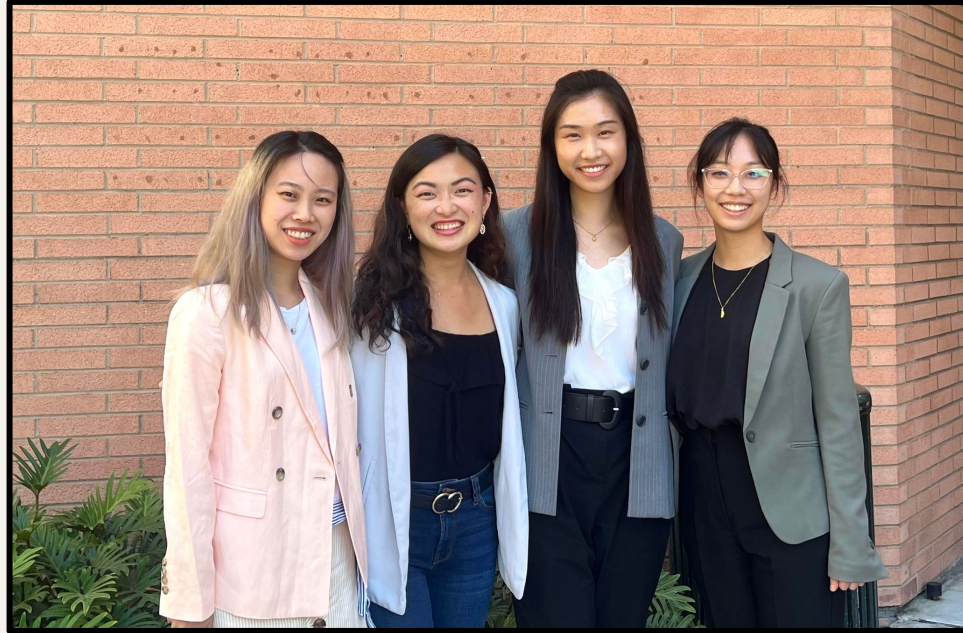


A white piggy bank is shown from the chest up, overflowing with numerous rolled-up US dollar bills. The bills are fanned out, with some showing the number '3' and the word 'THREE'. The background is a soft, out-of-focus light beige color.

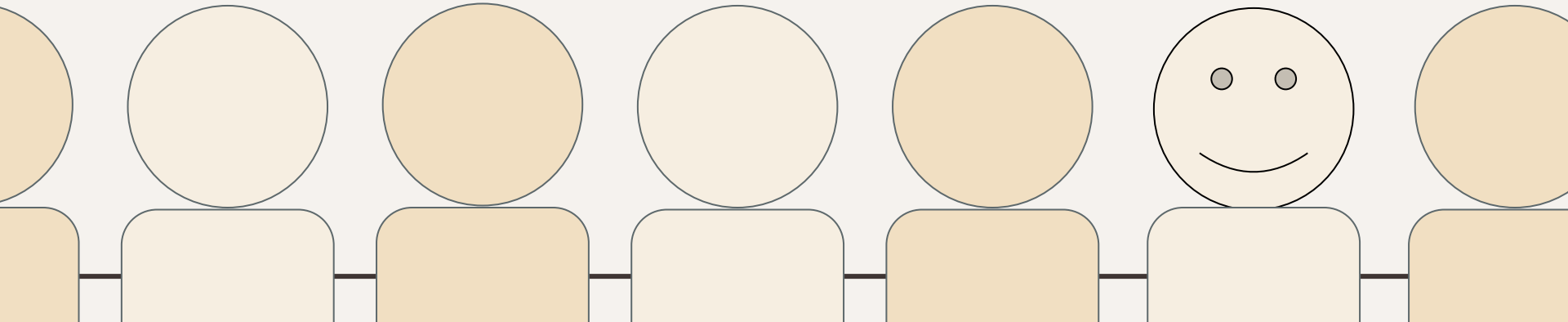
Know Your Self-Worth: Using Key Economic Indicators to Determine Your Financial Value

Angela Lin, Clarice Kwan, Erica Lee, Shelby Wong

Who We Are:



Our Audience!



