

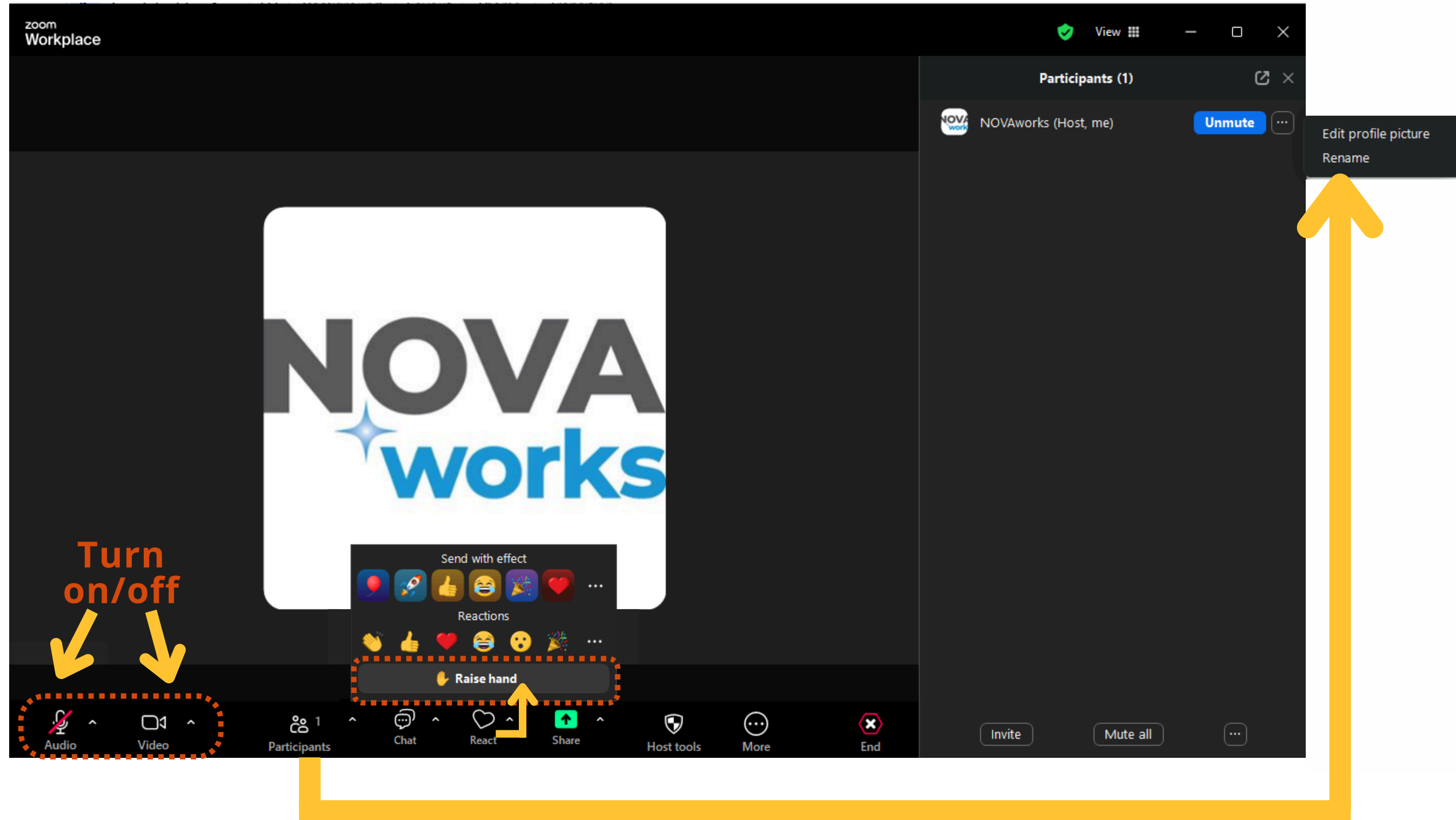
# Contracting 101

---

The New Economy



# Zoom

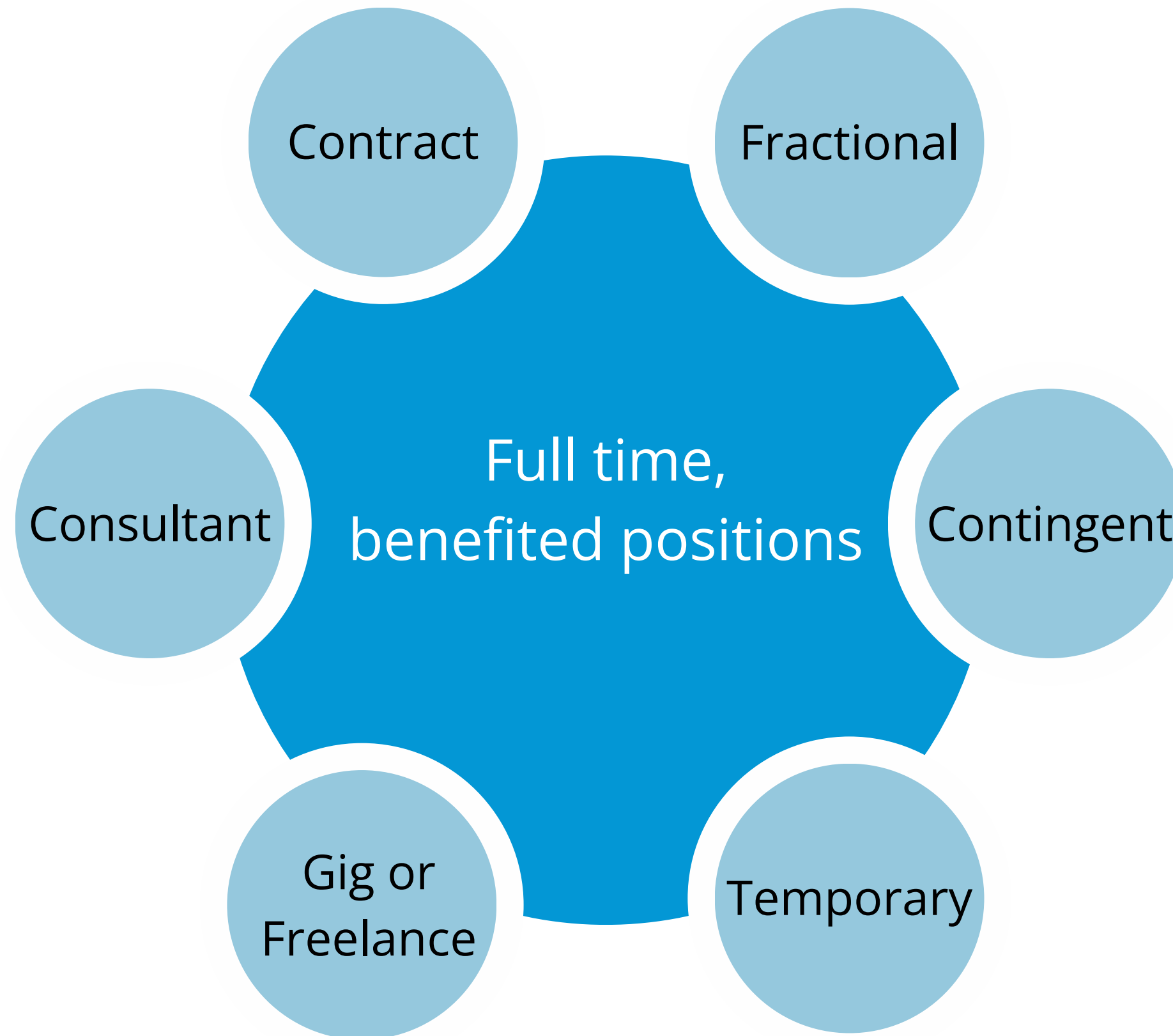


# Agenda

---

- **Why contracting?**
- **Types of contracting**
- **Finding contracting opportunities**
- **Rate strategies (including 1099 considerations)**
- **Success strategies**

# Different Names of Contract Work



# The Contract Workforce is Growing

## US Government Accountability Report

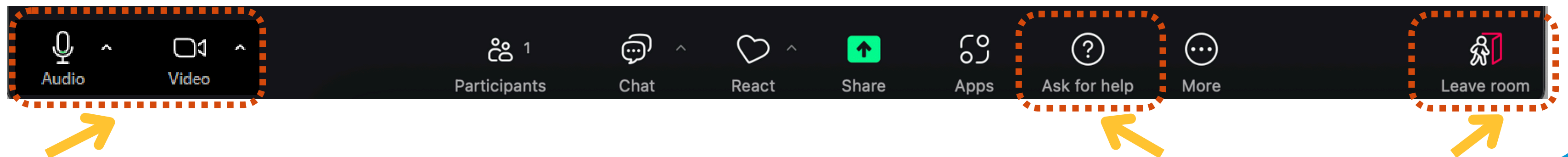
- ◆ 40% of US workforce is contingent workers
- ◆ By 2050, 50% will be contingent workers

