

SUE LESCHEN presenting for CIOL INTERPRETERS' DAY

16 03 24

Protecting our income – how and why!



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- Member of NRPSI: AIT: IAPTI
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- One to one business mentor for new and practising freelance language professionals

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PROTECTING OUR INCOME

WHEN?

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PROTECTING OUR INCOME

- BEFORE WE EARN IT
- AFTER WE EARN IT
- WHEN WE ARE ALIVE
- AFTER WE ARE DEAD

PROTECTING OUR INCOME

SO SOME ADVICE BUT IN NO PARTICULAR ORDER!

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INCOME PROTECTION – Our Accounts

- Accountant
 - DIY

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INCOME PROTECTION – Use an Accountant?

Pay accountant so no dead time - we can keep earning!



INCOME PROTECTION – TIME!

I didnt
want a 9-5 job

so i became
self-employed

now i
work 24/7

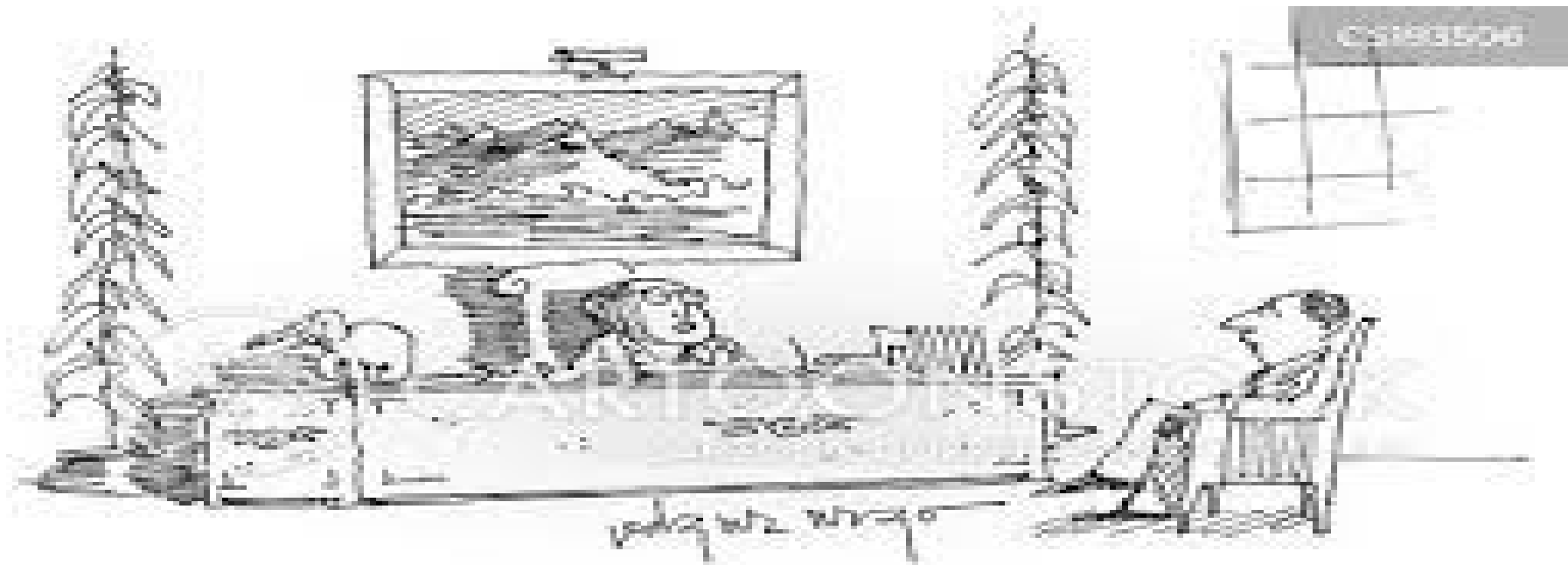


INCOME PROTECTION – Use an Accountant?

Advantages of an independently prepared set of accounts

- Can support applications for business loans, mortgages
- Can minimise potential problems with the tax authorities

INCOME PROTECTION – Minimising potential problems with the tax authorities....



