Calculating hourly rate for South African freelancers

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You need to decide how much you would like to earn each month, as a freelancer. I have found the best way to calculate this is to use the third rule system - one-third to live on (your salary), one-third for taxes, overheads and normal day-to-day company needs and one-third to savings against the financial crash that hits at least once a decade, or as a hedge fund for retirement.

Let's say you decide that you would like to earn R30 000 a month gross (R10 000 as salary, R10 000 as contingency and R10 000 as savings), which equals R360 000 a year.

However, people in their own business usually have to allow for two months of no work because of the extended holidays over Christmas and Easter, so no income then.

So, dividing the R360 000 by 10 months = R36 000 per month, which is what you need every working month. That monthly figure is divided by the number of days you will probably get work, which is usually half the working month of 22 days.

So, divide R36 000 by 11 = R3 272 per day

Most people only actually work 6 hours a day, so divide R3 272 by 6 = R545 per hour, round it up to R550. Now you have your hourly rate.

Remember, if you have to travel more than 45 minutes to do a job, charge an hour each way for the cost of your time.

As I frequently remind clients and colleagues – experience counts – some things can't be Googled!

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