

financial forms

“Your survival depends completely on getting paid by clients. It’s as simple as that. If the money isn’t coming in, you can kiss your freelance life goodbye.”

objective Along with development of a business plan, designers must create standard forms to use. These commonly include financial documents like an estimate, quote, contract, and invoice. This project will demand all but the contract, though a signed quote is similar to a (not-very-legally-binding) contract. Contracts are legal documents and it would be best to see a lawyer vs. trusting your livelihood to a template available online.

problem Student will create a basic **template** in InDesign for each of the following:

- hourly **estimate**
- project **quote**
- **invoice** for job that was billed hourly
- **invoice** for job that was billed per project

See **FinancialForms_Templates.PDF**. Student should understand these and combine any information listed here or in readings to compose his/her own quote and invoice. These must be completed in a design form that is consistent with other collateral under the visual brand. For extra credit, student may also create a contract.

schedule **Wed Apr 8:**

Lecture/discussion about taxes, insurance, cost-of-living, and financial forms. Create the assigned templates in 4 separate InDesign documents, using your brand visual guidelines and logo. Name as follows:

- hourly **estimate**: **YOUR LAST NAME_HourlyEstimate_SPG20**
- project **quote**: **YOUR LAST NAME_ProjectQuote_SPG20**
- **invoice** for job that was billed hourly: **YOUR LAST NAME_HourlyInvoice_SPG20**
- **invoice** for job that was billed per project: **YOUR LAST NAME_ProjectInvoice_SPG20**

Wed Apr 22:

DUE: All 4 templates. (See What Is Due below.)

what is due Check all spelling. File : Package **each file** as shown below and place in SECTION 4 : BUSINESS FORMS folder.

You will need to Copy Linked Graphics because you should have your logo included.



4 packaged InDesign files, each with fonts, graphics (your logo), .PDF (High Quality Print) and .INDD. Be sure they are named correctly.

evaluation You will be graded on the following:

- Directions were followed accurately with absolutely no errors.
- No misspellings or grammatical errors.
- Information can be explained via information acquired on Business Plan B.
- Materials support brand positioning statement.
- Ambition - How much did you challenge yourself? Did you plan your time well?

None of the following is your assignment. It is an explanation to guide you in your creation of the required estimate/quote and invoice.

real-life step 1
request from client

Design jobs often are created in steps. After obtaining information about the project, you then provide a quote. Preferably you receive project information in the form of a brief, but you will hardly ever receive this while freelancing.

- Your own pay rate and experience level. (see Business Plan B)
- **Timeline** for the project.
- What is the **budget**?
 - > Remember that simply asking what the budget is also is an indirect way of saying, “You know I’m not doing this for free, right?” If that’s still awkward, try asking, “Would you be able to send me a brief of the project?”
- Who is the direct point of contact to discuss the project?
- Where and how will the piece be used?
- *Your required textbooks have explained other points or rephrased these. Use that information too if you would like.*

real-life step 2
estimate/quote

Next you answer with something called an *estimate* or a *quote* of what you will charge. (A quote is closer to a contract, but is not as legally binding. Also sometimes clients will ask for an estimate and then a quote, in which case the quote is close to a non-signed contract. See all examples in **FinancialForms_Templates.PDF**.)

There are usually two ways to charge for a project if you are a freelancer or under contract:

- Charge **per hour**.
- Charge **per project**. If you do this, include how many revisions will be made before the rate goes to hourly.

If you create your own business or have an ongoing work relationship, you could consider creating a contract that explains you will be doing all work for a set amount of time. If this is not a salary, it could be considered being “under retainer.” <https://www.lifewire.com/working-on-retainer-as-a-designer-1077461>

real-life step 3
contract

See **FinancialForms_Templates.PDF**. Once an estimate/quote has been provided, you would then be granted the work or refused. Even though you would provide this before a contract, an estimate/ quote is very similar to the nuts and bolts of a contract without needing to be signed. It is up to you if you work with contracts or not.

