

4 Tips for Creators to Navigate Finances the Smart Way

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One of the most impactful shifts in how markets work has arguably been the advent of the creator economy. So much of the process for how we find products and choose to buy them has changed because of social media platforms and who we follow.

The rise of the creator economy has been well-documented – and in the past few years, it has, without question, come into its own. One of the biggest industry stats this year was SignalFire’s study finding that there are more than 50 million pro creators and another 139 million semi-pro creators around the world. Last year, the creator economy reached more than \$104 billion in market size.

There is no doubt that in the age of social media, creators are the new entrepreneurs. Yet with small- and medium-sized creators vying for a piece of the pie, it’s become increasingly clear that creators often have doubts about the best ways to go about managing the financial side of their business.

One of our users (who is a creator) told me last week that she has major concerns about becoming a full-time creator. Her story of becoming a creator is a typical one: It happened organically over time. She was passionate about her main hobby and started sharing that passion on social media. When her followers grew, brands started approaching her, and she

started earning more. But she wasn't prepared for the administrative work or new tax concerns that came along with the earnings. She had learned how to turn her creativity into a business, but the financial side of things was an entirely different learning curve.

She expressed her gratitude for the opportunity to have an income from following her passion, but content creation remains a side hustle for her. One of the biggest reasons she hasn't left her job as an attorney in the traditional workforce is that she's still figuring out all the financial considerations and struggling to understand how to take home as much as possible after taxes. Here's what I recommended to her:

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1. Choose your rates wisely

If you haven't already done so, it's a good idea to put together a list of your base rates for the different kinds of work you do as a creator. Standardize what you charge for a certain number of posts or for posting on a certain platform. Does an hourly rate make more sense for the type of work you do?

Join some of the online communities for content creators, some of which exist on the very platforms where you're active as a creator, to share experiences and information – from understanding what the market rate is for the work you do to getting tips like these on how to manage your finances.

Don't forget to plan rises in your rates, too. I see creators undervaluing their skills all the time. They don't realize after they've been at it for a while that they've gotten better, and they're now undercharging. Believe in what you have to offer, and ask for fair compensation.

2. Get a separate business account ASAP

This might not be news, but it bears repeating. Like so many freelancers, creators usually start out by putting their earnings in the only place they know, their personal checking account. The amounts are small initially, and they think it doesn't matter where their earnings get deposited. But when the income starts to grow, having a separate business account can make a big difference in your bottom line.

For one thing, it's much easier to track how your money is flowing. The sooner you make this a habit, the more time you'll save down the road. Instead of entering everything manually on a spreadsheet, you'll be able to access your bank statements for all the information you need at tax time. Future you will be grateful that you didn't procrastinate on tracking your income and expenses this time around.

Related: [How to Keep Your Business and Personal Finances Separate](#)

3. Get a systems upgrade

Speaking of tracking your income and expenses, you can find tools to do this for you. Digital products and systems of all kinds are taking full advantage of artificial intelligence to automate the repetitive tasks that used to take humans a ton of time. Be smart about bookkeeping, because as a freelancer responsible for your own taxes, it's all too easy to leave money on the table.

Probably the biggest part of this is classifying your expenses correctly. Make sure your business expenses get classified as such. Every single one of them can benefit you when it comes time to pay your taxes. There are literally hundreds of categories that a creator's expenses can fit into, and each

one that gets correctly classified as a business expense is a deduction from your taxable income.

In addition to the tools that make your work easier, expenses themselves are a creator's best friend. Make sure you're aware of all the things that can qualify as a business expense for creators, and pay for them with that business account you set up. The next time you spill ramen on your laptop, that \$800 computer repair could be a tax write-off.

4. Outsource, outsource, outsource

I see freelancers of all kinds, especially creators, talking about how they can do everything themselves – from video editing to relationship management to doing their own taxes, in addition to creating content! Don't be a hero. It doesn't actually make financial sense to save money by doing everything yourself. Those insane hours you're spending doing day-to-day tasks that someone else could do would be much better used on the higher-value work that got you where you are as a creator.

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The more of these tips that you can incorporate into how you run your creator business, the more successful you're likely to be. After all, the creator economy is based on innovation – so should your financial practices.

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