Executive Summary

Sound Advice: Financial Planning for the Music Industry

Chapter 28

By Marie Phillips

Overview

Musicians often overlook financial planning because they assume they will never retire. However, comprehensive financial planning is essential to ensure stability and long-term success in an unpredictable industry. This chapter emphasizes running your career like a business and offers practical strategies for financial security.

Key Recommendations:

- **Operate as a Business:** Treat your music career as an independent enterprise. Develop a business plan, maintain contracts, and seek legal advice to protect your rights and income.

- **Brand & Marketing:** Invest in your personal brand through professional photos, websites, and social media. Clearly define usage rights for your name and image.

- **Monetize Intellectual Property:** Manage copyrights and join organizations like SOCAN, ASCAP/BMI, and CMRRA to collect royalties. Explore ancillary income streams such as digital distribution, licensing, and music libraries.

- **Diversify Income:** Supplement royalties with gigs, teaching, touring, merchandise, and grants from organizations like FACTOR and Canada Council for the Arts.

- **Build a Financial Team:** Work with a financial advisor familiar with musicians' needs. Key areas include:
    - **Budgeting:** Account for irregular income, taxes, and essential expenses.
    - **Emergency Fund:** Maintain 3–6 months of living expenses.
    - **Estate Planning:** Prepare wills, powers of attorney, and beneficiary updates.
    - **Insurance:** Consider health, instrument, liability, disability, and life coverage.

- **Saving & Retirement:** Use RRSPs, TFSAs, RESPs, and the Musicians' Pension Plan. Explore new options like the FHSA for home savings.
- **Tax Planning:** Keep accurate records, claim eligible deductions, and file annually—even in loss years.

Bottom Line: Financial planning is an ongoing process. Regular reviews and professional guidance can help musicians achieve both creative fulfillment and financial security.

That's *"Sound Advice"*

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