Contracts can be tricky, especially if you have never even signed one. Depending on the client, he/she might be scared off by it. See [this booklet created by AIGA](#) (national). There are many examples of templates available. The following are tips from *HOW*. Many of these tips are also applicable to your quote and invoice forms.

real-life step 4
invoice

Again, see **FinancialForms_Templates.PDF**. The following is from [this article](#). When crafting your invoices, you should refer to the following checklist as a minimum of items to include:

- Your company logo (if available)
- Your name
- Your contact information
- A unique invoice number *you* have assigned for *your* files
- Any relevant PO number issued by the client (if available)
- Name and address of your client
- The word ‘invoice’ on the document
- The date – this ensures that if payment isn’t received, you have proof of when it was submitted
- Item(s) and description(s): Describe the work you have done for your client

invoice (cont.)

- **If quote was per project:** the final cost should match. If extra revisions were made, this should be listed in an hourly format. All math should be clear.
- **If quote was hourly:** Hours worked on project x the agreed charge. All math should be clear.
- Terms and Conditions: Include your payment terms, i.e. “Payment must be made within 30 days.” An optional explanation of consequences for later payment may be included.
- Where/how the payment should be made. You may provide a P.O. Box or street address for a check to mailed or bank information. Payment app links like Cash, Paypal, or Venmo are also a great idea.

real-life step 5 getting paid

Even if you only do a couple of jobs a year and choose not to pay quarterly taxes (be careful), remember that you must count on your client reporting the payment to her/his taxes because this can be helpful in reducing tax owed when investing in one’s own business. If (when) the government knows, it will be expecting some of that money from you in your taxes via a [1099-MISC](#) form for each client.

Hopefully, you put about **25% of the money you earned** from this job immediately into a savings account that you don’t touch. Remember that taxes include payment to Social Security and Medicare, which are often “hidden” when paid at other jobs you may have had where you filled out a W-2. (They’re not hidden at all, but most of us don’t check our paystubs so diligently.)

Even if the client doesn’t report it and you receive no 1099-MISC, *you* should still report it. Nobody wants to get audited by the U.S. government when a large amount of savings appears in your account that is earning interest.

It is also common to hear from designers to “keep it under \$600 and nobody will know.” It is true that the person who paid you does not *need* to report the job to the IRS if it’s under \$600, but you are legally still supposed to report the amount as self-employment income and pay taxes.

The other option someone may offer you is to get paid “under the table” where nobody reports anything. This is technically not legal. Again, getting audited by the U.S. government is not a goal you should have.

Scared of taxes yet? Don’t be. Keep your receipts for anything you have to keep you in business, even if that’s just your computer and its software and the cost of your business cards. Find out more about all the things for which you could receive deductions. Programs like TurboTax can explain all of this to you if you cannot afford taxes to be prepared for you. It’s not as hard as it all sounds. Just be sure you keep all receipts, invoices, etc. It all matters.

tips The following are more in-depth considerations that may only apply to the more in-depth contract; however **discussion of these subjects is worth it if you have never worked with the client.** *Note: This might be too much to comprehend if you’ve never given signed a contract or been paid for work that you completed for a client; however, the first time you aren’t paid for your work (and it will happen), you will understand the importance of all of this.*

“The language provided below is generic and isn’t meant to be a comprehensive list of terms nor a full agreement. As recommended earlier, the final terms you use should be customized to your firm and each client relationship. **While this type of informal language may not be legally binding, it will help guide the relationship so that you won’t have to go to court.** As you can see, an agreement that includes clauses that are free of legalese, direct and to the point will be easy to read and less formal. Nonetheless, it can be equally powerful at

tips (cont.) communicating the **important conditions of a relationship**. An agreement written in this manner will almost always be more effective and easier to negotiate than a contract drawn up by lawyers. The result is a **mutual understanding of the terms by both the client and the creative team (or you)**, friendlier negotiations, and quicker approvals.

