Ink & Assets

FINANCIAL PLANNING FOR AUTHORS

Work through each section in order. Every item you tick is a real step toward a financially healthy author business.

I. Foundation

- [ ] **Set your author milestones**
  Define income targets: first $500/mo, $2k/mo, full-time income, retirement goal
- [ ] **Complete the author journey quiz**
  Know where you are on the road from hobbyist to CEO
- [ ] **Choose your business structure**
  Sole proprietor, LLC, or corporation — get country-specific advice
- [ ] **Separate business banking from personal**
  Open a dedicated business bank account today — non-negotiable
- [ ] **Set up a business email and accounting system**
  Clean records from day one saves enormous tax-season pain
- [ ] **Build your author finance roadmap**
  Map your path from where you are to your income goal

II. Debt & Financial Buffer

- [ ] **List all debts with balances and interest rates**
  You can't tackle debt you haven't faced
- [ ] **Choose your debt payoff strategy**
  Snowball (smallest balance first) or avalanche (highest rate first)
- [ ] **Open a dedicated savings account for your buffer**
  Keep it separate — make it slightly inconvenient to access
- [ ] **Build a financial buffer of 3–6 months expenses**
  This is your author runway — the safety net that lets you take creative risks

III. Tracking & Budgeting

- [ ] **Audit all author subscriptions and tools**
  Cancel anything you haven't used in the last 3 months
- [ ] **Calculate your true author costs**
  Covers, editing, ads, tools, courses — the full picture, not just obvious spend
- [ ] **Track ROI on every author investment**
  Know which costs generate income and which are just expense
- [ ] **Understand the royalty trap**
  Royalties are not profit — learn what you're actually keeping
- [ ] **Calculate your read-through rates**
  Understand the real lifetime value of a reader through your series
- [ ] **Calculate customer lifetime value (LTV)**
  What is one reader actually worth to your business over time?
- [ ] **Implement the Profit First budget model**
  Allocate to profit, tax, and operating costs before spending anything
- [ ] **Set a book launch budget before every launch**
  Never launch on a credit card without a pre-set spending plan
- [ ] **Review your book pricing strategy**
  Permafree, price pulsing, bundles — model the revenue impact before changing
- [ ] **Understand wide vs exclusive revenue**
  Know what each platform and publishing model actually earns you net
- [ ] **Understand the international royalty trap**
  Foreign currency, withholding tax, and exchange rate impact on income

IV. Increasing Revenue

- [ ] **Set up at least one direct sales channel**
  Payhip, Shopify, WooCommerce — higher margins than any retailer
- [ ] **Identify your dead assets**
  Backlist, box sets, foreign rights, audio — what's sitting dormant and earning nothing?
- [ ] **Explore at least one author side hustle**
  Editing, coaching, courses, consulting — diversify beyond royalties
- [ ] **Investigate sub-rights and foreign licensing**
  Translations, audio rights, film/TV options — rights are financial assets
- [ ] **Expand your reach to new markets**
  New retailers, territories, or reader demographics you haven't tapped yet

V. Advertising

- [ ] **Fund your ad budget from a dedicated allocation**
  Never run ads directly from royalties — build a separate ad fund first
- [ ] **Learn your core ad metrics**
  ACOS, ROAS, KENP RPU — understand what each number actually means
- [ ] **Read ad data as a P&L, not just a dashboard**
  Treat AMS, Meta, and BookBub as separate business lines with their own returns
- [ ] **Set a monthly ad spend ceiling**
  Decide your stop point before you start — emotion-free decision making

VI. Tax

- [ ] **Set aside a tax percentage every single month**
  15–30% depending on your income and country — automate this transfer
- [ ] **Keep receipts for all author deductions**
  Home office, travel, research, software, courses, subscriptions — all of it
- [ ] **Understand self-employment tax rules in your country**
  GST/HST registration (Canada), quarterly estimated taxes (US)
- [ ] **Complete a W-8BEN or W-9 if required**
  US publishers require this from all authors — non-US authors need W-8BEN
- [ ] **Understand cross-border withholding tax**
  The Canada/US tax treaty may significantly reduce withholding on US royalties
- [ ] **Book an annual meeting with a tax professional**
  Ideally one who works with creative or self-employed clients — worth every penny

VII. Protection & Exit Planning

- [ ] **Set up critical illness insurance**
  Covers a serious diagnosis — cancer, heart attack, stroke — that stops you working
- [ ] **Set up disability insurance**
  Replaces income if long-term illness or injury prevents you from working
- [ ] **Review or set up life insurance**
  Essential if others depend on your income — review cover amount regularly
- [ ] **Build a dedicated emergency fund**
  3–6 months liquid savings — separate from your operating financial buffer
- [ ] **Name beneficiaries on all financial accounts**
  Bank accounts, pensions, investments — check and update these annually
- [ ] **Draft or update your will**
  Include your IP, royalty streams, and business assets explicitly — not just personal assets
- [ ] **Create a basic author exit strategy**
  What happens to your catalogue if you step back, sell up, or pass away?
- [ ] **Understand how to value your IP and catalogue**
  Your books are financial assets — know what they could be worth to a buyer

VIII. Growth & Investing

- [ ] **Reinvest a set percentage back into your business**
  Pre-allocate for covers, editing, ads — decide the rule, not the amounts, in advance
- [ ] **Open a retirement account**
  RRSP or TFSA (Canada) / SEP-IRA or IRA (US) — start even if it's a small amount
- [ ] **Maximise your TFSA if you're in Canada**
  Tax-free growth on all gains — often the single best first investing move
- [ ] **Use your RRSP strategically if you're in Canada**
  Reduces taxable income — most powerful in higher-earning years
- [ ] **Understand 401(k) and IRA options if you're in the US**
  SEP-IRA is purpose-built for self-employed — very author-friendly contribution limits
- [ ] **Begin investing beyond your retirement account**
  Index funds, diversified portfolio — get regulated financial advice first
- [ ] **Review your full financial plan every January**
  Income targets, debt position, investments, insurance — revisit all of it annually