Today's Presentation Outline:

01

Our Value

What makes us stand out as educators?

02

Set Your Teaching Rate

How do we use our qualifications to determine a suitable starting rate for lessons?

03

Rate Increases

When and why should we consider raising our rates?

04

Next Steps

What can we do now to stay ahead of the curve?

01

What Makes Us Stand Out as Educators?





Schooling/ Education

Institution(s)
attended

Degree(s)
received

Performance experience

Practicing what
you preach

Enhances
teaching
perspective

Teaching experience

When did you
start teaching?

Group/private
lessons, theory,
musicianship, etc.

Teaching
Philosophy

Pedagogical background

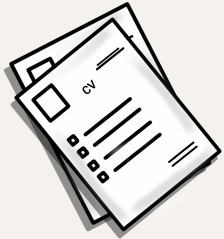
Classes
dedicated to
teaching
resources &
development

Conferences /
lectures /
seminars



02

How do we use our qualifications to determine a suitable starting rate?



How most of us set up our initial starting price

On a scale of 1 to 5, how confident are you in the rates you've set as a teacher?



Location

- Average of rate in your city

Virtual vs. In-home vs. not at home/studio

Exams/competitions and availability

Additional Points of Consideration

Expenses

Basic Living Prices

- Food, rent, electricity, etc.
- Studio expenses (tuning, copy machine)

Gas Prices

- Travel time

Music Expenses

- Buying scores
- Professional journals

Professional Affiliation

- MTNA, RCM, MTAC, etc.
- Festivals, competitions & performance events





Billable

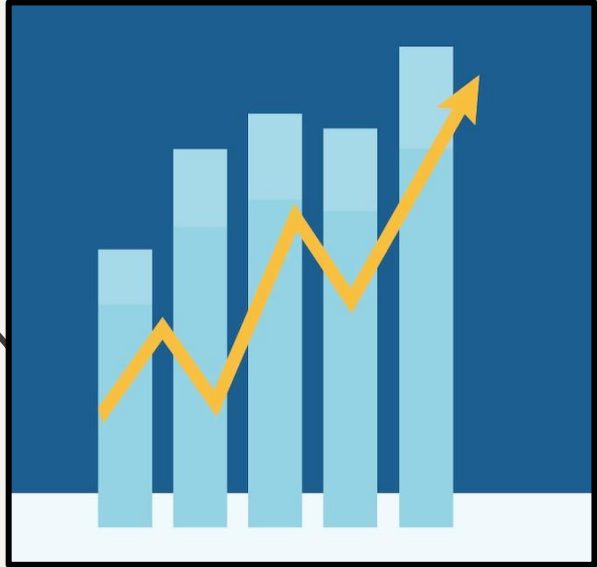
- Time spent in lesson
- Ear training
- Sight singing



Non-billable



- Lesson planning
- Developing unique curriculum
- Recital planning
- Administrative work
- Grading
- Stationary
- Teacher training and experience
- Instrument purchase and maintenance
- Insurance, business licenses, self-employment taxes
- Book and music organization memberships



03

**When and why
should we consider
raising our rates?**

Why You Should Raise Your Rate Biennially or Even Better...ANNUALLY!

Three Main Reasons:

1. Inflation
2. Rising cost of living
3. Market rate of labor

*Consideration for when you should not raise rates

1. Inflation

What is inflation?

