

The background features abstract, overlapping green geometric shapes in various shades, creating a modern and dynamic feel. The shapes are primarily triangles and polygons, some with thin white outlines, set against a white background.

Independent Contractors

How to Start and Run Your Business

Presented by Laura Cole

Credentials

BEI III and Court

RID CI

MSW from Gallaudet

Adjunct professor for:

Lone Star College Cy-fair

Texas Tech University

Lexington Community College

I am thankful and
grateful that I will
always be
financially okay.

Reasons I like being an IC

- I am my own boss
- I do what I love everyday
- Monetary differentials
- I decide my own schedule
- I am off when the kids get home from school
- Being able to accept or decline assignments

Henry Ford said,

Whether you think
you can or you
can't....

You're right.

Does my personality fit?

1. Drive
2. Ability to calculate and tolerate risk
3. Sales ability
4. Communication ability
5. Technical ability

Drive

- Are you a self starter?
- Willing to take the time to do extra paperwork?
- Are you willing to take the time to plan for your future?

Ability to Calculate and Tolerate Risks

- Budget
- Think long term
- Plan for slow work time
- Plan for the future

Sales Ability

- Negotiate
- Market yourself
- Convince others of your worth

Communication Ability

- With agencies
- Interpreter coordinators
- With other independent contractors

Technical Ability

- Text
- Email
- Calendar
- Invoicing

Before Starting Your Business

Set goals for what you want to accomplish

- Earnings per year
- Time off for the kids/vacations/holidays
- Make contracts with other businesses?
- The kinds of environments you want to work in

Starting Your Business

- **Business plan from SCORE of Houston publication**
 - Cover sheet
 - Table of contents
 - Statement of purpose—This plan will be the operating and policy guide for “Laura’s Interpreting Services.”
 - Section 1: The business—describe business, services provided, the market, competition, location, management, and personnel
 - Section 2: Financial data—goals for earnings and how these will be calculated and collected, payroll
 - Section 3: Supporting data—resumes of employees, rate sheet, legal documents (DBA, EIN, S corporations, etc.), bank account information, job descriptions

My Interpreting Services
123 I Love My Job
Houston, TX 77555

Business Proposal By
Laura Cole

Date
01/01/2015

Table of Contents

The page features a white background with a decorative graphic on the right side. This graphic consists of several overlapping, semi-transparent green shapes in various shades, ranging from light lime green to dark forest green. The shapes are primarily triangular and polygonal, creating a dynamic, layered effect that tapers towards the top right corner.

Statement of purpose

This plan will be the operating and policy guide for “My Interpreting Services.”

Section 1: The business

- describe business
- services provided
- the market
- competition
- location
- management
- personnel

Section 2: Financial data

- Goals for earnings
- How these will be calculated and collected
- payroll

Section 3: Supporting data

- resumes of employees
- rate sheet
- legal documents (DBA, EIN, S corporations, etc.)
- bank account information
- job descriptions

Become a Legal Entity

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect. The rest of the background is plain white.

Choose a name

- **research through the Secretary of State**
- **sos.state.tx.us**
- **“SOS direct” data base \$1**

Decide Business Entity

**Sole proprietor or S corporation
(will discuss later)**

Get EIN

- **Employee Identification Number**
- **Federal Government for tracking taxes**
- **www.irs.gov/business/small**
- **1-800-829-4933**
- **Mail in form SS-4**

Register at the county clerk

- **DBA or Assumed Name Certificate**

- **It will protect your trade name**
- **Must register every 10 years**

Open a Business Bank Account

**DON'T EVER
SPEND CASH**

Create a Rate Sheet/Contract

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

STANDARD:

Weekdays	\$0/hour
Night/Weekend	\$0/hour
Court Weekday	\$0/hour
Court Night/Weekend	\$0/hour
Holidays	\$0/hour

LESS THAN 24 HOUR NOTICE:

Weekdays	\$0/hour
Night/Weekend	\$0/hour
Court Weekday	\$0/hour
Court Night/weekend	\$0/hour
Holiday	\$0/hour

MINIMUM BILLING:

Administrative Fee for each assignment	1 hour
Administrative Fee outside Beltway 8	1.5 hours or greater
Interpreting	1 hour

Weekday- Monday through Friday 8:00am-5:00pm

Night- Monday through Friday 5:00pm-8:00am

Weekend- Anytime Saturday or Sunday

HOLIDAYS:

New Year's Day, Good Friday, Easter, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve, Christmas Day, New Year's Eve

EXTENDED SERVICE:

Additional billing applied when time extends more than 15 minutes beyond scheduled assignment and will increase in 15 minute increments thereafter at emergency rates appropriate to the time schedule above.