## Oxford Economic Survey

- ◆ 83% of executives worldwide — increased use of contingent workers
- ◆ Some contract work transitions to full-time positions
- ◆ Some employers reduced contractors to preserve full-time; others increased contract hiring due to uncertainty

# Let's Discuss

1. You will enter a breakout room for small-group discussion
2. Please keep video on
3. Your group will brainstorm one of these questions:
  - *Why might employers hire contract workers?*
  - *Why should job seekers consider contract work? And how could it help you?*



# Why Do Employers Hire Contract Workers?

- ◆ Increased pace of technology
- ◆ Competent skill set
- ◆ Cannot afford to pay benefits
- ◆ Flexible workforce
- ◆ Quicker hiring process
- ◆ “Buy or bye-bye”



# Why Should Job Seekers Consider Contract Work?

- ◆ Need to work (financially strapped or supplemental income)
- ◆ Shorten the work gap – provide work experience
- ◆ Uncertainty of employment/industry
- ◆ Free agents/flexibility
- ◆ Explore industry or position



# Types of Contract Employment

---

## Contract Employee *(W-2)*

A person who works at the company and gets a W-2. Hours, working conditions, and place of work are controlled by the employer

## Independent Contractor *(self-employed 1099)*

A person whose work is not subject to control by others. Agreed project outcomes are the focus, not how the work gets done.

# Types of Contracting

## Contractor (W-2)

- Social Security, Medicare & income tax withheld
- Employer pays ½ Social Security & Medicare
- Company carries Workers Comp
- Eligible for Unemployment Insurance, FMLA, Cobra
- Expected to follow company rules on how & when work is done.

## Self-Employed (1099)

- No taxes withheld (pay quarterly)
- Not eligible for Unemployment Insurance (brief exception)
- Allowed to direct & control when and how work is done
- Worker provides own tools & equipment
- Work is outside normal nature of company's business
- Short-term, project-based, milestones
- IRS allows generous pension plans
- Able to deduct expenses – must track

## Independent Contractor (self-employed, 1099) Test

**A**

Free from control & direction of organization (financial, behavioral & relationship control)

**B**

Outside the usual business of the organization

**C**

Worker customarily engaged as an independent business

# Example 1

---

Gail is an engineer who has worked for large engineering groups most of her career. After she was laid off, she decided to try out life as a contractor. She bought a sampling scope and a spectrum analyzer so she could test hardware designs. Semico wants her to contract with them to test their new design.



**Should she be W-2 or 1099?**

## Example 2

---

Ravi is an accountant with considerable experience around corporate tax. Adco's corporate tax supervisor is out on maternity leave for six months. Ravi is being considered as the contract supervisor.



**Should he be W-2 or 1099?**

# Let's Discuss

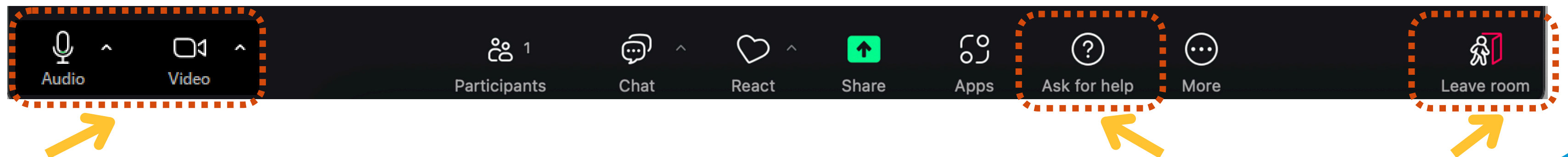
1. You will enter a breakout room for small-group discussion

2. Please keep video on

3. Discuss these two questions:

→ *What are your concerns about contracting?*

→ *How can these concerns be minimized?*



# Possible Concerns & How to Address Them

## Concerns

- ◆ Constantly marketing yourself & looking for future work
- ◆ Overlap or gaps of employment
- ◆ Time management
- ◆ Lack of benefits
- ◆ Not part of a team / perks

## How to Minimize

- ◆ Budget
- ◆ Do volunteer work
- ◆ Ramp up networking
- ◆ Upskills
- ◆ Do gig jobs
- ◆ Set-up time / expense system
- ◆ Ask about benefits
- ◆ Network inside & out

