

GET THE JOB

Becoming a Contract Employee

The pandemic has caused great shifts in our lives, not least of all in how and where we work.

Many people have discovered the freedom and flexibility of working from home and have chosen to further their careers as freelancers or contract employees if their employers don't offer the option of remaining as a permanent work-from-home employee.

Even before the pandemic, a growing number of those with entrepreneurial spirits elected to forgo traditional employment and forged independent careers. There are pros and cons to both traditional employment and becoming a freelancer or contract employee. But there is a difference between freelancer and contractor.

DEFINITIONS

Freelancers usually have several, if not many clients for whom they perform work. Contractors may also have several clients, but generally offer their services under contract for an agreed set of payment and circumstances. No matter where they perform the work, contract employees are bound by the terms of their agreement.



© ADOBE STOCK

Both can offer freedom and benefits, but a contract worker will generally, though not always, devote their work full-time to the employer they've entered into an agreement with.

ADVANTAGES

Like their freelance counterparts, contract employees enjoy greater flexibility in setting their work schedules. Depending upon the terms of

the agreement, contract employees can work where they like and often set their own schedules. In many cases, employers may not mind when or where you work as long as the work is performed to their satisfaction.

Unlike freelancers, who may perform work for a client once and never again, contract employees are guaranteed a term of financial secu-

rity under the terms of the agreement. They may also enjoy certain company benefits, such as computers, software and the ability to access programs and applications necessary to complete tasks, while freelancers will often provide their own equipment, software or tools, depending on the role.

DISADVANTAGES

As the old saying goes, with

great freedom comes great responsibility. This is very much the case with both freelancers and contract employees. While contract employees may negotiate the terms of their agreements, they are generally considered 1099 employees and often pay their own taxes and provide their own benefits. Because employers understand this, contract employees are often paid more than their traditional counterparts.

The upside to this “disadvantage” is that contractors can often deduct most, if not all of their expenses, as well as the home office space they work in, from their taxes. While these deductions vary and are subject to specific rules, this can often turn a disadvantage into an advantage for the contract employee.

CONSIDERATIONS

While there are too many other pros and cons to cover here, there are plenty of resources available online to discover and weigh before entering into a contract agreement. But for many, the benefits — freedom to work when and where they like, the ability to spend more time with friends and family, the tax advantages — offer an attractive alternative to traditional employment.