* I'VE BEEN RICH AND I'VE BEEN POOR... AND I'VE HAD ACCOUNTANTS WHO COULD SHOW ME AS EITHER. *

INCOME PROTECTION – Just don't pay any income tax?

I've got a great accountant – I never have to pay any tax!

My husband is a non – taxpayer so I ask some of my clients to pay him rather than me!

INCOME PROTECTION – Get free financial advice!

HM Revenue and Customs – variety of free webinars on subjects such as VAT, self – employment: sign up for free email help and support

<https://www.gov.uk>

Martin Lewis - The Money Saving Expert – Weekly e newsletter and ITV series

<https://www.moneysavingexpert.com>

MoneySuperMarket

<https://www.moneysupermarket.com>

INCOME PROTECTION – Use Accounting Software

- FreeAgent
 - Sage
- QuickBooks
- FreshBooks
 - AI?

Check if accounting software

- Can be used for more than 1 currency?
- Does your current bank account provider (Barclays) provide it as a reward?

INCOME PROTECTION – Best legal status for your business?

- Sole trader
- Limited company – tax advantages if register with Companies House (approx. £13.00 to register)

NB

Possible to register *whether or not you are resident in UK if you want a UK presence* but beware Brexit rules which can and do change!

INCOME PROTECTION – CREDIT CHECK POTENTIAL NEW CLIENTS



Proz.com Blue Board

Companies House

Register of Judgments, Orders and Fines (County and High Court debts)

Colleagues and professional e networking groups

INCOME PROTECTION – Get help with drafting terms and conditions

CIOL provides specimen contracts for both translators and interpreters

CIOL also has a free mentoring service

CIOL Interpreting Division hosts online “help” drop ins from time to time



INCOME PROTECTION – INSURANCE

Insurance for

- Home and home office insurance – structure and contents
- Illness insurance – beware exemptions: CV-19, pre – existing health conditions
 - Multi trip travel insurance
 - Cyber fraud – Towergate, MFL

INCOME PROTECTION – INSURANCE FOR CYBER FRAUD

39% of UK businesses experienced a cyber - attack in 2021

31% of these businesses estimated that they were attacked at least once a week

GOV.UK Cyber Security Breaches Survey 2022

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INCOME PROTECTION – PROBLEMS CAUSED BY CYBER FRAUD

- Client's data stolen or deleted
- Loss of access to programmes, files or data
 - Business disruption
 - Loss of revenue
 - Loss of reputation

INCOME PROTECTION – REPORTING CYBER FRAUD

- The Information Commissioner's Office if breach involves *personal data** and any individual is at risk

*GDPR (DPA 2018)

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INCOME PROTECTION – CYBER FRAUD – PRACTICAL HELP

ActionFraud

National Fraud & Cyber Crime Reporting Centre

 actionfraud.police.uk 

INCOME PROTECTION – PROTECT OUR MINDS AND BODIES

Approximately 50% of work – related illness is due to stress, depression or anxiety

Health and Safety Executive (2024)

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INCOME PROTECTION – INSURANCE FOR.....

- Clients on our premises
- Us when working on clients' premises

INCOME PROTECTION – WHICH INSURANCE POLICIES?

- Use money comparison sites
- Use broker to do the research for free
- Recommendations from colleagues
 - Countries working in: USA



INCOME PROTECTION – INSURANCE AND SMALL PRINT?

- Check house contents insurance – covers mobile phones too?
- Does current bank account have insurance cover rewards – AA, multi – trip travel?
 - Are cancelled trips covered (COVID) and repatriation
- Check if additional top - ups needed if take equipment such as phones and laptops out of home office to work venue and/ or abroad

INCOME PROTECTION – PAYMENT

- Payment up front: 25%, 50%, 100%
- Short payment terms: 7 days, 30 days
 - Don't accept the first rate offered
- Charge more if rush job or rare language
- Payment mechanism with no or inexpensive fees: PayPal
 - Favourable exchange rate if foreign currency

INCOME PROTECTION – NEGOTIATION



Negotiation

“The art of letting
the other side
have it
your way”

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INCOME PROTECTION – INCOME TAX

- Only payable if earn more than £12,750.00 per annum in the UK!
- Not payable if part time or second job/ side hustle if earn less than £1,000.00 per annum in the UK
- Basic – rate UK income tax £12,751.00 - £50, 269.00 per annum (20%)
 - Higher – rate UK income tax £50,271.00 - £125,140.00 (40%)

INCOME PROTECTION – DON'T DO UNPAID WORK!