# **How to Find Contract Work & Issues to Consider**



# Contracting Agencies

---

- ◆ Common intermediary today
- ◆ Agencies: employer of record, handles administrative tasks
- ◆ Recruiters: can be in-house, agency, or independent; usually a one-time placement



# Contracting Agencies

---

## Working with agencies:

- ♦ Find agencies/recruiters who specialize in your area
- ♦ Be prepared to share a strong summary statement
- ♦ Develop relationships with recruiters/agencies
- ♦ Offer resources or contacts if you're not the right person
- ♦ Tailor your resume per their request & ask for feedback
- ♦ Be professionally persistent – ask how to work with them

## Finding Opportunities

- ◆ Job boards
- ◆ Social media sites
- ◆ Meetups & professional events
- ◆ LinkedIn
  - ↳ *Build a strong profile*
  - ↳ *Ask for referrals*
  - ↳ *Post, comment*
  - ↳ *Write articles, share resources*

## Marketing Yourself

- ◆ Demonstrate your expertise!
  - ↳ *GitHub / Stackoverflow*
  - ↳ *E-portfolio / Website*
  - ↳ *Work samples*
  - ↳ *Video introduction*
  - ↳ *Conference / Webinars*
  - ↳ *Volunteer*

# Questions to Ask When Considering a Contract Opportunity

---

- ♦ What would my duties be & how would success be measured?
- ♦ What is the length of the contract? Might it be extended?
- ♦ Am I replacing someone who is on leave?
- ♦ Is there an opportunity for this position to convert to perm?
- ♦ Are you directly representing me to the company or are there other agencies involved?
- ♦ Who will be my supervisor? Who will be my agency contact?

# Contract Basics

- ♦ Read carefully
- ♦ Be clear about who is the “employer of record”
- ♦ Check for penalties for quitting early
- ♦ NDAs
- ♦ Non-compete clauses – unenforceable
- ♦ Payment method & timing



*These basics apply to California law. If working remotely for companies in other states, check relevant employment law.*



