



# LIFE COACH SALARY

*How much do life, business and executive coaches make and how do I set my coaching fees?*

## About the Author:

Julia is a coach, coach trainer, and seminar leader, who uses her creativity and humor to expand people's thinking and inspire them to work brilliantly.

She's a former Visionary Coach for the world's largest coach training company, the Lead Certifier for the Thomas Leonard Coaching School, an Expert Life Coach for Fitness Magazine and a guest instructor for the University of Houston's Executive Coaching Institute.

Julia is passionate about the power of coaching to transform the world and is committed to helping coaches forge positive change with the help of powerful coaching skills. She has a BA from Washington University in St. Louis, an MFA from Sarah Lawrence College and is a graduate of Coach U, a member of the International Coach Federation (ICF), the Institute of Coaching Professional Association (ICPA), a founding member of the International Association of Coaching (IAC) and an IAC Master Masteries Coach. She's also a CCE Board Certified Coach.

Currently, Julia is working toward a PhD in Leadership and Organizational Transformation at Adizes Graduate School.

When Julia founded the School of Coaching Mastery in 2007, it was the 1st comprehensive coaching school to prepare coaches for IAC Coach Certification. Now we believe we are the first school to prepare coaches for ICF Coach Credentialing, as well as IAC Coach Certification.

You can read Julia's articles on coaching in the [Coaching Blog](#). She has also been a contributor to the [Inbound Marketing University Blog](#) and the [Coaching Commons](#) blog, among others.

Julia currently lives in suburban St. Louis, Missouri, where she stays fit by walking her dog, Bindi, and by doing Zumba. When she's not having fun with friends and family, she's learning everything she can about human behavior and how she can help her clients enjoy meaningful success.

**Contact Julia for coaching here: 1-866-944-4709**

**Or email: [julia@schoolofcoachingmastery.com](mailto:julia@schoolofcoachingmastery.com)**



# TABLE OF CONTENTS

|   |           |
|---|-----------|
| <u>Is Coaching for You?</u>             | <u>4</u>  |
| <u>How Much Money Do Coaches Make?</u>  | <u>6</u>  |
| <u>Worldwide Trends in Coaching</u>     | <u>8</u>  |
| <u>Why Every Coach Needs a Paycheck</u> | <u>9</u>  |
| <u>Are You an Unpaid Helpaholic?</u>    | <u>11</u> |
| <u>15 Reasons Your Fees Are Too Low</u> | <u>12</u> |
| <u>How to Set Your Coaching Fees</u>    | <u>15</u> |

# IS COACHING FOR YOU?

**Lots of people dream of becoming life, business or executive coaches.** Are you one of them?

Do you wonder whether you should take the plunge?

**Take this simple quiz and see if coaching is for you.**

- ☐ 1. You've done a lot of personal development work and you've really grown.
- ☐ 2. You've learned amazing things and you want to share.
- ☐ 3. You have expertise that can help others.
- ☐ 4. You're very spiritual (Perhaps in a non-traditional way).
- ☐ 5. You're curious about people.
- ☐ 6. You're naturally optimistic.
- ☐ 7. You're a big-picture person.
- ☐ 8. You have a sense of humor.
- ☐ 9. You can let someone else be the center of attention.
- ☐ 10. You don't need to "help" people or "fix" their problems.
- ☐ 11. You believe in people and naturally acknowledge them.
- ☐ 12. You're comfortable with the unknown.
- ☐ 13. You're comfortable with silence.
- ☐ 14. You're curious and very intuitive.
- ☐ 15. You're creative.
- ☐ 16. You're an excellent listener and have great communication skills.
- ☐ 17. You see opportunities where others see problems.
- ☐ 18. You love working for yourself.

- \_\_19. Sales & marketing don't scare you.
- \_\_20. You enjoy making your own decisions.
- \_\_21. You love empowering people.
- \_\_22. You don't mind charging for what you do.
- \_\_23. You don't blame people or make them wrong.
- \_\_24. You understand the importance of action.
- \_\_25. You see the world evolving and you know it's a good thing.
- \_\_26. You feel called to coach.
- \_\_27. You want to earn a living as a coach, but you're not desperate for it.
- \_\_28. You have the time and energy to become a coach and you're ready to start.
- \_\_29. You'll do whatever it takes to succeed as long as you can keep your integrity.
- \_\_30. Becoming a coach sounds like a really fun opportunity.

