

Rates

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Rate & Rate Negotiation Pro-Tips

You always, always need to negotiate. If your client says “Yes” immediately, it generally means you low-balled yourself. It’s a delicate balance though, don’t go over the line because an immediate no is no-good either.

Aim a little higher than your target. That means you have some play to negotiate down to the number you actually need to hit.

Don’t aim much higher than your target, as you’ll likely immediately get rejected. “So nice to meet you!” A \$1000 day-rate for a junior developer who was born after 9/11 is probably not going to fly (until maybe 2028). There is still a hierarchy to years-of-experience, that frankly, is mostly correct.

Reverse engineer a typical day to get to a good rate based on the actual work you're doing :

- An \$1000 day-rate might scare away your client, but if you follow production pricing, suddenly, it’s not so scary. \$70 / hour with 1.5x overtime after 10 hours and 2x overtime after 12 hours, with an overtime penalty if turnaround time is <10 hours. That means a 12 hour day is a \$910 day, and a 14 hour day (sadly, common in production), comes in at a hot \$1,190.
- So: breakdown your rate for them. “\$700 for a 10” is common language that is understood as \$700 for a 10 hour day, with pro-ratio/possible OT after 10. Delicately balance being specific *and* casual about your terms if they ask.

On a union production, If you work through lunch, you should count that towards OT, or your day should be shorter. Again, following production pricing, you need to be given breaks, and if you don’t, your client needs to compensate you for that. I mostly work through lunch and don’t count it towards OT. I’m told that the greatest financial-value white collar crime in America is wage theft. The silent killer!

On a long contract, with no OT, my opinion is that you must require comp time for overtime after a typical 40 or 50 hour week. This isn’t a legal requirement, but if your client doesn’t agree to this, it’s ethically dubious. Comp time means: you get paid days off equal to the time you worked over time. It's the right thing to do. It is rare that this isn't the case!

Stick to your guns on terms. You’ll be respected for it. Especially if you’re cool about it and you're not a jerk. I interviewed and hired someone a couple years ago who did this flex and I still think about how smart it was. Ended up being a good decision to work with them, too!

Personal Project Rates

Project rates are sort of the in-between rate – you're not getting paid against a time, and you're not budgeting an entire project, with multiple folks. Though, many principles from personal project rates apply to creating a budget for a wider project. But with personal project rates, you're estimating what you believe you should cost over the entirety of a project. If you know what to expect from a client and a project, the Personal Project Rate is actually a pretty good way to roll.

For **budgeting** project rates, I recommend estimating how much it would cost you to complete the tasks based on a day rate, multiplying it by 1.5x and calling that the estimate.

With a project rate, it's important to define terms – such as quantifiable deliverables, or timeline requirements. This can be casual, but should always be in writing.

For most of my post-production and VFX clients, I bill against an estimated project rate, and flag for overages as we go.

Per Diem

A per-diem is a flat rate you get each day to cover living expenses. Per-diem is standard when a project or production has you working outside of your typical geographic area, and the things a per-diem are meant to cover aren't included already. Per-diem rates are typically between \$50 and \$75. You can use per-diem money however you want, but generally they cover expenses for being away from home. You do not need to disclose how you use a per-diem. Whatever you don't spend is yours to keep.

Per-diems show up as a tax-exempt addition to your pay-check or are given to you separately on a check or in cash. This rate is untaxed as long as it falls below the federal standard (\$79 in 2024).

Example Uses of Per-Diem:

- Meals or Snacks at: Restaurants, Cafes, Bars
- Groceries
- Emergency Laundry
- Emergency Clothes
- Pharmacy things

Per-Diems do not cover expenses that should be covered separately or reimbursed by your client (aka "covered by the job"):

- Flights
- Taxis
- Luggage
- Shipping
- Tools
- Equipment
- Client Dinners
- Hospital Costs

If you are on a job and you are in a position where something that you need exceeds a normal per-diem allocation – say for example, you're working in a nightclub on an island and the only meal options are \$90 sandwiches, then you need to address this with your client. A quick text that says "the only meals here exceed per diem, I need to be reimbursed" will cover you, unless your client is not-very-nice. In my experience, even the worst clients will cover these kinds of things ("you should try the ceviche!"). It's an understanding.

Kit Fees

If you have a ton of hardware or software that you own or have a membership/subscription that you pay for, it is critical that your rate reflects a percentage of that. That said, I believe that the right thing to do is to have a kit fee.

You should have a high kit fee and indicate a significant discount in your kit fee invoice. This is one of those client psychology things that's annoying, but if the initial price is \$100 / week for your kit fee, they might freak out. However, if your kit fee is \$300 / week, but you're discounting your fee for this client to \$100 / week, they are more likely to accept it. I wish we could all just say the numbers are the numbers and not have to play this game, but alas, that isn't the reality.

Some Vanilla Kit rental costs that are more or less standard:

- A \$6000 computer rents at \$200 / week.
- A high-end DSLR camera package rents at \$170 / week
- Expensive DSLR lenses rent at \$50 / week
- A high-end camera monitor rents at \$100 / week
- A \$1000 Gimbal package rents at \$50 / week

A good rule is to charge for the big stuff and then "gratis" out the smaller things or things that you feel are a nice bonus to throw in for free. You always line item everything to show the sheer amount of items that are critical to the kit, and that you're hooking it up for your client(s).

I have a kit fee on about 50% of my jobs. It's something you should always address at the beginning of a job. I frequently forget to do this and kick myself for it later.

If you're unable to get a kit fee, be sure to keep track of gear that is consumed on the job and bill it back as a receipt at the end of the gig. This is generally acceptable, but ask first. Clients are usually receptive to: "you need this thing today, I already have it in my bag, but I will need it replaced or paid for." This is a good way to get rid of gear you don't want anymore, too.