



Essential Information About Becoming a Locum Tenens Professional



Locum tenens work offers great advantages for your medical career such as flexible work schedules, travel opportunities and exposure to a variety of different patient groups, settings and practice models. In addition, locum tenens work is based on an independent contractor model instead of a traditional employee model.

There are five essential areas of responsibility when working as a locum tenens provider. It just takes a little research, planning and preparation.

Income and Expenses

Use your salary to your advantage

Locum tenens providers generally enjoy high income levels. When salary is combined with the cost-of-living benefits provided by staffing agencies, locum tenens' income can be comparatively higher than providers working under a traditional employee model.

This additional income will allow you to pay down your student loans, credit cards and other debts you might have incurred, and to build up your savings. Consider paying off student debt before making a large purchase such as a house or car. Also, plan to set aside a fixed amount of money in savings each month for emergencies or other expenses. Pay yourself after paying your taxes, debts and bills. Setting money aside for time between jobs is also beneficial and will help to fill the gap in income.

Tracking your expenses

Keeping accurate records and tracking your income and work-related expenses are crucial to managing your locum tenens career. As an independent contractor, the locum tenens company will not be deducting your taxes, which makes accurate record-keeping essential. As a locum tenens provider, your taxes will be more complicated than a standard employee.

Items to track

Throughout the year you will want to track certain business expenses that will become tax deductions. If you fail to keep records and/or receipts of business expenses you could miss out on beneficial tax deductions. Keep records and receipts for the following business-related items:

- | | |
|------------------|---------------------------------|
| → Travel | → CME expenses |
| → Meals | → Licensing fees |
| → Fuel | → Board exam fees |
| → Parking | → Office equipment and supplies |
| → Accommodations | → Medical equipment |

Taxes

As an independent contractor performing locum tenens services, you will be responsible for paying your taxes quarterly and filing an annual return in April. Unlike an employee, your taxes are not withheld from your paychecks.

You'll want to take adequate time to research and educate yourself about taxes and how much you will be required to pay as an independent contractor. Budgeting for taxes and setting aside money from each paycheck to make quarterly payments will put your mind at ease. Forgetting to set aside money for taxes could eat into money budgeted for other items. The best plan of attack to is plan ahead.

Helpful hints

1. Fill-out the correct forms

- [IRS 1099 form to report earnings](#)
- [1040 long form](#)
- [Schedule C](#)
- [Schedule SE](#)

There might be additional tax forms required.

2. File in each state you have worked

Locum tenens providers who travel and work in multiple states throughout the year are required to file separate tax returns for each state.

3. Take advantage of tax deductions

Independent contractors generally enjoy fewer restrictions when deducting business expenses. This will greatly benefit you by reducing your taxable income. Keep in mind that any expenses reimbursed by the locum tenens agency or any facilities where you work are not deductible.

Top 6 Tax Tips

- 1. Set aside 40% of your earnings** to pay your taxes: Federal, state and self-employment taxes.
- 2. Estimate quarterly payments** to prevent underpayment penalties. Use last year's annual tax return to calculate what you will owe. If it's your first year as an independent contractor, estimate the amount of income you expect to earn during the year.
- 3. Track business expenses** to make the deduction process easier at tax time.
- 4. Keep accurate and detailed records** of all large purchases (real estate, inheritance or purchase of business). Remember to report earnings from savings accounts and investments.
- 5. Take advantage of tax shelters** such as retirement accounts and HSAs to reduce taxable income.
- 6. Consult a tax professional** for assistance.

Handy tax tools

To estimate quarterly taxes:

[Tax form 1040-ES](#)

Expense tracker:

<http://www.mdtaxes.com/>

[MDTAXESexpenses.xls](#)

What is tax deductible?

Health insurance — As long as you are an independent contractor you can write off 100 percent of the premiums paid throughout the year — including Medicare premiums. You are excluded from this deduction if 1) you are covered by an employee-sponsored health insurance plan, 2) your spouse's employer offers health insurance or 3) your employer, if you are employed by another company, offers you insurance but you decide to opt out and pay for independent coverage.

In addition to deducting health insurance premiums, any money contributed into an HSA (health savings account) is tax-deductible — your money grows tax-deferred in an HSA and you don't lose it if you don't use it like flex spending accounts (FSA). You can withdraw money tax-free from your HSA whenever you need funds to pay for healthcare for yourself or your family members.

Travel, accommodations and meals —

Unreimbursed locum tenens travel and accommodation expenses, as well as 50 percent of the cost of meals, are deductible if costs are incurred while traveling away from home. These deductions are only allowed for assignments that last less than one year, and you must plan to return to the city in which you lived before taking the locum tenens assignment.

Auto expenses — When you drive between sites, between home and temporary job sites, job interviews or conferences, you can deduct mileage. Your deductions can be calculated by taking the percentage of miles driven for various jobs multiplied by actual costs from the year. Costs can include gas, insurance, repairs, parking, lease payments or an amount for depreciation if you own a car. You can also use the standard mileage rate for each mile driven for business purposes.

Education, licenses and exam fees —

Most CME and related educational fees are deductible. Keep all receipts and records of expenses related to these deductions.