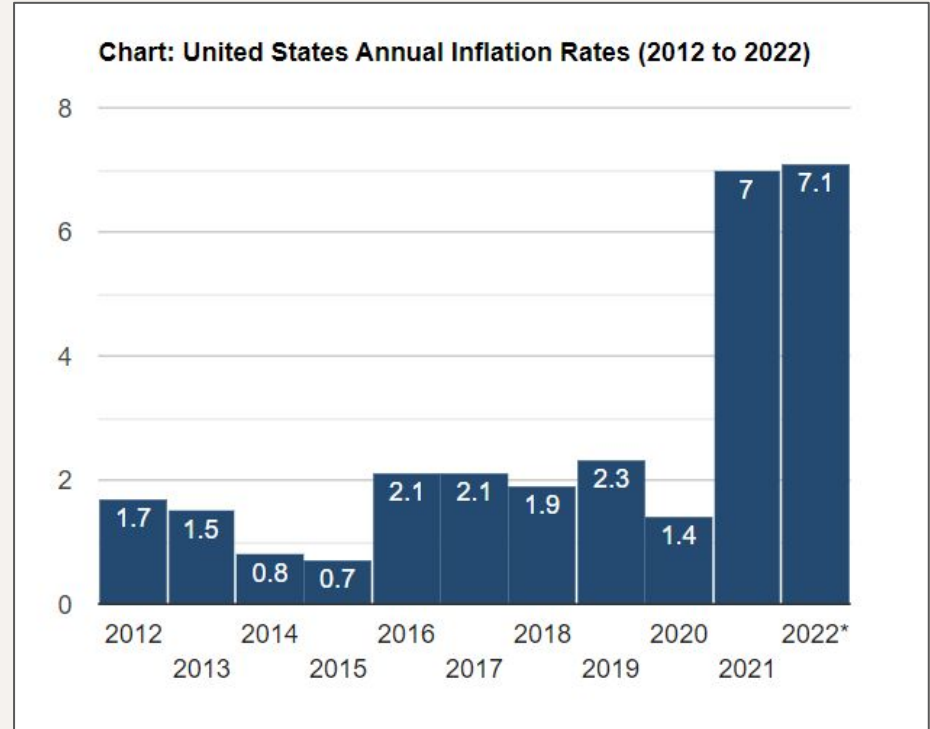
- The rate of increase in prices over a period of time
- U.S. 2022 inflation rate = 7.1% (typical inflation rate around 2%)

What is the CPI-U?

- Consumer Price Index (All Urban Consumers)
- Tracks the rate of change in inflation over time

Why inflation is important to consider:

- The rate you set last year is worth less this year -> raise your rate to meet the economy's rising prices



Source: U.S. Inflation Calculator

2. Rising Cost of Living as a Result of Inflation

Due to inflation, your expenses and standard of living are negatively affected.

Rising Costs:

- Housing:
 - Location: depending on where you live, inflation may greatly impact your standard of living
 - Rent/Utilities: rising rent payments and utility costs for home/studio
- Transportation:
 - Gas prices: rising gas prices affect how expensive it is to see your students



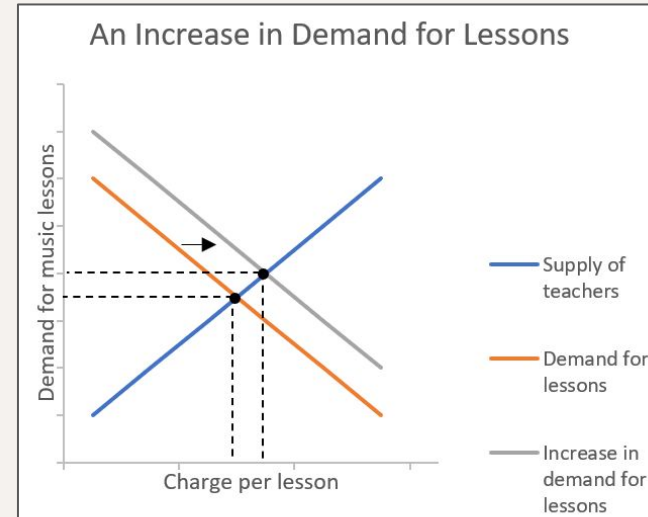
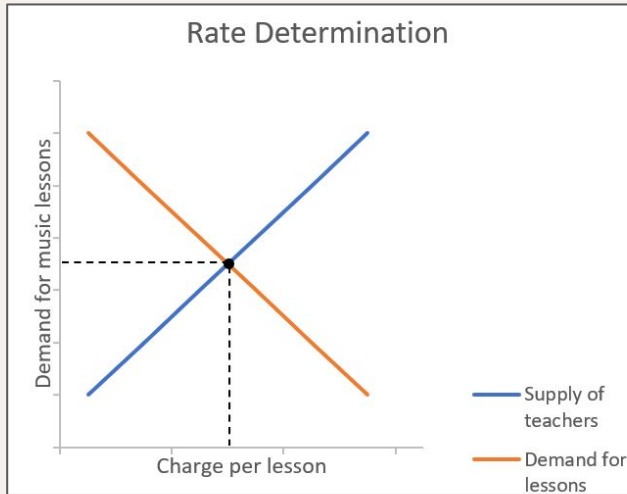
3. Market Rate of Labor

What is the Labor Market?

