

# Things You Need to Know About Being an Independent Contractor

1. As an independent contractor, you are not an employee of the firm, even though the company might be providing you with a corporate email account or office space. You are essentially your own business or an independent agent that has contracted with the company to provide a product or service.
2. Access to medical benefits and retirement plans are not common but might be available with some companies or through union membership.
3. Rather than being called an employee, you may be referred to as an agent, associate, representative, or business partner. This can be confusing since in many industries these terms are often part of traditional employees' job titles. The terms free-lancer or contingent worker also indicate that you are an independent contractor.
4. Traditional employees receive W-2 tax reporting forms. Independent contractors receive 1099 tax reporting forms.
5. The complete financial burden for payroll taxes (i.e. FICA and Medicare) is on the independent contractor. The company does not withhold and does not pay any portion of the individual's taxes. Because of this, it is recommended that independent contractors set aside the cost of these taxes, every paycheck, so they have money available when their tax bill comes due.
6. As an independent contractor, you should have control over how, when, and where you do your work.
7. You may be expected to cover the costs of doing business for your client or company by paying for the use of proprietary software, office space, equipment, transportation costs, or even administrative support. This varies by company.
8. Independent contractors *sometimes* retain the rights to intellectual property or client lists. This is a legal issue that can vary by state. If no contract exists that identifies ownership of such information, an attorney should be consulted. The same care should be taken when interpreting non-compete or confidentiality agreements.
9. Independent contractor positions can be found in any industry, but are common in financial advising, insurance sales, creative arts, technology, consulting, real estate, construction, and entertainment.
10. When receiving a job offer, it is wise to clarify what type of position you are being offered. If you get a vague or super-complicated answer, beware. In such cases, it is helpful to ask if you will receive a W-2 tax form or a 1099 tax form (see #4 above).

*This guide is not meant to be legal advice. Always check with legal counsel prior to signing a contract.*