

## ***Benefits of Managed W-2 from Synergy***

***The Managed W-2 Offer from Synergy provides the greatest benefit to both companies and their contractors while minimizing costs versus permanent employees.***



## ***Companies***

### ***Lower employee costs***

Because Synergy is the Employer of Record for contractors, clients are not responsible for the costs of vacations, sick leave, severance, healthcare benefits and additional financial benefits. In addition, the client does not necessarily have to provide equipment and training to perform their duties. All told, the cost savings of a contract employee over a full-time employee can be as much as 30%.

### ***Reduce administrative costs***

With Synergy's Managed W-2 Offer, the client does not have to take responsibility for managing contractor enrollment, timesheets, workers compensation claims, unemployment claims, audits, reporting and customer service; therefore, the costs of administration are significantly reduced. Administrative cost savings can range from 4-7% of contractor wages.



### ***Protect against penalties associated with worker misclassification***

Several landmark cases and the associated penalties in the millions of dollars have raised awareness to the issue of worker misclassification. This IRS has found numerous situations where contractors should be classified as employees because of the work being performed. A violation would lead to significant costs associated with back taxes, interest and penalties for employers. Synergy's W-2 Offer makes Synergy the legal *Employer of Record* and significantly reduces the client's risk of misclassification.

### ***Improve financial performance***

Synergy helps companies earn a greater return on their money and improve financial performance by managing the contractor payroll float between payment of the contractors and invoice collections. In addition, Synergy does not charge for background checks, electronic invoicing and fees for converting a contractor to full time employment giving clients greater flexibility and cost savings.

### ***Simplify year end reporting***

Year end reconciliation and the associated inquiries from contractors can quickly constrain internal resources. By outsourcing year end reporting and reconciliation to Synergy, companies can focus their energy on full-time employees and avoid the need to hire additional support resources.

## Contractors

### *Increased income through reduced tax burden*

As a W-2 employee of Synergy, contractors are not responsible for paying the employers portion of FICA taxes, which translates in to an immediate increase in contractor income.

As a 1099 worker, contractors would assume both employer and employee portions of FICA taxes. As a W-2 employee, Synergy assumes the burden for employer taxes thus reducing the costs by half.



### *Assume statutory benefits at no cost*

A Synergy W-2 employee receives the same statutory benefits as a full-time employee including Workers' Compensation, unemployment insurance, social security, and all other programs at the federal and state level. This offers additional protections to the contractor at no additional cost.

### *Avoid costs for incorporating and professional insurances*

Synergy takes responsibility and assumes the costs associated with establishing articles of incorporation and registering to do business in each state on behalf of its contractors. Synergy also carries a number of business insurances including professional liability, general liability, Workers' Compensation and non-owned auto insurances. These are insurances Synergy pays for its contractors that they would otherwise have to assume on their own.



### *Avoid quarterly reporting requirements*

As a 1099 contractor, there are a number of reporting requirements to the IRS and State Workforce Commissions that must be completed on a quarterly basis. As a W-2 employee of Synergy, there is no reporting required and W-2 forms are automatically issued at the end of the year for income tax purposes.

### *Obtain lower cost benefits and accelerate payments*

With Synergy, our contractors can pay for medical expenses, premiums and dependent care services using pre-tax dollars by subscribing to the Synergy Benefits Program. There is no additional cost to the individual for administering the plan. The Synergy Cafeteria Plan is just another of the flexible services offered to contractors at no additional cost to the client or the contractor. Contractors also receive their payments immediately through Synergy's direct deposit option. This means contractors do not have to wait for invoices to be paid in order to receive income, which improves cash flow and accelerates contractor's ability to earn additional interest income on their payments.

Visit our web site at:

**[www.synergyservicescorp.com](http://www.synergyservicescorp.com)**

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