

# What Should I Charge...?

## Calculate Service Rate:

1. Target Annual Salary = *How much do you want to make each year?*
2. Compute Annual Overhead = *All costs and expenses*
3. Determine Profit Margin (*additional profit*)
4. Determine Billable Hours
  - a. Working hours/year = 2080 hours
  - b. Desired Time Off
  - c. Non-billable hours
5. Add #1 + #2 (Target Income + Expenses)
6. Multiply #5 by Profit Margin
7. Divide the Total #6 by Annual Billable Hours

## EXAMPLE

1. \$100,000 Target Salary
2. \$20,000 Annual Overhead
3. 10% Profit Margin
4. 1398 Annual Billable Hours
  - a. 2080 Hours a year
  - b. 3 Weeks' vacation + 7 Holidays + 5 Sick Days
  - c. 25% Non-Billable Time
5. \$120,000 (Income + Expenses)  
*Multiply by Profit Margin*
6. \$132,000 (Target Revenue)  
*Divide by 1398*
7. Target Service Rate = \$94.42  
**Round up to \$95/hour**