- Supply and demand for labor
 - Suppliers = us, Demand = students/their parents

When Demand Exceeds Supply:

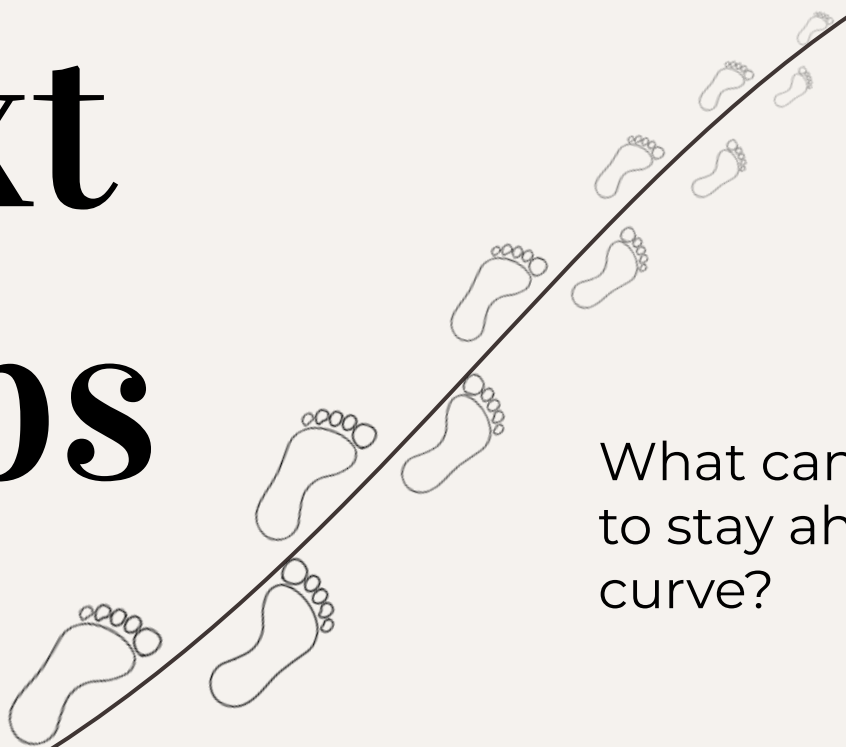
- Value of the suppliers increase -> rate increase because we are worth more



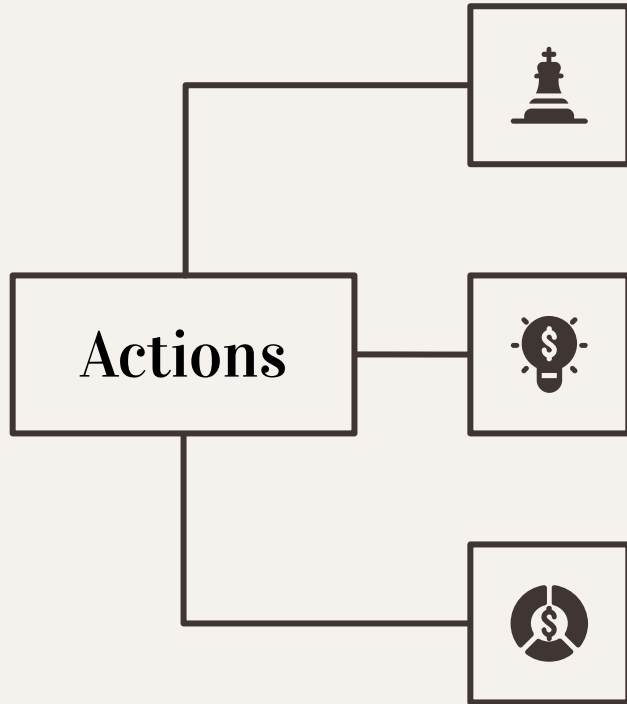
Next Steps

04

What can we do now
to stay ahead of the
curve?

