



# Financial Empowerment

Money Management for Theatre Artists

# Disclaimer: I am an artist, not a financial planner

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Costume Designer, Technician and Author



The following slides include basic information about financial factors for working in a creative industry.

Many educational institutions do not cover this in their curriculum, but studies show that financial awareness is a key factor for individuals to stay in the industry after 10 years.

You can begin your financial literacy today and be empowered for your future!

# Budget Worksheet

## Personal Expenses

BUDGET WORKSHEET				
Housing Expenses	Budget	Actual	Difference	Notes
Rent/Mortgage				
Electricity				
Gas				
Telephone				
Internet				
Cable				
Water/Sewer				
Trash/Recycling				
Transportation	Budget	Actual	Difference	Notes
Car Payment				
Gas				
Maintenance				
Repairs				
Insurance Expenses	Budget	Actual	Difference	Notes
Homeowners/Renters				
Auto				
Health				
Life				
Living Expenses	Budget	Actual	Difference	Notes
Groceries				
Household Goods				
Cell Phone				
Clothing				
Pet Care				
Personal Services				
Misc Expenses	Budget	Actual	Difference	Notes
Dining Out				
Entertainment				
Subscriptions				
Travel				
Gifts/Charity				
Debt	Budget	Actual	Difference	Notes
Loans				
Credit Card				

The best place to start financial literacy, is to know your budget.

Use budget tracking forms to help anticipate and plan for both your personal and professional expenses.

This will change each year. Our expenses will fluctuate as we move through seasons of our career and life.

A great time of year to update your expenses is when you are preparing your taxes.

## Professional Expenses

**VOLUNTEER INCOME TAX ASSISTANCE PROGRAM**

**PERFORMING ARTS PROFESSIONAL EXPENSES**

NAME \_\_\_\_\_ (Married – Use Separate Form)

**LIST EXACT AMOUNTS – Do Not Estimate** J

• Accompanist and Audition Expense	\$	
• Advertising and Publicity (photos, resumes, website, Showfax, IMDb, Actors Access, etc.)	\$	
• Agents Commissions and Managers Fees	\$	
• Auto Expense (use Automobile Expenses worksheet)	Worksheet	
• Coaching/Classes and Lessons (voice, dance, acting, etc., No Gym Memberships)	\$	
• Equipment/Business Software (provide details below)	XXXXXXXX	
• Gifts for Business (limited to \$25 per recipient per year)	\$	
• Internet and/or Cable Expense (business percentage only) Total \$ _____ x _____% =	\$	
• Make Up and Hair Care (only when working)	\$	
• Office Supplies, Stationery & Postage	\$	
• Rental of Studio Space and/or Equipment	\$	
• Repairs and Maintenance (Equipment, Instruments, Warranty Contracts, etc.)	\$	
• Research and Misc. Supplies (Sheet Music, Books, DVDs, Scripts, iTunes, Headphones, Apps, etc.)	\$	
• Stage Manager Supplies (Kit, First Aid, Blacks, Tools, other SM's expenses)	\$	
• Tax Preparation, Legal Fees, Professional Fees (business-related only)	\$	
• Telephone (business-percentage only or 100% for 2 <sup>nd</sup> Line) Total \$ _____ x _____% =	\$	
• Tickets for Research (theatre, film, concert, dance, Netflix, only for yourself)	\$	
• Tips and Gratuities (backstage, dressers, stage door personnel, etc.)	\$	
• Trade Publications (Backstage, Variety, Performer Cues, Call Sheet, etc.)	\$	
• Travel Expenses (use Out of Town worksheet – out of town airfare, lodging, etc.)	Worksheet	
• Transportation/Transit Seeking Employment (Public Transit, Taxi, Livery, Shuttle, etc.)	\$	
• Union Dues & Initiation Fees (include AEA & SAG-AFTRA "working" dues)	\$	
• Wardrobe and cleaning (costumes & specialized dancewear – No Streetwear)	\$	
• Other	\$	
• Other	\$	
<b>TOTAL OF EXPENSES LISTED ABOVE</b>	<b>\$</b>	
• Meals & Entertainment for Business - locally (receipts should indicate who, what, where, when & why) (Do not include out of town meals here – see Out of Town Expense Worksheet)	\$	

**EQUIPMENT EXPENSE**

ITEM PURCHASED	DATE OF PURCHASE	COST OF ITEM Including Tax	PERCENT (%) OF USE FOR BUSINESS	DEDUCTIBLE AMT. (cost x bus. %)

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# Survival Jobs- J.O.B.

