

The 411 on 1099 Contractors

There are times when companies need staffing support for a short-term or ongoing project but hiring a full-time employee isn't a viable option.

These businesses may opt to utilize an independent 1099 contractor for support, especially if they don't have the need – or the budget – to hire core staff. If a business needs occasional support but can't justify hiring a core employee – such as a small business needing help with their accounting once a month – they might turn to a 1099 contractor to fulfill their needs.

Sometimes, employers hire independent contractors because they have a budget earmarked for this expense. Or, perhaps they don't want to impact their headcount by adding to their core staff.

Yet over the past few years, there has been a rise in the misclassification of 1099 workers. It has become increasingly frequent for employers to classify people as 1099 contractors when, in fact, they should be considered core employees. By calling them "contract workers" instead of employees, companies may be trying to avoid paying their overtime, employee benefits, taxes and so forth.

The difficulty for employers using 1099 or independent contractor employees is the number of agencies with laws and rules that govern 1099 employees. There are FLSA, IRS, Federal standards and now each individual state is either writing new rules or tightening existing rules and laws that govern who is eligible to be an independent contractor paid with a 1099.

"While 1099 laws aren't new, the rules have recently been revised. Today, State and Federal governments are examining this much more closely," said Susannah Chance, Vice President of Human Resources for Leddy Group. "It's not fair to people who are hired as 1099 contractors, but should really be considered company employees. These workers should be entitled to insurance, overtime pay and other benefits, which they won't receive as an independent contractor."

"Furthermore, as an independent contractor, the person should be able to manage their own work, determining how and when the work is completed. If I'm hired to present a harassment training program as a 1099 consultant, the client company can't tell me when to put the PowerPoint presentation together, but they can tell me when and where to show up to do the presentation," Chance continued.

Working with staffing services, such as Leddy Group, is a wonderful alternative to hiring 1099 contract workers. Businesses often find it easier to secure supplemental help through a staffing service like Leddy Group, which offers significant benefits over hiring 1099 contract workers.

Leddy Group maintains a pool of highly qualified, pre-screened staff support and is able to respond quickly to clients' needs.

"Leddy Group employs these workers, paying their income and all necessary taxes, insurance and workers' compensation. In fact, there are never financial transactions between the employer and employee," Chance explained.

"Businesses pay an all-inclusive hourly rate to Leddy Group, based on the services and skill sets they need, and Leddy Group pays the employees directly."

"Employers that work with Leddy Group don't need to worry about anything – including 1099 classifications, recruiting and screening potential candidates or covering benefits. We provide hassle-free services, allowing our clients to focus on their businesses," added Patty McGrail, Senior Vice President at Leddy Group. "If a company needs certain skill sets to complete a job, they can depend on Leddy Group for staffing solutions."

Fran Lefavour of Leddy Group's Human Resources department advises employers to not fall into the quagmire of rules and laws governing 1099 and independent contractors without help. If an employer is concerned about whether they're classifying their employees and 1099 contractors correctly, or if they need assistance in evaluating status, Leddy Group consultants are happy to assist.

Additionally, if employers are interested in converting existing 1099 contractors onto Leddy Group's payroll, and gaining all of the benefits of this partnership, discuss your options with a Leddy Group Representative and learn how cost effective the transition can be.

For more information, please visit www.leddygroup.com.