A graphic consisting of a smooth, upward-curving line that starts from the bottom left and goes towards the top right. Along this curve, there are several pairs of footprints, each pair consisting of a left and right foot, as if someone is walking along the path. The footprints are simple line drawings.

Setting ourselves up for financial success



1. Update Payment Policies

Stating clear payment policies increases transparency

2. Stay up-to-date with the economy

Utilize key economic indicators like the CPI-U and rate of inflation

3. Evaluate your intrinsic value

Compensate yourself fairly based on what YOU need

1. Update payment policies

1

Include a line item that addresses the expectation that rates are subject to increase over a chosen period of time

2

Determine when you feel most comfortable enacting a rate change

3

Adequately prepare when the month approaches.

2. Stay up-to-date with the economy

CPI-U

- Create a schedule for checking changes
- Utilizing the CPI-U will help you accurately index your wages

FORMULA

$$\frac{(\text{Current CPI-U} - \text{Previous CPI-U})}{\text{Previous CPI-U}} \times 100 = \text{Annual Inflation Rate}$$

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, November 2022 [1982-84=100, unless otherwise noted]													
Expenditure category	Relative importance Oct. 2022	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change						
		Nov. 2021	Oct. 2022	Nov. 2022	Nov. 2021- Nov. 2022	Oct. 2022- Nov. 2022	Aug. 2022- Sep. 2022	Sep. 2022- Oct. 2022	Oct. 2022- Nov. 2022				
All items.....	100.000	277.948	298.012	297.711	7.1	-0.1	0.4	0.4	0.1				
Food.....	13.744	285.507	315.323	315.857	10.6	0.2	0.8	0.6	0.5				
Food at home.....	8.520	266.384	298.401	298.284	12.0	0.0	0.7	0.4	0.5				
Cereals and bakery products.....	1.107	295.909	341.492	344.393	16.4	0.8	0.9	0.8	1.1				
Meats, poultry, fish, and eggs.....	1.907	299.228	321.271	319.444	6.8	-0.6	0.4	0.6	-0.2				
Dairy and related products.....	0.805	233.157	269.355	271.307	16.4	0.7	0.3	-0.1	1.0				
Fruits and vegetables.....	1.424	318.436	348.021	349.462	9.7	0.4	1.6	-0.9	1.4				
Nonalcoholic beverages and beverage materials.....	0.983	185.119	210.121	209.507	13.2	-0.3	0.6	0.5	0.7				
Other food at home.....	2.294	229.643	262.814	261.583	13.9	-0.5	0.5	0.9	-0.1				
Food away from home ¹	5.225	315.481	340.532	342.266	8.5	0.5	0.9	0.9	0.5				
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.1

Example: Tommy Trojan

Tommy Trojan is a self-employed piano teacher living in Los Angeles, CA. Tommy currently teaches at his home studio and charges **\$60/hour**. Tommy heard inflation was crazy this year and wants to increase his rate at the start of 2022.

CPI-U (November 2021) = 277.948
 CPI-U (November 2022) = 297.711
 Point Difference = 19.763
Percent Change = 7.11%

Tommy should raise his rate app
 resulting in an adjustment to **\$65/hour**.

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What if Tommy hasn't changed his rate since 2020?



From 2021-2022

CPI-U (November 2021) = 277.948

CPI-U (November 2022) = 297.711

Point Difference = 19.763

Percent Change = 7.11%

From 2020-2021

CPI-U (November 2020) = 260.229

CPI-U (November 2021) = 277.948

Point Difference = 17.719

Percent Change = 6.8%

Tommy should raise his rate approximately **14%** resulting in an adjustment of **\$68/hour**.



3. Always consider your intrinsic value as an educator!

A lot goes into being a self-employed music teacher...

Regularly evaluate the time and energy that you invest into your students, and be confident in setting a rate that you **DESERVE**.

THANK YOU!

Questions?

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