# Establishing a Rate Strategy

---

## What are the prevailing rates in your field?

→ Ask other contractors

→ Salary websites

 Salary.com

 payscale.com

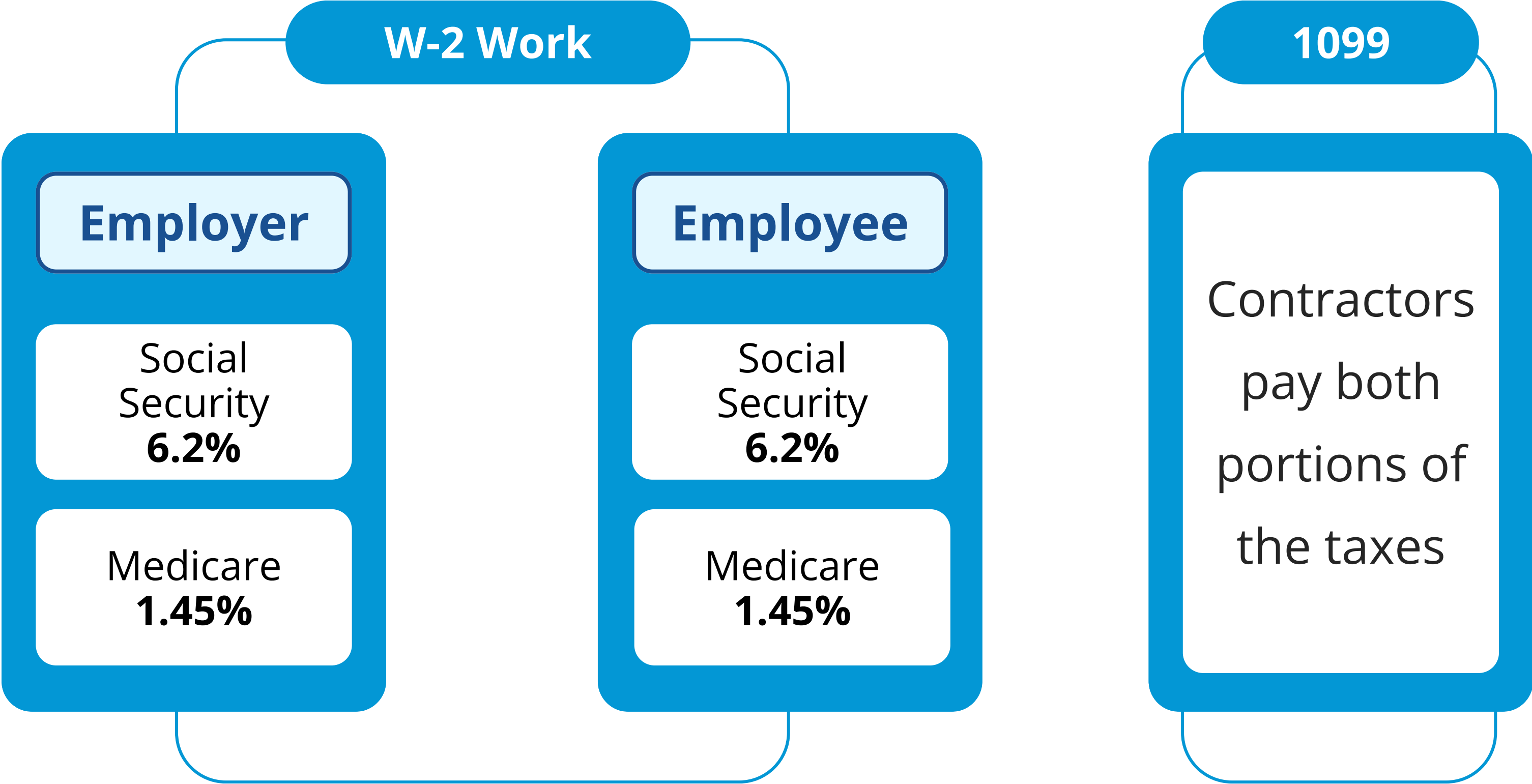
 Robert Half Salary Guide

 levels.fyi

→ Generative AI

**Explain your *value* and the market when talking to a recruiter/hiring manager**

# FICA Taxes = 15.3%



# Rate Calculator

**!** *More agencies are offering insurance & other benefits - Ask!*

Components of Pay	W-2 Contract	1099 Contract
Base	\$35.00	\$35.00
Taxes	Employer paid	\$2.68 (7.65%)
Insurance / Other	\$10.50 (30.0%)	\$10.50 (30.0%)
Subtotal (taxes + other)	\$10.50	\$13.18
<b>Total</b>	<b>\$45.50</b>	<b>\$48.18</b>

# 1099 Contract Considerations

## Business Entity Options

- ◆ Sole proprietorship (small business license ~ \$150/year)
- ◆ Limited Liability Corp. (LLC) - \$70 set & \$800 per year tax
- ◆ 90% of consultant / contractors are sole proprietors

## Insurance

*(Business Liability / Errors & Omissions)*

Bunker, Next, Homeowner Insurance, Professional Associations



## Taxes

Must pay quarterly taxes to IRS in advance



# Contact With

## NOVAworks Handout

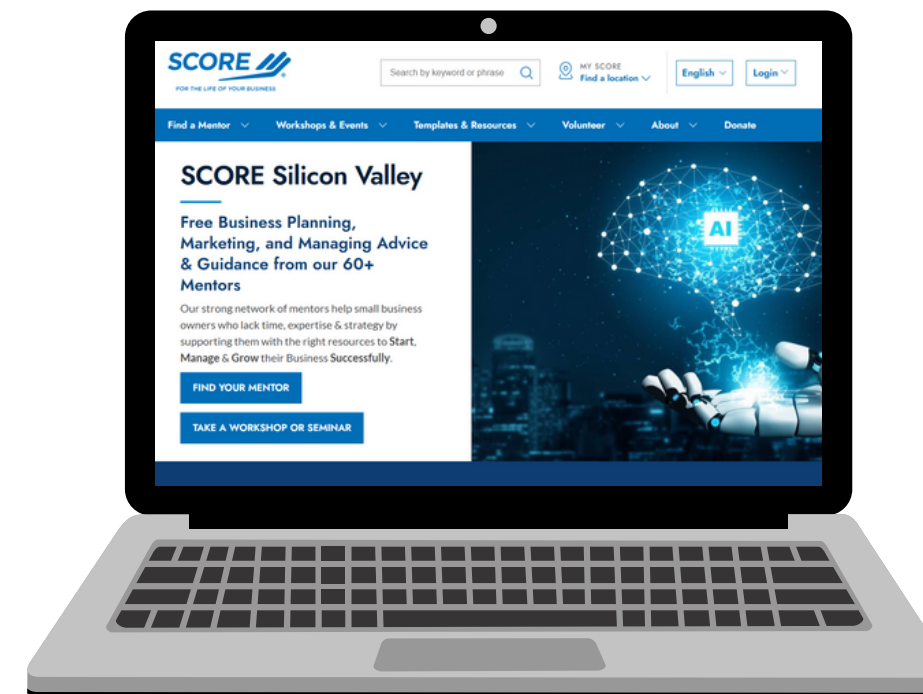
[Click here](#)