TEAM INTERPRETER:

Services in excess of 1.5 hours or involving unusual circumstances will require two interpreters. If a team interpreter is not present, services will be billed at 1.5 times the original rate or services may be refused and billed at the original rate, unless otherwise agreed upon in advance.

Happy Interpreter

BEI Advanced

Happy.Interpreter[@gmail.com](mailto:Happy.Interpreter@gmail.com)

832-555-1234

Professional Fee Schedule

STANDARD:

Weekdays	\$0/hour
Night/Weekend	\$0/hour
Court Weekday	\$0/hour
Court Night/Weekend	\$0/hour
Holidays	\$0/hour

LESS THAN 24 HOUR NOTICE:

Weekdays	\$0/hour
Night/Weekend	\$0/hour
Court Weekday	\$0/hour
Court Night/Weekend	\$0/hour
Holiday	\$0/hour

MINIMUM BILLING:

Administrative Fee for each assignment	1 hour
Administrative Fee outside Beltway 8	1.5 hours or greater
Interpreting	1 hour

**Call out fee, travel time, etc

Weekday: Monday through Friday
8:00am-5:00pm

Night: Monday through Friday
5:00pm-8:00am

Weekend: anytime Saturday or
Sunday

HOLIDAYS:

New Year's Day, MLK Day, Good Friday, Easter, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve, Christmas Day, New Year's Eve, August 28th

EXTENDED SERVICE:

Additional billing applied when time extends more than 15 minutes beyond scheduled assignment and will increase in 15 minute increments thereafter at emergency rates appropriate to the time schedule above.

TEAM INTERPRETER:

Services in excess of 1.5 hours or involving unusual circumstances will require two interpreters. If a team interpreter is not present, services will be billed at 1.5 times the original rate or services may be refused and billed at the original rate, unless otherwise agreed upon in advance.

SCHEDULING:

Requests may be made by phone, text, or email. Services scheduled in advance will be confirmed by e-mail. Emergency services may be confirmed by phone.

CANCELLATIONS:

There will be no charge for cancellations made more than **one full business day in advance**. If a request for service is cancelled with less than one full business day notice, the original time will be billed at the original rate

**less than 24 hours

SIGNATURES

Get Liability Insurance

RID.org

Marsh US Consumer
1-800-503-9230

\$116 annually

Medical Requirements

TB test

MMR vaccination

Flu shot

Make Business Cards and ID

Contact agencies

Negotiate
and
sign contracts

**START
WORKING**

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a dynamic, layered effect. The text 'START WORKING' is centered in the white space on the left.

While Working

DOCUMENT EVERYTHING
!!!

EXPENSES AND MILEAGE

Odometer

Record Odometer at beginning and
end of the year

Invoice Accurately

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the page, creating a modern, layered effect. The rest of the page is a plain white background.

Accounting Program

- **QuickBooks**
 - **Makes invoices**
 - **Tracks payments**
 - **Lists income from each agency**

Happy's Interpreting Services
1234 Terp Street
Houston, TX 77777

(832)555-1234
happy.interpreter@gmail.com

Invoice

Date	Invoice No.
12/01/2013	1123
Terms	Due Date
Net 15	12/16/2013

Bill To
Agency Name 123 We Have Money Houston, TX

Amount Due	Enclosed
\$400.00	

-----> Please detach top portion and return with your payment. <-----

Date	Service	Activity	Quantity	Rate	Amount
12/03/2013	Interpreting	Job #12345 9-12 Assignment Lane plus 1 hour travel	4	100.00	400.00
				Total	\$400.00