“Schedule Parameters: Timelines and schedules are a common industry challenge. Clients expect creatives to work all hours under even more compressed schedules, so having terms that prevent this from happening and clearly defining what is expected will result in a more seamless relationship.

- **Work Hours/Days:** This agreement assumes work will be completed within the standard work week (Monday through Friday, 9 a.m. to 6 p.m.). (Design Firm Name Here) is closed on all major holidays and the entire week of Christmas and New Years.
- (Note: Of course this means that you should not answer the phone after these hours!)
- **Schedule:** The work outlined in this agreement will be turned around within a reasonable, non-rush schedule to be determined, where possible, and mutually agreed upon at the start of each project. Late or weekend hours incurred to accommodate additional compressed deadlines, if needed, will be negotiated separately. Our schedules assume timely review and response by (Company Name Here) of all deliverables.

Client Responsibilities: It’s also important to outline what your expectations for the client are in the relationship. For example, who is the main client representative and key decision-maker (they should be one and the same), and what are the materials/services they’re expected to provide—and when?

- **Client Representative:** (Company Name Here)’s representative, (name of client representative here), has full authority to provide and obtain all necessary information and approvals throughout this project. (Name of principal of design firm here) and (name of client representative here) represent that they have full power and authority to enter into this agreement and that it is binding upon (Design Firm Name Here) and (Company Name Here) and enforceable in accordance with its terms.
- **Client Responsibilities:** (Company Name Here) and/or (Company Name Here)’s subcontractors will provide accurate, complete and timely information and materials to (Design Firm Name Here). (Company Name Here) guarantees that they have all the necessary rights and ownership in such materials to permit (Design Firm Name Here) to use them for the project.
- **Client Approvals:** (Company Name Here) will approve and proofread all final designs, type, press proofs and test sites. (Design Firm Name Here) will make all efforts to ensure that no information is misrepresented. However, (Company Name Here) assumes all responsibility for content. (Company Name Here)’s approval of all tangible materials and artwork will be assumed after the work has been submitted to (Company Name Here) for review, unless (Company Name Here) indicates otherwise in writing.
- **Client Changes:** In order to avoid errors, text changes and corrections will not be taken over the telephone and must be provided electronically. Any text with extensive changes must also be provided as marked up hard copy, indicating the revised text.

Samples and Credit:

- **Samples.** (Design Firm Name Here) can use samples or photographs of the work created under this agreement and the name of (Company Name Here) for publications, exhibition, competition and other promotional purposes (such as our website) once the project has been made public.
- **Credit.** The following credit will be mentioned on all publicity/promotion of this project and/or our relationship, including, but not limited to, awards, competitions, press releases, etc.: (List required credit here, i.e., Design: [Design Firm Name Here]).

see next page

tips (cont.) **Payment Parameters:** Beyond the incremental payment schedule, you should include the following language that provides further protection in common problem areas, including:

- **Delays and Termination.** All payments received are not refundable in the event the project or the relationship is terminated for any reason. If any part of the work for this project is delayed for longer than 30 days, (Design Firm Name Here) will bill for work completed.
- **Consequences of Non-Payment.** (Design Firm Name Here) reserves the right to suspend work and/or withhold issuing any project documents if invoice payments are not received within a reasonable period of time from invoice date.

Electronic Files: Ownership and the quality of electronic files can also be a sticking point with clients, so including protection in this area is critical.

- **Length of Storage.** (Design Firm Name Here) agrees to store all final electronic files created for (Company Name Here) for a maximum of two years.
- **Retrieval Fee.** (Design Firm Name Here) will charge \$XXX to retrieve/transfer any elements of our electronic files from archive at the request of (Company Name Here), providing related usage rights have been negotiated.
- **File Requirements.** If (Company Name Here) has specific requirements for how project files must be prepared, (Company Name Here) must communicate this, in writing, to (Design Firm Name Here) before the project begins.”