**SCORE:** If you answered "Yes" to every question, you definitely should become a coach. If you answered "Yes" to most of them, and you believe you can learn the rest, then you'll probably love becoming a coach. If you answered "No" to most questions, then becoming a life coach may not be for you, right now.

Even if you got a perfect score, you probably have more to learn. All the best coaches do.

# HOW MUCH MONEY DO COACHES MAKE?

Want to know what kind of salary a life, business or executive coach makes?

I wrote about international coaching salaries in the [2012 Trends in Business and Life Coaching](#) post, based on the new ICF coach survey, which sheds light on the parts of the world where coaches earn the most. But a Sherpa Executive Coaching Survey of international coach salaries just came out, so here's some new info, broken down by type of coach.

It's important to note that executive, life and business coaching incomes vary wildly, (anywhere from free to thousands of dollars per hour) so these averages may not represent what most coaches actually make. However they do offer some clues.

## Average coaching salaries according to Sherpa:

- Executive Coaches make \$325 per hour
- Business Coaches make \$235 per hour
- Life Coaches make \$160 per hour

**What's the difference between a life coach, a business coach and an executive coach?** Sherpa's definition of an executive coach is someone who coaches executives on behavioral issues, which basically means an executive coach is a life coach for executives.

I take issue with Sherpa's definition that business and life coaches are consultants and advisors. Real coaches are neither consultants, nor advisers. Real coaches help their clients think and act more resourcefully, resulting in personal growth and achievement and for that reason, coaches usually make a lot more money than consultants or advisers.

In my experience, new business and life coaches can charge \$100 - 200 per hour and veteran coaches with established results can often charge \$250 - 600 per hour, although most charge by the month, not the hour. What makes the difference is the skill of the coach and *who* they coach.

It's pretty extraordinary that someone who [coaches by phone](#) in their jammies from their home office could charge more than a Park Avenue lawyer, but it happens - if their clients get incredible results and can afford to pay for them.

**Here's how: most successful coaches only have a few clients.** According to Sherpa, coaches average between 6 and 6.5 clients per week. When you only coach a few clients, you can be at your best virtually all of the time, which makes it possible to give incredible service and results. That's when you can charge a lot.

**So average annual incomes, according to Sherpa, range from \$55K to \$116K.** That's pretty close to past ICF survey averages for a life coach (or business or executive coach) salary.

# WORLDWIDE TRENDS IN COACHING

The 2012 ICF Coaching Study Executive Summary revealed worldwide trends in business, executive and life coaching.

This coaching study was the largest ever, with over 12,000 coaches responding from 117 nations. Extrapolating from that data, the ICF estimated that there were now 47,500 professional coaches, worldwide.

It's no surprise that the greatest concentration of coaches and highest paid coaches are in 'high income areas' like North America, Western Europe and Oceania (Australia and New Zealand). What surprised me is that Oceania led the world both in high pay and the number of coaches relative to its population. (Go Aussies!)

Here are 6 more 2012 trends in business and life coaching from the ICF Survey:

- Total annual revenue from professional coaching worldwide is now nearly 2 Billion (In US Dollars). That means it's nearly doubled in the past few years.
- Most coaches are reporting an increase in fees, clients, hours and revenues over the past 12 months, despite the global economy, showing once again, that coaching does well even in poor economic times.
- Most coaches predict a further increase in fees, clients, hours and revenue in the coming 12 months.
- Latin America and the Caribbean are currently reporting the greatest rates of growth, as coaching continues to enter and succeed in new markets.
- A majority of professional coaches say they want the industry to become regulated, with the greatest proportion stating that the industry of coaching should be regulated by coaching associations, rather than governments.
- When asked what they thought would be the greatest challenge to the profession of coaching in the coming year, the number one threat was identified as 'untrained individuals who call themselves coaches', followed by 'marketplace confusion' (which is caused, in part, by untrained individuals who call themselves coaches). This also points to why the idea of regulation is gaining traction among business and life coaches.