Weekday \$0
Less than 24 hrs \$0
Night/Weekend \$0
Less than 24hrs night/weekend \$0
Court \$0
Court Night/Weekend \$0

Invoice should include:

- Date, time, type of interpreting (less than 24 hour, etc)
- Job number or description with travel
- Hours worked for each assignment and total for entire invoice
- Your rate for each assignment
- You and your company's contact information
- Invoice number

Get the Word Out

- Communicate with other ICs
- Market yourself with business cards, word of mouth (reputation)
- Spoil your coordinators (\$25 gift card tax write off)

Self Employment Tax

SE tax

13.3%

10.4% for Social Security

2.9% for Medicare

Budget for time off and taxes

- **Self-employment tax 13.3%
(10.4% SS and 2.9%
Medicare)**
- **15% federal tax if under
\$70,000**
- **FYI: If you work full time for
a company, they would pay
6.65% to match your SS and
Medicare**

Company will pay

Salary x 6.65% = taxes paid

$\$50,000 \times .0665 = \$3,325$

$\$3,325 / \$35 = 95 \text{ hours}$

Definitions

Gross Income-total personal income before taxes

Net Income-amount of money remaining after all operating expenses and taxes

Adjusted Gross Income-gross income minus deductions

Budget your earnings

Gross Income x 28.3% = taxes

Gross Income - taxes = Net income

Net income / 26 = bi-weekly paycheck

Example

$$\$50000 \times .283 = \$14150$$

$$\$50000 - \$14150 = \$35850$$

$$\$35850 / 26 = \$1378.85$$

How much do you need to work?

Yearly gross / weeks in a year = weekly gross
\$50000 / 52 weeks = \$961.54

Weekly gross / rate = hours per week

\$961.54 / \$35 = 27.47 hours per week

8 Months of work

Yearly gross / weeks working = weekly gross

$$\$50000 / 35 \text{ weeks} = \$1428.57$$

Weekly gross / rate = hours per week

$$\$1428.57 / \$35 = 40.82 \text{ hours per week}$$

SET UP RETIREMENT FUNDS FOR YOURSELF!!

- Simple or SEP IRA 100% deductible
- Roth IRA--no taxes paid when withdrawn at 59 ½
- Dave Ramsey's The Total Money Makeover

In order to retire with some security, you must aim at something. Too many people use the READY-FIRE-AIM approach to retirement planning. Your assignment is to determine how much per month you should be saving at 12% interest in order to retire at 65 years old with what you need.

If you are saving at 12%, and inflation is at 4%, then you are moving ahead of inflation at a net of 8% per year. If you invest your nest egg at retirement at 12% and want to break even with 4% inflation, you will be living on 8% income.

Step One:

Annual Income (today) you wish to retire on: \$30,000
divide by .08
(Nest egg needed) equals: \$375,000

Step Two:

To achieve that nest egg, you will save at 12%, netting 8% after inflation, so we will target that nest egg using 8%.

$$\frac{\$375,000}{\text{Nest Egg Needed}} \times \frac{.000436}{\text{Factor}} = \frac{\$163.50}{\text{Monthly Savings Needed}}$$

I am thankful and
grateful that I will
always be
financially okay.

GET THE MOST OUT OF
UNCLE SAM

SOLE PROPRIETOR

Sole proprietor

- Simplest Business Form
- Owned by one person with complete control of the business
- Simple to start--EIN & DBA (assumed name certificate)
- Low cost for DBA \$15 and can file with Turbo Tax \$99

Profit taxed once on individual tax return

No state filing required

NEGATIVES

- Unlimited owner liability--If sued can take personal money
- Business dissolves when owner dies
- In addition to federal taxes, you must pay Self Employment (SE) tax on 100% of net earnings
- This is the **MOST AUDITED** tax return

Self Employment Tax

SE tax

13.3%

10.4% for Social Security

2.9% for Medicare

S CORPORATION

The image features a white background with the text "S CORPORATION" in a bold, dark grey, sans-serif font. On the right side, there are several overlapping, semi-transparent green geometric shapes, including triangles and polygons, creating a modern, abstract design. A thin white line also runs diagonally across the lower right portion of the page.

