out of revenue before you see a cent of it. Go through last year's statements line by line; small subscriptions add up faster than anyone expects.

Business cost	Yearly amount
Software and subscriptions	
Equipment and its replacement (a laptop every three years)	
Workspace, coworking or a share of home costs	
Accounting, legal and banking fees	
Professional insurance	
Training, books, conferences	
Marketing: website, portfolio, travel to meet clients	
Total business costs (C)	

Your revenue target (R) is B plus C. Write it down; every step from here divides it.

Find your real billable hours

This is where most rates go wrong. A year has 52 weeks, but you will not bill in all of them, and you will not bill every hour of the weeks you work.

1. **Start with 52 weeks.** Subtract holidays, public holidays, likely sick days and time for training.
2. **Multiply by your working hours per week.** Use the hours you actually want to work, not the hours you could survive.
3. **Apply your billable share.** Sales calls, proposals, invoicing, admin and portfolio work are real work that no client pays for directly. Many independents find that only half to two thirds of their working time is billable; track two normal weeks if you do not know your own share.

Billable hours	Your figure
Working weeks in the year (52 minus time off)	
Working hours per week	
Billable share of those hours	%
Billable hours per year (H)	

Calculate your floor rate

Your floor rate is the lowest hourly rate at which the business meets its target. It is not your price. It is the number below which a project loses you money, however pleasant the client.

Floor rate = R divided by H

A worked example

The numbers below are illustrative, chosen to show the method. Replace every one of them with your own.

Line	Example
Take-home pay wanted (A)	60,000
Tax and contributions (T)	28%
Income needed before tax (B)	83,333
Business costs (C)	9,600
Revenue target (R)	92,933
Working weeks (52 minus 10 weeks off)	42
Hours per week	40
Billable share	60%
Billable hours (H)	1,008
Floor rate (R divided by H)	**92.20 per hour**

Rounded up, this freelancer should never quote below 95 an hour, or 760 for an eight hour day. Anything less is a discount on their own salary.

Your floor rate protects the business. Your price is a separate decision, made for each client.

Turn the floor into a project price

Clients rarely want to buy hours. They want an outcome, a date and a number they can approve. Price the project, keep the hours as your private check.

1. **Estimate the hours honestly.** Break the project into phases and estimate each one. Add the meetings, the feedback rounds and the handover.
2. **Multiply by your floor rate.** This is the minimum the project can cost.
3. **Add contingency.** Add 10 to 20 percent for the unknowns that every project has. The less defined the brief, the higher the margin.
4. **Price the value, not the effort.** Ask what the outcome is worth to the client. A rebrand before a funding round is worth more than the same rebrand for a hobby.
5. **Offer three options.** A focused option, the recommended option and an extended option. Clients compare options with each other instead of with your competitors.

Option	What it includes	Price
Focused		
Recommended		
Extended		

Before you send the quote

Scope is written down.	Deliverables, rounds of revisions and what is out of scope are listed.
Payment terms are clear.	A deposit before work starts, then milestones, with a due date on every invoice.
The price is above your floor.	Every option, including the smallest.
Changes have a price.	Extra requests are quoted separately at your current rate.
The expiry date is set.	The quote is valid for 30 days, which keeps decisions moving.

Saying the number out loud

The arithmetic gives you confidence; the wording keeps it. State the price once, plainly, then stop talking.

- **Instead of** "I was thinking maybe around 4,000, but I am flexible", **say** "The recommended option is 4,400. It includes everything we discussed on Tuesday."
- **Instead of** "Is that too much?", **say** "Which of the three options fits best?"
- **Instead of** discounting when asked, **say** "I can reach that budget by removing the second workshop. Shall I send the revised scope?"

Review your rate every six months. Rerun this worksheet when your costs change, when you are booked more than eight weeks ahead, or when you win three proposals in a row. Winning everything is a sign your price is too low.

Want a second pair of eyes on your rate?

Send us your completed worksheet.

We will reply within two working days with three notes on your numbers and your wording.

Send the worksheet