Technical Shops and Rental Houses  
Teaching Artists  
Educational Outreach  
Service Industry  
Personal Assistants  
Substitute Teaching  
Retail  
Personal Trainer  
Data Entry  
Online Employment



The best J.O.B. while you are working towards your creative career should be **Flexible, Consistent,** and allow you to also **Network** in your industry.



# Artist Expenses

This is just a representative list and each industry and job will have unique expenses.



## Performer Expenses

- Head Shots
- Reproductions
- Actors Access
- LA Casting
- Casting Frontier
- Resume Printing
- Post Cards
- Agent/Manager Commissions
- Classes

## All Artists

- Website Hosting
- Cell Phone
- Internet
- Transportation
- Clothing (Audition & Interview)
- Subscriptions
- Memberships
- Union Dues

## Designers & Technicians

- Kit
- Printed Portfolio
- Printed Resume
- Business Cards
- Photographers
- Over-hire (only for independent contractor jobs)
- Studio Space
- Software
- Equipment

# Health Insurance

## Employer

- Deducted from paycheck

## Union

- Based on hours worked

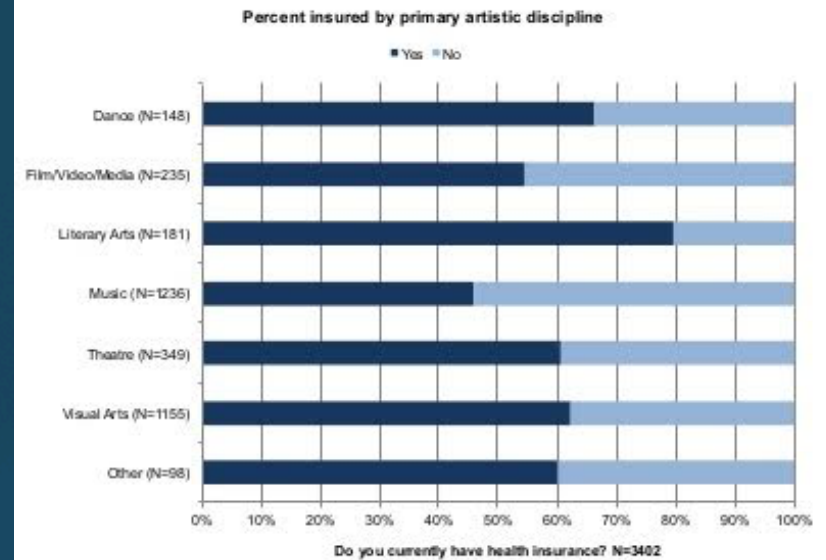
## Individual

- Pay out of pocket
- Individual Health Quotes
- <http://www.individualhealthquotes.com>

## Affordable Care Act

- Covered California
- <https://coveredca.com>

## Do you currently have health insurance?



Did you know that most freelance and independent contractor artists do NOT have health insurance?

In a 2013 study, **43%** of US based artists did not currently have health insurance.



Excerpts from 2013 study by Future of Music Coalition & Artists' Health Insurance Resource Center



# Contracts and Riders

## Designer & Technician Contract

### STANDARD INDIVIDUAL DESIGNER'S AGREEMENT

**AGREEMENT:** The Producer engages the Designer to design and the Designer agrees to design the Production herein described.