Advantages

- Recognized by the state that it is separate from the people who own and operate it--limits personal liability
- Must pay a monthly PAYROLL which will be 1/3 of net income
- Profit not taxed at the corporate level as it is a pass through company
- Passed through to shareholders through dividends and taxed on individual tax return, no SE tax

Example

You earn \$50,000 GROSS

\$40,000 NET after deductions from expenses

Sole proprietor paying 100% SE tax \$5320

S Corporation Salary \$25,000

S Corporation paying SE tax for payroll \$3325

Savings of Approximately \$2000

Remaining \$15,000 no SE tax

Disadvantages

- File with the Secretary of State
- Write by-laws
- More record keeping requirements
- Must hold board meetings with shareholders and board of directors (3)
- File election with IRS within 90 days of formation

- Shareholders paid pro rate--100% of profit divided by % of shares owned
- May have to hire an accountant to process paperwork for you
- Issues stock by contributing equity in the form of money or services

Home Office

- Mortgage interest
- Utilities
- Security System
- HOA
- Accessibility modifications up to \$15,000
- Rent
- Property tax
- Home owners insurance
- Lawn maintenance
- Interest on a car loan if from a home equity loan
- Internet

Supplies and Equipment

- 100% of cell phone if have a separate phone line
- Interpreting mirror
- Work clothes and uniforms (if required and not suitable for everyday use) ex. smock, protective ware, safety glasses
- Stamps
- Computer
- Printer
- Scanner/fax
- Paper
- Pens
- Envelopes

Travel

- **Ordinary and necessary expenses of traveling away from home for your business**
- **Longer than an ordinary day's work**
- **If you need to get sleep or rest to meet the demands of your work while away from home**

- Airplane, bus, train, rental car
- Taxi, commuter bus, limousine
- Mileage
- Baggage and shipping
- Meals--(50% of cost) total spent or per diem--\$46 a day unless a major city--check www.gsa.gov/perdiem AND include tips
- Lodging
- Cruise ships--\$2000 per year if attending convention/seminar/ meetings
- Dry cleaning
- Phone calls, fax, other communication devices
- Tips

Transportation

- Getting from one workplace to another when you are traveling within the city or general area that is your tax home
- Visiting clients/customers
- Going to business meetings

Actual Car Expenses

- Gas
- Oil changes
- Repairs
- Car washes
- Interest on loan
- Lease payments on leased vehicle--must spread advance payments over the entire lease period (record odometer)
- Car insurance
- Depreciation of car
- Garage rent
- Tires
- Registration fees
- Insurance

Insurance and Medical

- Liability insurance
- Long term disability
- Medical and dental insurance for you AND your family
- Fire, theft, accident, or similar losses
- All medical expenses if 7.5% of adjusted gross income
- Medical examinations required by an employer (TB, MMR, etc.)

Dues/Fees to Person/Organization

- Resume preparation and mailing expense
- Internet related--domain registration and webmaster consulting costs
- Tax preparation fees
- Legal fees
- Organization dues
- Licensure fees
- Clerical/contract help
- Credit card convenience fees

Meals and Entertainment

- Must be business related for client, customer, or employee
- Main purpose is active conduct of business
- DID engage in business during the period
- Expectation of getting income or other specific business benefit
- Entertainment associated with your business

- Entertainment before or after a substantial business discussion
- Can be a club/cocktail lounge/sporting event if meeting happened before/after--not during
- Date, place, nature, duration
- Persons who took part in discussion and entertainment
- Purpose or benefit gained

Miscellaneous

- Mileage--must decide to use first year car in use; 57.5 cents per mile
- Work related education if it maintains or improves skills required in your present work, even if it leads to a degree.
- Tuition, books, supplies, lab fees and some transportation costs
- Workshops/CEUs

- Subscriptions to professional journals and magazines related to your work
- Gifts to charity
- Damage to breach of employment contract--paying agency back for a missed assignment
- Business cards/advertising
- Gifts up to \$25 per person
- Tolls