Health Insurance

As a locum tenens provider, you have more options available to you for health insurance than a typical employee who is under his or her employer's plan. In addition, health insurance premiums for independent plans are 100 percent deductible.

Independent health insurance options

- Spouse's plan
- [State insurance exchange](#) through the Affordable Care Act
- Private insurance exchange websites
- (e.g., eHealthinsurance.com)
- Independent insurance agents
- Compare options yourself by contacting insurance companies directly

Health Savings Account

A Health Savings Account (HSA) allows locum tenens providers to reduce health insurance premiums and build up money in a tax-advantaged medical savings account. In order to qualify for an HSA, individuals and families are required to have a high-deductible health insurance plan.

The benefits of an HSA include the following:

- Contributions are tax-deductible
- Deposited money grows tax-deferred
- You never lose your money if you don't use it
- Money can be withdrawn tax-free to pay for healthcare expenses
- All money left over at the end of the year belongs to you

Retirement & Other Financial Tips

Locum tenens providers have options when deciding how to save for retirement. As an independent contractor, it will be up to you to save for your retirement years. The following tips can help you save money for a comfortable retirement.

1. Contribute a percentage of your locum tenens net income earnings into a pre-tax retirement account.
2. Earn an immediate return on investment on the taxes you save — you can keep the compounded growth on tax savings on money that is invested.
3. Set up a [SEP-IRA](#) for the previous year as a self-employed locum tenens provider. You have until April 15 to set up a SEP-IRA and fund it. You are allowed to contribute up to 20 percent of your net income.
4. Set up a solo 401K which is intended for sole proprietors without employees. It is available as a traditional 401K or Roth IRA. Contributions into a traditional individual 401k are pre-tax and growth is tax-deferred. You pay taxes when the money is withdrawn. Contributions into an individual Roth are after-tax dollars and the money grows tax-free. Withdrawals are not taxed. You can split contributions between both plans. Only the solo 401k allows you to borrow against your savings.
5. If there is any money left in your HSA when you reach the age of 65, it will be available to subsidize your retirement.
6. Work locum tenens assignments in your [semi-retirement years](#) as a way to fund your retirement plan.

Other Considerations

While managing your own healthcare plan, taxes, expenses and income might require a slight learning curve, but there are many benefits to working as an independent contractor. Some things will change when you transition from full-time employment to a locum tenens independent contractor, and it will take some time to adjust to these changes. However, you will gain plenty of rewards when you make the shift. Consider the following benefits when considering locum tenens as your new career path:

Travel benefits – While independent contractors do not receive paid time off, locum tenens schedules allow for you to travel where you desire and work your schedule around vacations. Or you can choose assignments where you've always wanted to vacation. You could find yourself relaxing and traveling more than you ever did when you used PTO for a vacation.

A solution for burnout – Locum assignments allow you to get away from long work hours, administrative duties and large caseloads.

Flexible schedule – Choose when and where you would like to work.

Increased demand for physicians and advanced practitioners – Demand for physicians and advanced practitioners is on the rise so your services are needed. There are ample [job opportunities](#) awaiting you.

Decreased administrative responsibilities – This allows you to spend more time with each of your patients. Though you might only have a temporary job at one facility, you can make a large impact on your patients.

Predictable schedule – Contrary to popular belief, you have the flexibility and ability to plan out your schedule well in advance so your work is predictable.

Live and work where you choose – Enough said!

Life as an independent contractor offers many perks as well as great responsibility. Invest time into researching and planning for expenses, taxes, health insurance, personal finances and retirement.



Why Work with VISTA?

VISTA OFFERS YOU THE FOLLOWING SERVICES AND EXPERTISE:



Travel & housing



Transportation



Professional
liability Insurance



Licensing support
& guidance



Credentials
verification



Expert provider &
facility matching



24/7 assistance



Award winning
service

About VISTA

Founded in 1990, VISTA Staffing Solutions helps hospitals, medical practices, and government agencies across the 50 states optimize their physician and advanced practitioner staffing, ensure quality and continuity of care for patients, and maintain financial stability. A leading provider of US Locum Tenens and Permanent Search Services.

Headquartered in Salt Lake City with additional offices in Atlanta, and Houston, VISTA employs approximately 300 people. The company has shown consistent profitability since its second year of operation.

VISTA Staffing Solutions is a founding member of the National Organization of Locum Tenens Organizations (NALTO), an organization that develops and enforces standards for credentialing, ethics, and business practices within the locum tenens industry.

For more information about the staffing services provided by our business units, follow the appropriate link:

Information for physicians, nurse practitioners and physician assistants:

- [US Locum Tenens](#)
- [US Locum Tenens - Advanced Practice](#)
- [International Placements](#)
- [Permanent Jobs](#)

Information on staffing solutions for healthcare facilities and practices:

- [US Locum Tenens](#)
- [International Placements](#)
- [Physician Search and Consulting](#)



Contact Us

800-366-1884

facts@vistastaff.com

vistastaff.com

CORPORATE OFFICE

2800 EAST COTTONWOOD PARKWAY, SUITE 400
COTTONWOOD HEIGHTS, UTAH 84121

