IC vs Employee **Financial Flowchart** based off of \$5000 total income per clinician and 10% difference (filing as single, 0 allowances) **Employee Independent Contractor** 60% Typically gets a higher percentage or rate. =\$3000 Pays own income taxes, FICA (Social SS= \$4,464.00 Pays a portion of employees FICA taxes. Security and Medicare) and must Medicare=\$648 track and pay these taxes quarterly. fed=\$4,651.20 SS= 12.4% 1.45% Medicare= 2.9% state= \$1,782 Employer automatically deducts employee taxes on their behalf. Income tax- based on household income payroll Pays for their own malpractice insurance You pay \$120 per year

Pays for their own marketing materials, testing materials, supplies.

You pay approx. \$300 per year

TOTAL:

\$36,000/yr minus \$9544.80 in taxes and expenses =\$24,390 (no potential for incentives)

Typically gets a lower percentage or rate.

50% =\$2500

SS= Employee and employer pay 6.2% Medicare=Employee and employer pay

Employer pays FUTA, employer tax and

You and employer split social security and Medicare plus employer pays FUTA, employer tax, payroll

Pays for their employees' malpractice insurance.

pays \$120 per year

Pays for employees marketing materials.

Employer pays approx. \$300/yr

Employer can offer incentives like health insurance, retirement matching, bonuses, paid sick time, education stipends, paying for marketing or other duties.

Depends on incentive

Pays for workers comp for each employee. At low end is .25/\$100

Employer pays minimum \$7.50

Pays federal and state unemployment tax for each employee.

6% up to 7k plus state =\$500 per

IC at \$36k→nets approx.. \$24,390 W2 at $\$30k \rightarrow nets approx.. \$22,470$ (pretty darn close!)

\$30k w2 costs employer approx. \$33k

TOTAL:

\$30,000/yr after taxes =\$22,470 \$33095.00/yr cost to employer not including any incentives added (which cannot be added with ICs)

TOTAL: \$34500.00/yr including \$500 education stipend and 3% retirement matching (before tax)