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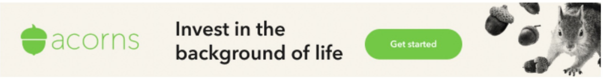

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EARNING

Don’t ‘price products and services too low’ and 2 other common side hustle money mistakes to avoid, from the pros

“Most times, you don’t charge enough. Or you’re not clear about what’s included and what’s not included.”

Published Mon, Oct 18 2021 • 10:28 AM EDT

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Twenty/20

Side hustles are becoming increasingly popular. One third of Americans have one, according to a survey from Zapier. And another 24% of Americans, or an estimated 61.1 million people, plan to start a side hustle this year.

While you may hear a lot about different kinds of side hustles you can start to earn extra cash, one of the most essential parts of business success is understanding how to manage the money you earn – and what mistakes you need to avoid. During a recent Grow Twitter chat, we talked to financial experts and successful side hustlers about their best tips to manage your hustle’s income.

1. Don’t ‘price products and services too low’

How much you earn depends in part on how much you charge. Many experts mentioned that side hustlers often don’t charge

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enough.

One common mistake side hustlers make is “pricing products and services too low,” said Michelle Jackson, a digital entrepreneur who earns money through nine different income streams, including affiliate marketing and e-books.

Vix Reitano, founder of Agency 6B, agreed, tweeting: “Most times, you don’t charge enough. Or you’re not clear about what’s included and what’s not included. If you’re doing a service-based business, do NOT charge by the hour. Do value-based pricing from the start.”

To decide how much you should charge, experts generally recommend analyzing competitors’ prices and conducting a breakeven analysis.

2. ‘Don’t commingle’ side hustle earnings with other income

It’s smart to have a separate bank account to handle your side hustle income and expenses, rather than mixing those in with your personal transactions.

“By far the two most important things about managing your side hustle money is tracking income & expenses & not commingling funds,” tweeted Marguerita Cheng, a certified financial planner and the CEO of Blue Ocean Global Wealth.

Jackson agreed tweeting, “Don’t co-mingle your money have a dedicated account for your earnings.”

Keeping your business income separate from your personal income is important for tax purposes. “Starting your own business can create numerous tax breaks, and you need to stay organized to take advantage,” tweeted Carolyn McClanahan, a CFP and founder of Life Planning Partners.

5:29
The most common tax mistake side hustlers make

Video by Courtney Stith

Don’t ‘manage your side hustle income alone’

Latasha Peterson, the founder of Arts and Budgets, who earns thousands of dollars a month through nine income streams, stressed that taxes as an entrepreneur can get complicated. “A common mistake side hustlers should avoid is not paying self-employed taxes,” she wrote. “Take some time to research how self-employed taxes work and how much you should take out of your checks each time you get paid.”

All the experts during the Twitter chat were in agreement that hiring professional help – namely, an accountant – is key. The cost of hiring a tax professional can be worth it to avoid an even more costly mistake down the road.

“My best advice is to remember that you don’t have to manage your side hustle income alone. Look into getting professional advice from individuals such as a tax expert or CPA,” said Peterson.

> Most times, you don’t charge enough. Or you’re not clear about what’s included and what’s not included.
>
> **Vix Reitano** FOUNDER OF AGENCY 6B

Cheng agreed, tweeting, “Yes! Having a qualified tax advisor is critical!” Reitano emphasized, “Always pay for ACCOUNTING and LEGAL advice.”

Even if you are self-employed, it doesn’t mean you have to do it all yourself, Jackson noted. “If you’re growing a side-hustle that has become a small business for you, investing in help is key to being able to scale over time. You’re one person and can’t do everything,” she said.

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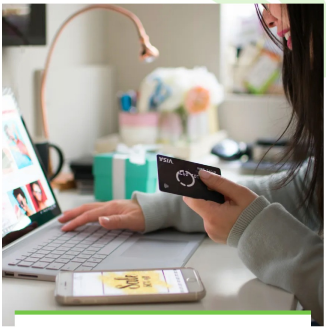
More In Earning



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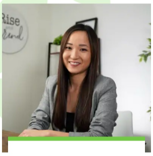

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