- Pro bono



- Unpaid extra pre - job start or end time “Just start 15 minutes earlier”

INCOME PROTECTION – POORLY PAID WORK.....

NO  **Peanuts!**



If you're **NOT** a monkey,
stop working for peanuts!

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INCOME PROTECTION – EFFECTS OF POORLY PAID WORK

- Those in this pool are underbidding and undermining each other to get low paying jobs

Bottom line if you sign up to this:

- Nobody benefits in the long term and the profession in general is brought into disrepute

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INCOME PROTECTION – EFFECTS OF POORLY PAID WORK



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INCOME PROTECTION – EMPLOYEE OR PSEUDO – EMPLOYEES?

LSPs appear to be getting all the benefits by controlling

- Type of contract
- How, when and where we work
 - Rates
 - Financial penalties
- Corporate ID documents

INCOME PROTECTION – EMPLOYEE OR PSEUDO – EMPLOYEES?

But LSPs **not** paying

- National Minimum Wage
 - Sick pay
 - Holiday pay
 - Bonuses
- Pension contributions

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INCOME PROTECTION – SPECIALISMS AND EXPERTISE ARE KEY



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INCOME PROTECTION – NATIONAL INSURANCE

- 2024 - 2 million self – employed UK workers will benefit from the abolition of Class 2 national insurance contributions and a one – point cut to class 4 national insurance contributions which will mean savings of approx. £350.00 per annum each.
 - A full year of NICs costs approx. £302.64 per annum according to <https://moneysavingexpert.com>

INCOME PROTECTION – TAX FREE SAVINGS

- ISAS – maximum investment of £20,000 per annum: from 2024 can invest in multiple ISAs every year with different providers
- Premium Bonds – minimum investment is £25. 00 and maximum is £50,000 and any wins are not subject to either income tax or capital gains tax . Bonds can be cashed in at any time.

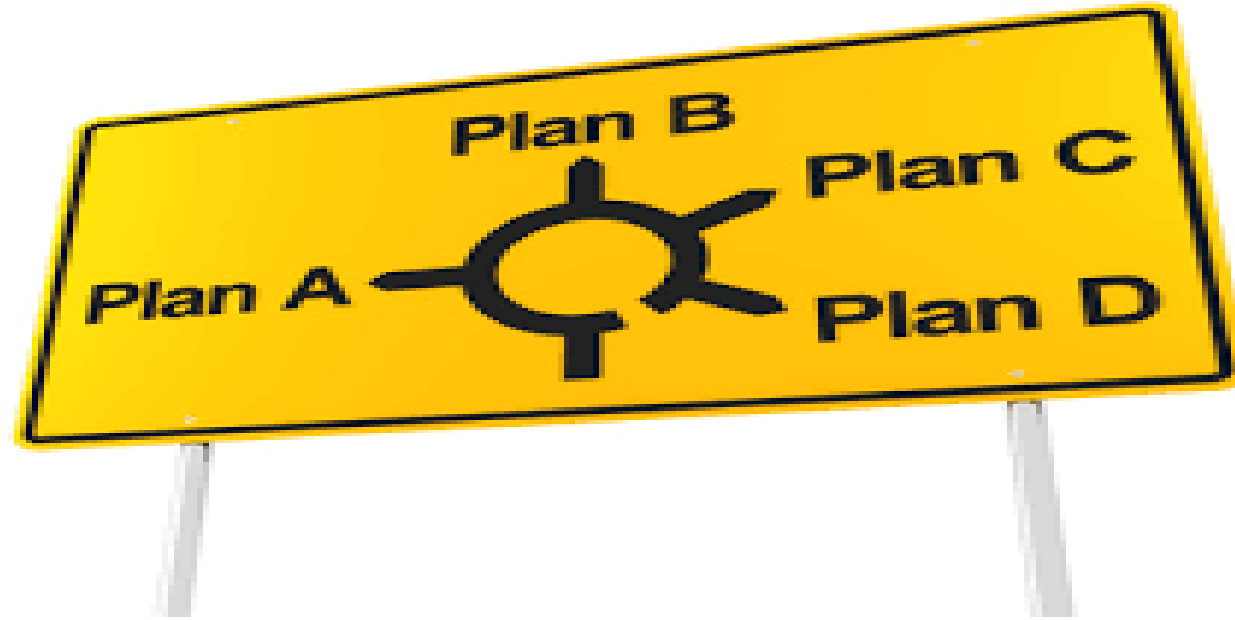
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- Royalties
- Copyright