## Accountant Financial Advisor

## Silicon Valley SCORE

[Click here](#)

- Free webinars
- Volunteer mentors - *in all industries*
- Useful templates

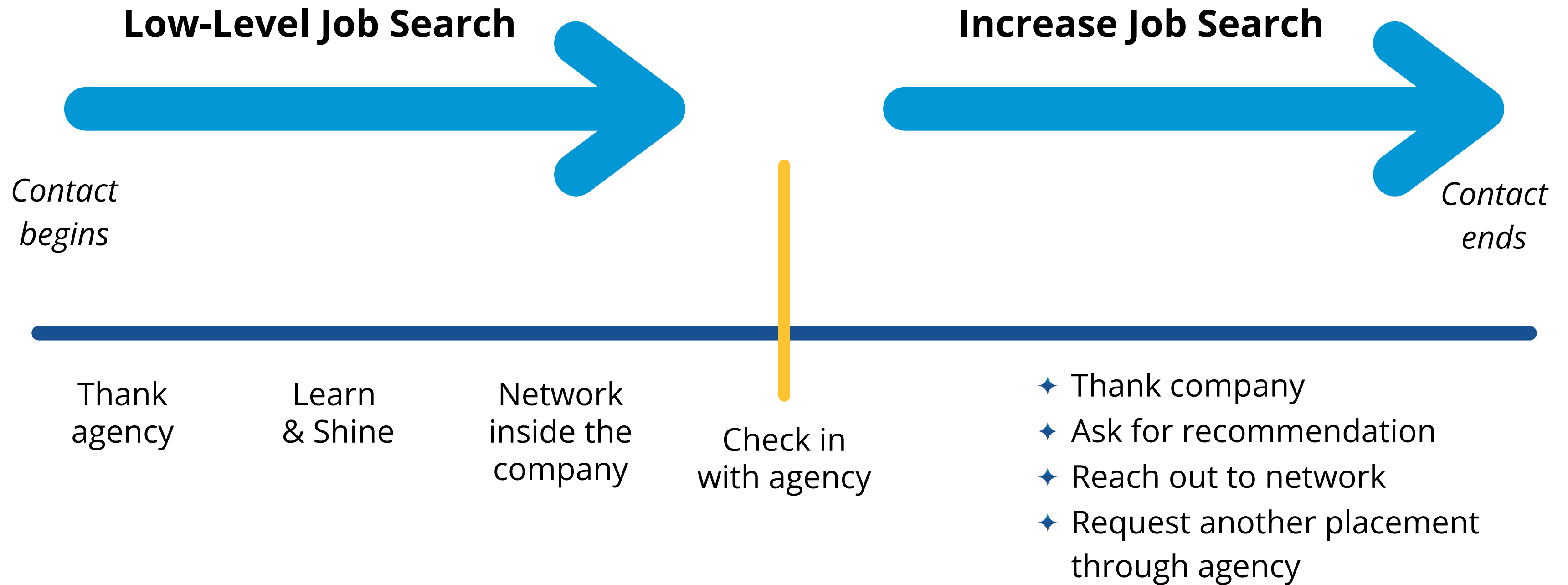


# Success Strategies During the Contract

- ♦ Be ethical – *do what you say you will do*
- ♦ Be a quick study – *find alternative ways of learning*
- ♦ Don't demand too much time of the boss – *spread out who you ask questions of*
- ♦ Get to know your coworkers – *build your network*
- ♦ Be excellent & dependable
- ♦ Add value!



# Anatomy of a Contract



# Resources

## Consulting / Small Business

**SCORE**



**SBDC**



## Gig Work

**100 Gig  
Options**



**Side Hustle  
Nation**



## Staffing / Recruiting Agencies

**Temp  
Agencies**



## Apps for 1099 Contractors

### Track Time

**Hours Tracker**



**Toggl**



### Organize Notes

**Evernote**



### Track Expenses / Invoicing

**Quickbooks Mobile**



**Wave**



**Freshbooks**



### Track Milage

**Triplog**



# NOVAworks

**Please complete the survey to provide feedback**

**[https://www.surveymonkey.com/r/NOVA25\\_26](https://www.surveymonkey.com/r/NOVA25_26)**