



SECURE TALENT

Seize talent. Minimize risk.

Non-Compliance with Federal and State 1099 Regulations **Makes You a Target.**



▶ Complete Payrolling Services ▶ Risk Assessment ▶ Evaluation & Classification ▶ Managed Services

Exponential Risk

In order to remain competitive, companies must strive to identify innovative solutions to meet complex workforce challenges. The changing global economy and a rapidly declining number of skilled workers has resulted in a ubiquitous and growing use of independent contractors, temporary and payrolled workers. While the use of these workers has provided greater flexibility and economic value for companies, it has also created tremendous scrutiny by federal and state agencies.

Today, employers face significant risks as federal and state agencies, such as the Internal Revenue Service, examine the **true relationship between employers and independent contractors**. An astonishing 38 percent of employers have misclassified workers, according to the U.S. Government Accountability Office (GAO). Complying with extremely ambiguous government regulations to determine the accurate classification of workers is an enormous burden on employers' resources and expertise.

Government audits can be triggered by a number of circumstances, including the volume of 1099 forms issued in a year or the issuance of 1099 and W-2 forms in the same year for the same worker. Even independent contractors are initiating audits by filing claims for Unemployment Insurance, Workers' Compensation or under the Fair Labor Standards Act.

Companies simply cannot ignore and should not underestimate the financial impact of failing to classify workers correctly. Currently, government agencies are aggressively pursuing billions in unpaid taxes. Misclassification fines can range from thousands to millions of dollars in back taxes and can include additional penalties, and retroactive access to stock and benefits programs.

Will your company be next?

The Facts

An estimated **10 million independent contractors** represent roughly 7.5 percent of the total workforce (2005).

Legal experts estimate that more than **48 percent of independent contractors are misclassified** and the GAO reports that **38 percent of employers examined classify workers incorrectly**.

To offset budget shortfalls, federal and state government agencies are chartered to **aggressively target companies of all sizes for billions in unpaid taxes** due to employee misclassification.

Employers are mandated to pay all back taxes, contributions, penalties and fines when a worker is reclassified from IC status to a W-2 employee.



We Can Help You Step-up Your
Talent Acquisition **Without Compromising Compliance.**

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Our Services

Secure Talent offers 1099 risk mitigation and complete payrolling services. We identify the current level of financial risk due to potential misclassification, ensure that service providers such as independent contractors are classified correctly, and serve as **employer of record** with complete payrolling services that include robust employee benefits. Our services assist in attracting and retaining the talent you need, when you need it, with compliance confidence.

Complete Payrolling Services

- Serve as employer of record.
- High-tech, high-touch service.
- Weekly paychecks and expense reimbursement.
- Direct deposit.
- Personal sign-ups and orientation for new workers.
- Robust employee benefits such as medical, dental, financial services and more.

1099 Risk Assessment, Evaluation & Managed Services

- Comprehensive analysis of a company's service provider usage and associated procurement processes and financial expenditures.
- Summary report outlining the degree of risk and the potential financial exposure from a federal or state audit.
- Detailed plan of action designed to mitigate your risk.
- Evaluation and classification recommendation.
- Web-based technology with personal, expert review.
- Comprehensive compliance file construction and maintenance.
- Invoice and payment processing.
- Contract management.
- 1099 Issuance.

Learn How to Protect Your Business

Secure Talent is ready to partner with you to safeguard your business and independent contractors from compliance risk. Contact us today to learn more about how our services can make your company compliance confident.

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