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INCOME PROTECTION – WHAT IS THE PLAN?



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INCOME PROTECTION – HOPE

**“HOPE IS NOT A
STRATEGY.”**

USAF Special Ops pilot

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INCOME PROTECTION – DUE DILIGENCE CHECKS

- Don't fall into the industry "by accident"
 - SMART analysis
- Variable income – feast and famine

INCOME PROTECTION – FINANCIAL PLANNING*?

- 59% had no financial plan in place
- 25% had not reviewed their outgoings in the past 6 months
- 31% had not checked recently either if they could get a better rate on their savings or if they could get a better deal on their gas or electricity

*2024 Research commissioned by wealth management company St James Place

<https://www.sjp.co.uk>

INCOME PROTECTION – RISK MANAGEMENT



INCOME PROTECTION – TAKE **CALCULATED** RISKS

**SPEAK UP.
BELIEVE IN YOURSELF.
TAKE RISKS.**
sheryl.sandberg

INCOME PROTECTION – BEFORE DEATH

Provisions of your *Will should* govern your estate

- Get a *free* Will – DIY precedent forms, Free Will Week (UK)
- Get a *cheap* Will – drafted by a charity's solicitors in return for donation

NB

Wills can be challenged by family and dependents

INCOME PROTECTION – GETTING OLDER....

Losing or may lose mental capacity?

Set up Lasting Power of Attorneys for health and / or money

INCOME PROTECTION – PRIVATE PENSIONS

- Association of Independent Professionals and Self – Employed (IPSE) figures show there are currently approximately 4.2 million self – employed people in the UK and that approximately 45% of them are **not** saving into a private pension
 - Many private pension providers allow lump sum or regular contributions. They advise to half your age when you first start contributing (say 20% if you start at the age of 40 years)
 - Tax relief is given on pension contributions
- Private pensions in the UK can be accessed at the age of 55 years

INCOME PROTECTION – STATE PENSIONS

- UK state pension only available with at least 35 years qualifying NICs but possible to make voluntary contributions for the past 6 years
tax.service.gov.uk/check-your-state-pension
 - UK full state pension (£221.20/ £169.50 per week)
- State pensions can be accessed at the age of 66 years in the UK

INCOME PROTECTION – RETIREMENT?

How much retirement income do you need per annum?

Less than a quarter of people in the UK are confident they know how much they should be saving for their retirement*

The minimum amount needed for a single person is £14,400.00 and £22,400 for a couple

*Pensions and Lifetime Savings Association (PLSA)

INCOME PROTECTION – PLANNING FOR DEATH

INHERITANCE TAX (IHT)

- We each have a £325, 000 allowance: our beneficiaries will pay 40% tax on anything left in our estates after that amount

Some exceptions

- If leave 10% or more of net value of your will to charity (IHT now 36%)
- If give financial gifts not exceeding £325,000.00 more than 7 years before date of death
 - If leave estate to spouse – no IHT

NB

Average UK property now worth £290,000.00

INCOME PROTECTION – PLANNING FOR DEATH

FINDINGS OF THE NATIONAL WILL REPORT (2023)*

- 2/5 of UK adults have not discussed instructions for after death with anyone as they felt it was too morbid a topic and/ or are not bothered about what happens after death
 - Only 46% of UK adults have made a will
 - Men more likely than women to make a will

*Commissioned by the National Will Register

INCOME PROTECTION – CPD – PREACHING TO THE CONVERTED!



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That's it – thanks for your attention!

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Looking forward to hearing from you!

STAY PROFESSIONAL!

THANKS FOR LISTENING AND OVER TO YOU!

