



MyBizOffice versus 1099 Status for Independent Consultants

MyBizOffice

1099

Tax Information

Employment status	W-2	1099
Quarterly tax payments	Not required; all appropriate taxes administered during regular payroll cycles	Required; often incurs additional bookkeeping and accounting costs
Pre-tax business expenses deductions	Yes	Yes
When are business expenses deducted?	"Real time" (in paycheck following submission)	Annually, upon filing taxes
Deductible medical expenses	Up to \$10,000 annually, no baseline	Available only after meeting baseline (7.5% of adjusted gross income)
IRS audit risk	Low; similar to that of a "traditional" W-2 employee (about 1 per 100)	Much higher, as often as 1 in 32 depending on billings

Administration

Client billing	Performed by MyBizOffice	Performed by individual
Client payment collections	Performed by MyBizOffice	Performed by individual
Contract review and administration	Performed by MyBizOffice	Performed by individual, may incur additional legal expenses

Retirement Program(s)

Annual maximum	\$41,000 (+\$3,000 if over 50 years old)	\$41,000 (+\$3,000 if over 50 years old)
Administration	MyBizOffice	Individual; must establish and coordinate multiple plans to reach \$40,000 maximum
Availability	Immediate upon joining	Determined by individual

Insurance

Health, dental, life, and disability	Obtained as part of group; lower rates	Obtained individually; typically higher rates
Qualification	Group qualification; automatic acceptance	Individual qualification, acceptance not guaranteed
Future rate changes	Based on group fluctuations; generally moderate	Based on individual health history; can be extreme
General Liability	Provided by MyBizOffice free of charge	Must be purchased by individual

Marketing

Ability to work with Fortune 2000 companies	Strong; may engage easily with any company with which MyBizOffice has Master Agreement	Weaker; must establish relationship individually; companies typically adverse to using 1099s due to risk of reclassification
Corporate Credibility	Strong credibility through national presence and reputation of MyBizOffice	Relatively weak; no platform or association to establish credibility

Loan Approval

Employment continuity	MyBizOffice serves as continuous employer of record as individual moves from contract to contract	Cumbersome to show employment and earnings continuity; must provide three years of earnings history to obtain major loans
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