Yellow sticky notes are ours, added to help you find things. They won't be on your real one.

Department of You

A one-person operation, est. last Tuesday

SAMPLE · NOT A REAL ACCOUNT

Payment received for: November 2 – 15, 2026
Invoice no. 0042 · Paid November 20, 2026
Client: Reasonably Adequate Widgets, Inc.
(same desk, same work, different paperwork)

PAYMENT

80 hours at $31.25	$2,500.00
Federal income tax withheld	$0.00
Social Security and Medicare withheld	$0.00
State income tax withheld	$0.00
401(k), health insurance	$0.00
Deposited to your account	**$2,500.00**

WHAT THE PAYCHECK USED TO HANDLE (NOW YOURS)

Set aside, this period (rough)	Amount
Self-employment tax (both halves of Social Security and Medicare)	$332.04
Income taxes, federal and state (about what the W-2 job withheld)	$283.00
Health insurance, the whole premium	$565.00
Retirement savings (replacing your 5% and the 4% match)	$225.00
Paid time off (4.6 hours' worth)	$143.75
Unemployment insurance and workers' comp	None

BUSINESS EXPENSES, THIS PERIOD

Software and subscriptions	$30.00
Phone and internet (the work share)	$35.00
Mileage	$40.00
Professional liability insurance	$25.00
Bookkeeping and tax help	$20.00
Total (plus the occasional new laptop)	$150.00

THE BOTTOM LINE

Left to live on	**$801.21**
Same work as a W-2 employee: net pay	$1,822.70
To come out even, bill about	$3,870.00

AT YEAR END: FORM 1099-NEC

Box 1: Nonemployee compensation	$65,000.00
Box 4: Federal income tax withheld	$0.00

The Department of You is a one-person operation and also does not exist. Sample prepared by Bigger Than Your Money for practice. Set-aside figures are rough illustrations for this example only, not tax advice; your own numbers will differ.

Gross pay: same $2,500 for the same two weeks. Nobody has taken anything. Yet.

Big number, isn't it? It isn't all yours. Read on.

Everything the W-2 paycheck did for you. Now it's your job.

Self-employment tax: both halves of Social Security and Medicare, 15.3%. The employer's half is yours now.

Income tax: nobody withholds it. You pay it yourself, four times a year (estimated taxes).

Health insurance: the whole premium, not just the $85 you used to see.

Retirement and **time off**: your 5%, the 4% match nobody pays anymore, and vacations paid by you, in advance.

Business expenses: yours to pay, and yours to track. They also lower your taxes, if you keep the receipts.

To come out even, the same two weeks need to bill about 55% more. Price accordingly.

1099-NEC: what you get in January instead of a W-2. One box. Good luck.