

## Myths on the disadvantages of contracting

### Introduction

If you are currently a permanent employee and are considering contracting, you might be put off making the leap due to some management 'stories' about the 'disadvantages of contracting.'

In this article we dispel some of the myths about contracting that are sometimes spun by current employers who are desperate to prevent their staff from leaving for the lucrative contract market.

### Myth 1: The income is not much higher than permanent work

The fees earned by contractors are always more than permanent employees.

Provided you take a professional approach to [finding contracts](#) you will avoid gaps between contracts and make considerably more money than in permanent employment.

If your skill set is heavily in demand then you could at least double, or even triple your current take home pay by going contracting, particularly if you ensure you are not caught by [IR35](#).

### Myth 2: Your skills will become outdated

A common fear is that you after a year or so your skills will become redundant. Without training it will not be possible to update those skills and you will then find it hard to find work.

Some contractors do have this problem, but no more so than permanent employees who also don't invest time in self training.

Provided you work hard to [keep your skills updated](#) you will be fine and never get left on the scrap heap.

You will also have the luxury of being in complete control of your professional destiny. You can send yourself on as many courses as you wish and buy as many books and training materials as you like. All without getting permission from a boss!

### Myth 3: You get given all the boring work to do

There are some contracts that you probably won't want to do, in which case don't apply for the contract.

If you are during a contract and are asked to complete something which is outside the bounds of your original contractual agreement then you are not obliged to do it. If things become untenable (which is very rare) then you simply vote with your feet.

If you ensure you have leading edge skills you will never get a bad contract. You will be able to pick and choose where and when you work.

Permanent staff tend to accept boring work a bit more readily than contract staff because they are obliged to, are less likely to leave and are also bribed on future promises.

### Myth 4: You do not get Benefits - sick pay / holidays / health insurance / company cars

This is true, but since you are now the employer you can purchase all the benefits you want to suit you.

When you are contracting, you will find yourself having much less days off sick!

Assuming you take 2 weeks off sick, 8 days for bank holidays, and 5 weeks holidays, you will work around 44 weeks per year.

Health insurance is available for contractors which will protect you against long periods of time off work due to sickness. Prices depend on the type of cover and your current state of health. As an example to receive a £3k net income per month will cost you around £80 a month - that is for a policy that starts paying after 3 months off.

Company cars (unless you do enough business miles) cost a fortune tax wise, so aren't really a benefit.

### Myth 5: You cannot get a mortgage without 2 years worth of accounts

Contractors can get access to the same high street mortgages as permanent employees, even for

“ The fees earned by contractors are always more than permanent employees. ”

first time contractors.

See our dedicated section on [Mortgages](#).

**Myth 6: You are liable To costly errors in your work.**

It is true that you are liable, but to mitigate this risk you can buy [Professional Indemnity Insurance](#). It costs around £400 and will cover you fully in the case of a claim.

**Myth 7: It's a hassle setting up a company and doing all the accounts**

There are two options to consider when [deciding on a payment structure, neither of which involve any degree of hassle](#).

[Joining an umbrella company](#) involves a phone call and a signature.

[Setting up a limited company](#) is very easy. Many accountants will include this for free when you join them. [Running your limited company](#) requires minimal administration each month.

### Closing Comments

The hardest part about contracting is making the decision to leave permanent work and go contracting. After you've made the leap you'll wonder why you didn't do it ages ago.

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