NAME OF PRODUCER: \_\_\_\_\_  
NAME OF DESIGNER: \_\_\_\_\_  
DESIGN CATEGORY: \_\_\_\_\_  
NAME OF PRODUCTION: \_\_\_\_\_  
DATE: First Public Performance: \_\_\_\_\_  
NAME OF THEATRE: \_\_\_\_\_  
NUMBER OF SEATS: \_\_\_\_\_

#### SCOPE OF THE PRODUCTION:

1 complete unit scenic design for \_\_\_\_\_

#### COMPENSATION:

The Producer agrees to pay the Designer a fee of \_\_\_\_\_ in thirds, according to the following schedule:

- \_\_\_\_\_ payable on the signing by the Designer and producer of this Agreement (latest by, \_\_\_\_\_)
- \_\_\_\_\_ Once the design and technical drawings are approved
- \_\_\_\_\_ payable on the first public performance scheduled for \_\_\_\_\_.

#### INSURANCE:

Employer will indemnify, defend, save and hold Designer, his or her agents, heirs, executors, administrators and assigns harmless from and against any and all liability, charges, costs, expense claims and or other loss, including reasonable attorney fees, whatsoever which may suffer by reason of the designs furnished hereunder. Employer agrees to carry comprehensive general liability insurance applicable to any claims that might arise due to any work performed under this Agreement. Designer understands that he is an independent contractor and not an employee and is responsible for his own federal, state, local or any other taxes. Designer assumes the risks of injuries (on his person) incidental to participation in the design and/or installation of the set, granted that the work environment follows state and federal safety regulations.

#### GENERAL PROVISIONS:

Additional terms shall be placed in a rider attached to this Agreement and shall be deemed a part hereof.  
Rider attached? **Yes**

ACCEPTED: DESIGNER

ACCEPTED: PRODUCER

NAME

NAME

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

These are sample contracts for performers, designers, and technicians.

If you are a member of a union, there is a sample contract that will be used based on the job.

Ask colleagues or peers to look at a contract, for a second pair of eyes before signing.

Also, a union will have a business rep to discuss contract questions with.

## Performer Contract



#106

### SCREEN ACTORS GUILD EMPLOYMENT OF PERFORMER FOR ULTRA LOW BUDGET FILM

PRODUCTION COMPANY \_\_\_\_\_ DATE \_\_\_\_\_

PRODUCTION TITLE \_\_\_\_\_

PERFORMER'S NAME \_\_\_\_\_ START DATE \_\_\_\_\_

ADDRESS \_\_\_\_\_

ROLE \_\_\_\_\_ DAILY RATE \_\_\_\_\_

PERFORMER'S TELEPHONE NO. \_\_\_\_\_

NUMBER OF DAYS GUARANTEED: \_\_\_\_\_

- Subject to SAG approval, the following shall apply to this employment:
  - Weekend premiums are waived.
  - Consecutive employment requirements are waived provided scheduling of calls is subject to Performer's availability, except while on overnight locations.
  - Daily overtime is payable at time and one-half. No work is permitted in excess of 12 hours on any day.
- The employment is subject to all of the provisions and conditions applicable to the employment of performers contained in the Independent Producers' Ultra Low Budget Letter Agreement. Such Agreement is hereby incorporated herein.
- Producer makes the material representation that either it is presently a signatory to the Screen Actors Guild collective bargaining agreement covering the employment contracted for herein, or, that the above referenced photoplay is covered by such collective bargaining agreement under the "Independent Production" provisions of the General Provisions of the current Screen Actors Guild Agreement for Independent Producers of Theatrical Motion Pictures.
- Rights Granted. By payment of at least the minimum fees specified for this employment, Producer obtains all theatrical rights.
- Employment status. The performer engaged by this contract is considered an employee, not an independent contractor. As such, the compensation due the performer is subject to income tax withholding, social security and disability deductions. The performer is entitled to Unemployment Insurance coverage.

PRODUCER \_\_\_\_\_ PERFORMER \_\_\_\_\_

BY \_\_\_\_\_ SOCIAL SECURITY # \_\_\_\_\_

THE PERFORMER MAY NOT WAIVE ANY PROVISION OF THIS CONTRACT WITHOUT THE PRIOR WRITTEN CONSENT OF SCREEN ACTORS GUILD.

