

## Advantages and disadvantages of contracting

### Introduction

Contracting can be extremely rewarding from a financial perspective, although there are some further advantages and disadvantages which this article addresses.

### Advantages

- o **More Money** – contractors typically earn more than their counterparts in permanent employment.
- o **More variety** – contractors often change roles at least every two years leading to a richer set of experience.
- o **Flexibility** – more control over where and when you work
- o **Holidays** – clients are tolerant on contractors taking more holidays, simply because they don't pay you when you take time off. See [Taking Holidays and Time off](#).
- o **Less office politics** – contractors don't need to network their way to higher positions and get involved in long term politics.
- o **Training** – full control over self training. If you want to go on a training course you can. There is complete control over your professional destiny.

To determine the contract rate you need to move from permanent to contracting use our [Permanent to Contracting Calculator](#).

### Disadvantages

- o **Frequent applications** – moving on frequently and having to re-establish yourself at another organisation can be frustrating.
- o **Downtime** – during market slumps contractors can often find themselves out of work. [Keeping your skills updated and having a good process for [finding a contract](#) can eliminate these downtimes.]
- o **IR35** – Being caught by this tax law can significantly reduce the money advantage of contracting. It can be easy to [avoid IR35](#) though.
- o **Skills** – [Keeping skills constantly updated](#) can be time consuming and require considerable effort outside of normal office hours.
- o **Administration** – can sometimes be a little cumbersome when starting, although is low hassle after a couple of months.
- o **Holiday pay and sick pay** – Contractors don't get paid when they take time off for holidays or due to sickness. The risk of long term illness can be covered by [Contractor Protection Cover](#).
- o **Security** – there are few protections available to you, and clients can terminate you at very short notice. In reality, this rarely happens unless you oversell yourself into a client site.

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