

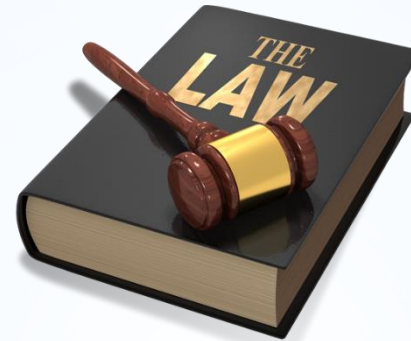
# How to Work as a Consultant



One Alternative to Permanent Employment

# Program Caveats

I'm **NOT** an Attorney, Insurance or Tax Professional



But I play one on TV...



**Consult a Tax or Insurance Professional and/or Business Attorney**

# What is the Gig Economy?

Companies now tend to contract with independent consultants and temporary workers for a specific project (**Gig**)



**Gig Workers** are independent contractors, contract firm employees & part-timers assigned to temporary, flexible jobs

It is the “Future of Work” for many of us.

# What is a Consultant?

Someone who provides skills, a service or expert advice to others - professionally



A person who works under a fixed contract to complete a specific project - a “Hitman”

# Employee vs. Consultant

Can receive benefits

Employer pays ½ FICA (SS & Medicare) employment taxes

Paid by paycheck (via W2)

Income & payroll taxes paid via your paycheck

Limited income tax deductions

No paid benefits

You pay full employment taxes - all 15.3%

You Invoice (via 1099-misc)

You pay/file your income taxes quarterly

Available tax deductions (see an accountant).

# What's in it for the Client?

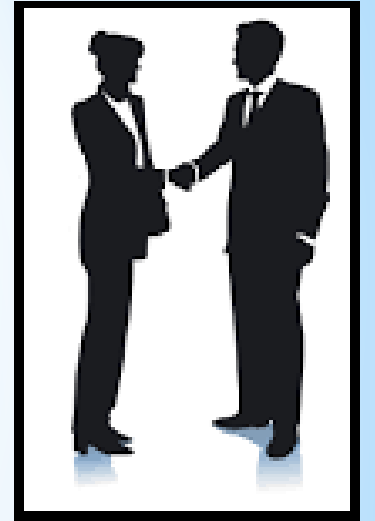
Easier to hire and fire

No long-term commitment

Objective & seasoned team member

Skills the employed team doesn't have

Saves money - no benefits, training, PTO, etc.



# What's in it for You?

Fill resume gap - Mitigates unemployment bias

Usually paid more - than the employees

Current Position - LinkedIn 100% complete profile

Variety - Develop varied experience and resume

Opportunity - Companies are more willing to contract for “older” staff while they hire “younger” staff

Contract-to-Hire - Only available if on a contract.



# Why to Not be a Consultant

Not treated as well as the other employees

Might be unhappy

Unpaid admin tasks

I need benefits

May only be short term

You may actually be treated better

You will likely move on

Larger hourly rates

You can buy benefits

6 month contract at \$50/hour about \$50K.





# Intermission



## And

(time for some)

## Q & A



# Do I Need my own Company?



**Not typically...**

# What if Client Requires a Corp?

Find a colleague/friend with Corp to hire you

Find a consulting company to hire you

Engage with a “split-placement” company:

Top Echelon

NPA Worldwide

Form your own LLC or other Corp (2-3+ weeks):

Get an EIN (like a social security number).



# Common Forms of NJ Business Entities

Form	Org. Documents	Personal Liability	Taxation
Sole Proprietor	None	Unlimited	Pass-through personal income (Schedule C)
LLC - Sole Member	Certification of Formation	Limited	Pass-through personal income (Schedule C)
“C” Corp	Articles of Incorporation & By-Laws	Limited	Double Taxed (Corp & Personal)
“S” Corp	Articles of Incorporation & By-Laws	Limited	Pass-through personal income (Form K-1)

**Note:** This is an over-simplified summary of several complex sets of laws & regulations. Consult legal & tax professionals!

# How Much Should I Charge?

“Market Rate” is the average price a customer will pay for your type of consulting service

If a consultant like you receives \$100 per hour, then the “market rate” is likely between \$75 to \$125 per hour.

Hourly Calculator:

Your last annual salary / 52 weeks / 40 hours

Consider all costs: Benefits, admin & PTO time, etc.



Check this website for guidance:

<https://foundr.com/how-much-to-charge-for-consulting>.

# About Errors and Omissions Insurance

A type of professional liability insurance that protects companies, their workers, and other professionals against claims of inadequate work or negligent actions

Who gets sued?

In America... Everyone “involved”...

The company & the workers

Do I need E&O insurance?

It depends on your risk involvement and tolerance.



Consult legal & insurance professionals!

# Do I Need to Collect Sales Tax?

Yes - Only for taxable products & services:

- Products are taxable, unless NJ says they are not
- Services are not taxable, unless NJ says they are
- File Quarterly (or monthly) online



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## Register Your Business

<http://www.state.nj.us/treasury/revenue/gettingregistered.shtml>

You will receive a Sales Tax Certificate.







# Intermission



## And

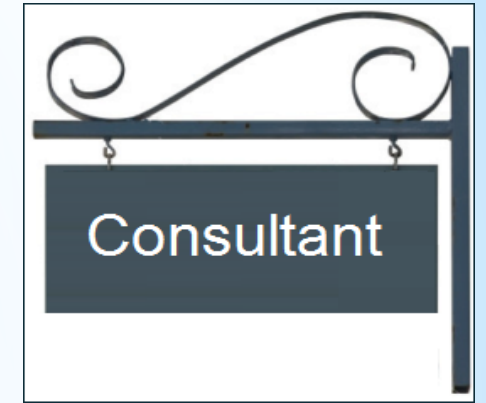
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## Q & A



# How to Become a Consultant

1. Repeat after me... “I am a consultant!”
2. Identify the niche in which you have knowledge, experience and support
3. Choose & research your target market
4. Alert & manage your professional network  
(Include your accountant & lawyer)
5. Develop a business plan.



# Now That you are a Consultant

Name & create your company

Register your website address; Create a website!

Develop your professional support network

Acquire any needed licensing & certificates

Don't do this alone. Get advice...

Accountant, lawyer, friends.

SCORE, Small Business Development Centers

Update your LinkedIn Profile.

# Ways to Generate Business

Find and attend business networking groups:

BNI, LeTip, others...

Join Meetup.com:

Create a robust professional profile

Join/attend local Meetups

Join and participate in LinkedIn groups

Attend professional associations and conferences

Alert and (re)activate your “network”

Be **ACTIVE** on Social Media.



# What if I Need Health Insurance?

It's a type of insurance coverage that pays for medical, surgical, and sometimes dental expenses incurred by the insured

Self-employed: Private  
Group Plan:

Professional associations

NJ Business & Industry Association

Healthcare Exchange: [www.healthcare.gov](http://www.healthcare.gov)

(a.k.a. Affordable Care Act or Obama Care)

Medicare (65 or older), plus supplement plans.

Consult an insurance professional!



# In Summary

Consulting - An alternative to permanent employment

While there are Pros and Cons, Pros:

- Resume gap filler
- Develop varied experience & robust resume
- Get paid, maybe more, maybe even hired

You don't need to become an LLC, but you can

Declare “I am a consultant” and get started.

# What Else May I Tell You?



# My Contact Information

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