# W2 vs 1099

## W2 and W4: Employee

### Withholding taxes

- Benefits
- Drawbacks

## 1099: Independent Contractor

### No taxes removed - self employment tax

- Benefit
- Drawbacks

**Form W-4 (2017)**

**Personal Allowances Worksheet** (Keep for your records)

**A** Enter "1" if yourself if no one else can claim you as a dependent. . . . . **A**

**B** Enter "1" if:   
 • You're married, have only one job, and your spouse doesn't work; or   
 • Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less. . . . . **B**

**C** Enter "1" for your spouse. But, you may choose to enter "0" if:   
 • You are married and have either a working spouse or more than one job. (Entering "0" may help you avoid having too little tax withheld.) . . . . . **C**

**D** Enter number of dependents (other than your spouse or yourself) you will claim on your tax return. . . . . **D**

**E** Enter "1" if you will file as head of household on your tax return (see conditions under **Head of household** below). . . . . **E**

**F** Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit. . . . . **F**

**G** **Child Tax Credit** (including additional child tax credit). See Pub. 872, Child Tax Credit, for more information.   
 • If your total income will be less than \$10,000 (\$10,000 if married), enter "2" for each eligible child; then less "1" if you have less than four eligible children or less "2" if you have five or more eligible children. . . . . **G**

**H** Add lines A through G and enter total here. **Note:** This may be different from the number of dependents you claim on your tax return. **H**

For accuracy, complete all worksheets that apply.   
 • If you plan to receive or claim adjustments to income and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** (Form 1041-SS).   
 • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$200,000 (married, see the **Two-Earning/Multiple-Job Worksheet** on page 2 to avoid having too little tax withheld.   
 • If neither of the above situations apply, skip here and enter the number from line H in line 5 of Form W-4 below.

Separate here and give Form W-4 to your employer. Keep the top part for your records.

**Employee's Withholding Allowance Certificate** (OMB No. 1545-0048) **2017**

Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer must be required to withhold taxes on the basis of the IRS.

1 Your full name and middle initial Last name 2 Your social security number

Home address (number and street or route name) 3  Single  Married  Married, but withheld at higher Single rate. Note: Married, but high-earner, or spouse is nonresident alien, check the Single rate. 4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.

City or town, state, and ZIP code 5  Total number of allowances you are claiming from line H above or from the applicable worksheet on page 2  6  Additional amount, if any, you want withheld from each paycheck 7 I claim exemption from withholding for 2017, and certify that I meet both of the following conditions for exemption:   
 • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and   
 • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.   
 If you meet both conditions, write "Exempt" here  7

Under penalty of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature (This form is not valid unless you sign it.) Date  8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.) 9 Check one below  Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 102010 Form W-4 (2017)

**W-2 Wage and Tax Statement** (OMB No. 1545-0048)

Safe, accurate, FAST! Use **efile** Visit the IRS website at [www.irs.gov/efile](http://www.irs.gov/efile)

Employer identification number (EIN) 1 Wages, tips, other compensation 2 Federal income tax withheld

Employer's name, address, and ZIP code 3 Social security wages 4 Social security tax withheld

5 Medicare wages and tips 6 Medicare tax withheld

7 Social security tips 8 Allocated tips

Control number 9 Verification code 10 Dependent care benefits

Employee's first name and initial Last name Suff. 11 Nonqualified plans 12a See instructions for box 12

13 Statutory employee Retirement plan This party's job pay 12b

14 Other 12c

12d

Employee's address and ZIP code 16 State wages, tips, etc. 17 State income tax 18 Local wages, tips, etc. 19 Local income tax 20 Locality name

Date Employer's state ID number

Department of the Treasury—Internal Revenue Service

**W-2 Wage and Tax Statement**

**Copy B—To Be Filed With Employee's FEDERAL Tax Return.** Information is being furnished to the Internal Revenue Service.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. 1 Name 2 Royalties 3 Other income 4 Federal income tax withheld