# WHY EVERY COACH NEEDS A PAYCHECK

Not long ago, one of my life coach students, who was transitioning from a regular job to owning her own life coach business, commented in class that she was going to miss getting a steady paycheck. I'll bet! What life coach wouldn't miss a guaranteed salary?

**Well here's a secret about life coach salary** (or executive or business coach salary): Even if you work for yourself, you need a steady paycheck.

**No, I didn't say you need to get a steady job. Your coaching business needs to pay you a steady salary.** You really can have the best of both worlds!

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**This is the first lesson in business finance.** But unfortunately for me, I missed this lesson for several years. The result? A constant feast-or-famine condition that wreaked havoc in my checking account and my life.

This chaos created inordinate stress about money and made it nearly impossible for me to invest, save or even have fun with my money, because I was constantly uncertain how much would be coming in.

**The answer?** I started paying myself a salary. Stress canceled. Uncertainty eliminated. Balancing my checkbook? No problem!

Actually, the benefits of paying yourself a life coach salary are so numerous that I'm not going to even try to cover them all in this article. But before you take action, check with your accountant or attorney.

In my case, getting started with a life coach salary was as simple as transferring a set amount of money every Friday from my business account to my personal checking account. But even if you choose a formal payroll, which has some benefits, it can be simple and easy. Check with your bank or maybe check out Costco's low-cost payroll service.

**How can you start paying yourself a paycheck right away?** Take a look at how much money your business brought in the last 3 to 6 months. Average it and subtract your business expenses. That's your potential salary.

Then take a look at how much you think you need to live on (don't forget to include estimated tax payments and savings of at least 10%). If what you 'need' is more than what your business can afford to pay you, start simplifying your life or get more creative. (For me, it's a fun game to ask, 'How could I get this for free or nearly free?' For instance, I discovered that it's much more fun and rewarding to check out movies from my library, than it is to pay a bloated cable fee.) But if you really can't pay yourself enough, there's no shame in getting a part-time job, until you can.

The funny thing is, although the amount I initially paid myself seemed like too little, I nearly always had extra money left over at the end of the month - in addition to the money I intentionally saved.

**Does this seem too limiting, or at least, not exciting enough?** Well if you need excitement, go for the chaos. And if you're really crazy (been there), try enforcing 'wealth consciousness' on yourself while you're struggling to pay your bills.

**Me?** I find it much more exciting (in a good way) now that I'm free to plan my financial life based on some solid projections.

As for wealth consciousness, it's fun watching my savings accounts grow.

And that small salary that I started out with?

One year after I started paying myself a life coach salary, I had doubled my pay and it has continued to rise ever since.

# ARE YOU AN UNPAID HELPAHOLIC?

A good life coach can be everybody else's best friend and their own worst enemy if they don't know how to say NO at the right times. Why? Because people will naturally want your help and will eventually, accidentally even, suck you dry. (*Imagine what would happen to Sookie Stackhouse if she didn't take a "Back off!" attitude towards most vampires.*)

**A dried-up grape = a raisin. A dried-up coach = useless.**

But saying NO requires discipline, because it feels good to help. And it feels really good to help for free. And it's real easy to get clients when you're doing a great job of helping everybody for free. But it's unprofessional.

Charity is a beautiful thing under the right circumstances. Coaching isn't one of them.

Most charitable coaching is unprofessional, because when you coach clients for free, or for too little, it undermines their potential. People play small when they don't have enough skin in the game. That's just how we're wired.

It feels challenging - scary even - to ask people to pay for coaching. But get paid you must, unless you're independently wealthy. So that's another reason why coaching for free is unprofessional.

Here's a third reason why coaching for free is unprofessional. It allows YOU to play small, because coaching for free lets you off the hook when it comes to delivering great value.

I'm not saying that coaches should *never* coach for free or low fee. It's okay to do that at first (I even recommend it), or later if you're changing your business, but be sure you know what you're getting in return, such as experience, learning, referrals, or something else that will pay off in the long run.