Form 1099-MISC

Miscellaneous Income

Copy B For Recipient

5 Fishing boat proceeds 6 Medical and health care payments 7 Nonemployee compensation 8 Substitute payments in lieu of dividends or interest 9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale  10 Crop insurance proceeds 11 12 13 Excess golden parachute payments 14 Gross proceeds paid to an attorney 15 State tax withheld 16 State/Player's state no. 17 State/Player's state no. 18 State income

15a Section 408A deferrals 15b Section 408A income 16 State tax withheld 17 State/Player's state no. 18 State income

Form 1099-MISC (keep for your records) [www.irs.gov/form1099misc](http://www.irs.gov/form1099misc) Department of the Treasury - Internal Revenue Service



# AB5: California

New criteria for determining if a worker in California is an employee or an independent contractor.

Use this ABC test. All workers are considered employees and shall be paid on W2 unless the employer can demonstrate that ALL of the following are true:

- A. The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.
- B. The person performs work that is outside the usual course of the hiring entity's business.
- C. The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

What does this all mean?

Most Designers in California will now be considered Employees under this law and will be paid on W2 with tax withholding by a California Employer/Producer/Theatre.

# Self-Employment Tax: 1040

Los Angeles Office of Finance: “collect a business tax from every freelancer “engaged in any trade, calling, occupation, vocation, profession, or other means of livelihood.”

- Carry on a trade or business as a sole proprietor or an independent contractor
- Are a member of a partnership
- Are otherwise in business for yourself (including part-time business)

Owe a tax for each filed 1099 tax form

You must pay if your net earnings from self-employment were over a specified threshold

Suggestions:

- Do not use a tax service like H&R Block or TurboTax
- Look for a tax preparer with experience in freelance client and entertainment
- Save 25% of 1099 for taxes (this amount differs by person but is a recommended average)

Check for details by state on Self-Employment Taxes.



# Tax Deductions

Book, magazines, reference material  
Business gifts  
Business insurance  
Business meals and entertainment  
Cabs, subways, buses  
Copying, printing  
Cultural events/ museum entrance fees  
Equipment and software  
Film & processing  
Gas and electric (in house studio)  
Grooming  
Kit (designers and technicians)  
Memberships (museums, professional organizations)  
Postage  
Office supplies  
Promotion  
Subscriptions  
Supplies  
Studio rent  
Tax preparation, legal fees  
Telephone/internet  
Travel (mileage for auditions)



Check with a tax preparer for the type of deductions that you can apply.

# Unions: Fees and dues

IATSE 829

United Scenic Artists

Application fee: \$75

Exam fee: \$125

Initiation fee: \$ 3,500 (\$2,000 rebate)

Annual Dues



- **Local 800, ADG**

Art Directors Guild & Scenic, Title and Graphic Artists

- **Local 892, CDG**

Costume Designers Guild

- **Local 705, MPC**

Motion Picture Costumers

- **Local 768, TWU**

Theatrical Wardrobe Union

- **Local 829, USA**

United Scenic Artists

- **Local 706, MAHS**

Make-up Artists & Hair Stylists

- **Local 33, Stage Technician Union**

Go to IATSE.net to find your local:

[https://www.iatse.net/  
member-resources/local-  
union-directory](https://www.iatse.net/member-resources/local-union-directory)

## SAG-AFTRA

Initiation fee: \$3000 (national initiation fee)

Annual Base Dues : \$222.96 + 1.575% of earnings  
billed twice a year

## Actors Equity Association (AEA)

EMC \$200

Application Fee \$200

Initiation Fee \$1700

Annual Base Dues : \$176 + 2.5% of earnings  
billed twice a year

# Free Resources

Freelance Tax Information: <https://www.freelancetaxation.com>

Tax tools and tips: <https://turbotax.intuit.com>

Self Employment Tax:

<https://www.irs.gov/businesses/small-businesses-self-employed/self-employed-individuals-tax-center>

W4 Withholding Tax Calculator:

<https://www.libertytax.com/withholding-calculator/>