**Bottom Line:** People reach their Greatness when they are givers, but you can receive even while you're giving. And if you don't receive for your coaching, the other people (a.k.a. your clients) won't reach their Greatness.

And isn't Greatness what coaching's all about?

# 15 REASONS YOUR FEES ARE TOO LOW

Recently, I taught a Q&A tele-webinar on [How to Set Your Coaching Fees](#) for my clients, students and guests. They asked great questions and I know the class was a real eye-opener for them.

The class was inspired by questions from one of my [Elite Mentor Coaching for High Achievers](#) clients and is also included for members of other [School of Coaching Mastery Programs](#).

**Bottom line?** Life coaching is an expensive, highly personalized, high-end service. Attempts to make coaching more affordable and hopefully, easier to sell, tend to fail. [Compass Coaching](#) is an example. All logic to the contrary, sometimes a service sells more easily when it's expensive. (Just ask a [behavioral economist](#) how logical people are about spending money!) And of course, all of this applies to business coaching and executive coaching, as well.

**Long story short:** if you missed the tele-webinar, or even if you were there, here's a list of 15 reasons you're coaching fees are probably too low. I've divided the list between: A. *Your probable reasons for undercharging*, B. *Why that doesn't work for your clients*, and C. *The reality check*. I hope it's helpful!

## A. Why You Charge Too Little For Your Coaching:

1. You don't see the value in coaching. This is way more common than you might think. In fact I didn't see it until I'd been coaching a while. What changed? I worked with incredible mentor coaches who helped transform my life. Then I watched myself transform my clients' lives. Then my clients started saying things like, 'If I weren't paying you \$350, I'd find a way to pay you \$10,000!'
2. You have a disempowering story about why people won't pay you more. Yes, a lot of people have been out of work for a long time. But 90% are still working and many of those are making more money than ever. And coaching continues to be the 2nd fastest growing profession in the world (after IT management). But those are generalizations. The truth is, people who see for themselves the value of coaching will find the money to pay for it. For example, if you're a career coach who has a great track record helping people get hired, an unemployed person will pull together the money to hire you.

3. You're trying to sell coaching to people who don't value it. For one person, \$25 per month will be too much to pay for coaching. But for someone else, anything less than \$500 may be too little, because they want the best coach they can afford. Whether we like it or not, people frequently measure how valuable something is by how much it costs. And in the case of coaching, clients actually put more effort into their own results when they pay more, because they want their money's worth. So don't waste time on the 'client' who's interested in coaching with you, but not interested in paying, unless you sense they are that rare person who will knock themselves out even if you coach them for free - and you really want to coach them.
4. You don't think you're worth it. Okay, let's say you're a new coach and you've seen the credentials and track records of your competition. Pretty intimidating? It may be tempting to compete on price, but will that really satisfy you? A better strategy is to do everything in your power to get results and credentials as quickly as you can, so you can compete, period. Coach a lot of people for free for a set period of time, but be sure each client knows you want a testimonial from them in exchange. Become a certified coach quickly. Join the IAC and ICF.
5. You're trying to coach too many people. When I first became a life coach, I thought 30-40 clients was a full coaching practice. And to make a good living, I really did need a lot of clients, because I was only charging \$100-200 per month for each. That left me in a chronic state of always needing more clients. I wish someone had told me that most successful coaches have less than ten clients.
6. You don't know how much money you need to make. As I showed my class last night, your coaching fees aren't your life coaching salary. When you subtract the money it takes to make money, including your business expenses, taxes, and benefits you'd normally get from a salaried position, it takes a lot more money than you might think, especially if you only have 6 clients. Be sure you do the math.
7. You want to coach low-income people who could benefit from coaching. Nothing wrong with that, unless you put yourself out of business. Better to charge a fee to most of your clients that's high enough to allow you to offer some scholarships. You can also volunteer your coaching services to an organization that provides coaching to low-income people.

## **B. Why Charging Low Fees Doesn't Work For Your Coaching Clients:**

1. People perceive life and business coaching as a highly-personalized, high-end, expensive service. That's what they're looking for and it's usually what they want to buy. When you charge less, you look like a bargain-basement coach (who may deliver bargain-basement results). One-to-one coaching delivers dramatic results and if the price tag is

inconsistent with that, you run the risk of confusing people (and confused people don't buy).

2. When people buy a high-end service, they're saying to themselves, 'I'm worth it!' That feeling is what they want. And when someone decides it's time to get a life coach to help them upgrade their life, that feeling is a big part of their resolve. They may actually be disappointed if you don't charge enough to make a statement that from now on, things will be different for them.
3. People want their money's worth, so the more they pay, the more value they'll get. Your high-paying clients will work harder and achieve more. And you'll be less likely to slack off, too. As one of my colleagues told me, every time she signs on a client with her new higher fee, she thinks, 'Holy crap! Now I have to deliver that much value!' and that's a good thing.
4. Your clients deserve better service from you. I tell my clients that it's my goal to give them exactly what they need. They're all high-achievers, so I'm confident they won't become needy just because I'm extremely supportive. But a coach who's trying to make a living with 30 low-paying clients is spread too thin between serving clients and constantly needing to market and sell in order to keep the numbers up. That means less attention for each client. And it may mean that you're needy, because you always need more clients. A needy coach is never at her best.

### C. The Reality Check:

1. Coaches worldwide average around \$200 per coaching hour. Even if you choose to discount your fee, you don't need to charge a lot less than that.
2. According to Sherpa Coaching, most professional coaches average just six clients per week. That means each client needs to pay a hefty fee in order for the coach to earn a substantial salary.
3. Even if you have only 5-10 coaching clients, you will need to spend some time and expense on marketing and sales and you need to be paid for your entire week, not just the time you spend coaching.
4. When you add up what it costs to be in business, including business expenses, income tax, retirement investments and, if you live in the US, health insurance premiums and 100% of your Social Security and Medicare payments, you may find that earning a \$100,000 take-home salary from coaching may easily require \$150,000 in annual income.

**Well there you have 15 reasons why your life coaching fees are probably too low. What are you going to do about it?**

# HOW TO SET YOUR COACHING FEES

Use this simple worksheet to decide how much you should charge for your one-to-one coaching clients.

## What to understand before setting your coaching fees:

- Nothing on the free market is 'worth' anything unless someone wants to buy it
- The difference between what one coach charges and gets and what another coach gets is the perceived value in the eyes of their clients, not their 'worth'
- Any human's true 'worth' is priceless, so what you charge is just a number
- Therefore your fees don't reflect what you're 'worth'
- Perceived value is at least partially influenced by what you charge
- In coaching, clients tend to put in effort commensurate with what they pay, so more expensive coaching tends to be more valuable, even if the coaching isn't 'better'
- Then again, coaches also tend to step up their game when they charge more, so maybe the same coach really is 'better' when they raise their fees
- One-to-one coaching doesn't scale well, so don't expect to make a lot of money by coaching many clients for low fees
- In today's world of abundant free information on the internet, people will pay very little for what you know, but quite a lot for curation, customization and personalization
- Coaching offers extreme customization, curation and personalization
- People tend to perceive coaching as highly valuable, but you can lower that perception if your confidence is low or you charge too little
- While it's true that people need to be able to afford your coaching, their perception of what they can afford is greatly impacted by how much they value your coaching
- Highly motivated or inspired clients will easily pay far more for your coaching than will unmotivated clients
- It's easier to make a living with a few high-paying clients than with many low-paying clients

Given the foregoing, what do you want to charge for 1 month of coaching? \_\_\_\_\_

### A few facts about coaching and money:

- The average one-to-one life-coaching fee is \$350 per month
- People tend to value coaching that helps them make money over coaching on personal issues
- Therefore business, executive and career coaches generally charge more than life coaches
- The average hourly life coaching fee is: \$160; business coaching: \$235; executive coaching: \$325
- Average annual coaching incomes are \$55K to \$116K
- Coaches tend to average 6 - 7 clients per week
- On average, the highest paid coaches in the world are in Australia

Given the above facts, what do you think you should charge for 1 month? \_\_\_\_\_

Write the two numbers (want and should charge) here: \_\_\_\_\_

Next you need to do a little math. (Sorry.)

It's time to think about what you need to pay yourself in order to be happy. Start with the estimated income you want to live on. If you received a paycheck, this would be your 'net income'. Then add estimated business expenses, income tax, and benefits, like a retirement account, since your coaching fees will need to pay for all of these.

CATEGORY:

ANNUAL AMOUNT:

|  |  |
|--|--|
| Estimated Annual Pay                         |  |
| Estimated Business Expenses                  |  |
| Estimated Income Tax (Local, State, Federal) |  |
| Estimated SS and Medicare                    |  |
| Estimated Health Insurance                   |  |
| Estimated Retirement Investments             |  |
| Other  |  |
| TOTAL  |  |



Here's an example:

CATEGORY:

ANNUAL AMOUNT:

|  |          |
|--|----------|
| Estimated Annual Pay (Net Income)            | 50,000   |
| Estimated Business Expenses                  | 10,000   |
| Estimated Income Tax (Local, State, Federal) | 6,000    |
| Estimated SS and Medicare                    | 4,000    |
| Estimated Health Insurance                   | 5,000    |
| Estimated Retirement Investments             | 5,000    |
| Other  | 0        |
| TOTAL  | \$80,000 |

**Now divide this to find the amount you need to charge each client:**

(TOTAL / 12 MONTHS) / # OF CLIENTS = MONTHLY FEE FOR EACH CLIENT

**Example:**

(\$80,000 / 12 MO) / 6 CLIENTS = \$1111.

**Your Answer:**

( \_\_\_\_\_ / 12 MO) / \_\_\_\_\_ CLIENTS = \_\_\_\_\_

**Which is higher:** what you want to charge, what you should charge, or what you need to charge in order to cover your expenses? Now you know why coaches charge so much! Fortunately, clients perceive coaching as valuable and selling a high-priced coaching package is no more difficult than selling an underpriced package, if you know how.

One variable you can adjust is the number of coaching clients you want to work with. Coaches worldwide tend to average about 6-7 clients per week, or up to 10 per month. Don't make the mistake of trying to coach 30 or more clients. While this may be physically possible, you'll burn out and won't have time to market and sell enough to keep your practice full. Most good coaches won't take on more than 15 clients.

**Tweak your numbers until you have a solid idea what your fee should be for each new client.**

Write your fee here: \_\_\_\_\_ per month, per client.

**Spend some time looking at your fee and saying to yourself: ‘My fee is \_\_\_\_\_.’**

**Repeat.**

There’s a joke in coaching that your fee is the highest number you can get out of your mouth without choking. Go stand in front of a mirror and tell yourself your fee out loud a few times. Are you choking?

Tell your coaching buddy what your fee is. Is it easy or hard? If it’s hard, what would make it easier?

If you’re just getting started as a coach and don’t feel you have the confidence yet to easily charge this fee, you may want to temporarily discount your fees until you have the results, testimonials or certifications that lend credibility. You probably also have an alternate income that makes it possible to live comfortably while you work up to charging full price.

If that’s the case, make the fee you found above, your ‘rack rate’ and discount it for the clients you really want to work with. Do tell your clients what your regular (rack rate) fee rate is, even if they don’t have to pay it. And then deliver service and results commensurate with your regular rack rate. Collect results and testimonials from your discounted clients and request referrals and you’ll soon be able to charge and get your full fee.

What about offering packages? Many coaches offer extra services with their one-to-one coaching beyond the usual appointments, plus email and telephone calls. This could include a bank of curated resources, a weekly teleclass, an eCourse, special training, group coaching, or whatever makes sense with your business. In my [Elite Mentor Coaching for High Achievers](#), I offer access to SCM coach training, as needed. I even sometimes create special classes for my clients.

Now you know how to set your coaching fees. Have fun coaching and getting paid!

Resources for this exercise come from the ICF, Sherpa Coaching and from mentor coaches, Donna Steinhorn, Barbra Sundquist and Mattison Grey.

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**Contact us for more info on how to join and further your coaching dreams:**

+1-877-224-2780 or [info@schoolofcoachingmastery.com](mailto:info@schoolofcoachingmastery.com)

*Keep Being Great!*