
TX VRC Resource Tools

1. Introducing Self-Employment to VR Customers

When a VR customer expresses interest in self-employment or when you, the VRC, identify self-employment could be a good option, you need to be prepared to have an initial conversation about self-employment. This VRC Resource Tool can assist you with these early conversations.

Be mindful of any bias you may have about self-employment. You could inadvertently limit self-employment options if you have little or no experience with self-employment or if you have had a negative experience personally or professionally with self-employment. Recognize any bias you may have and provide information that allows VR customers to explore the possibility of self-employment and make an informed choice.

VR customers may come to you with a specific business idea in mind, a general idea that interests them, or not even thinking about the possibility of self-employment. It might be that, given a customer's interests and strengths, you suggest self-employment or a specific business idea. In all cases, it is important that VR customers understand the concept of self-employment, including how self-employment differs from wage employment, time and commitment having a business requires, and the steps to become self-employed.

The attached tool assists with building customers' understanding of the self-employment option. The tool provides basic information on self-employment and some differences between wage and self-employment (income, insurance, paid time off, etc.). It provides links to short videos about people with disabilities who became self-employed and provides a brief explanation of the major steps in developing a business, from business concept development to business growth and expansion. You will also find key details about VR's self-employment process, including the time it could take to complete business feasibility and a business plan. Timelines are particularly important to stress if customers have immediate income needs. Note that as the cost of the self-employment services requested increase they will require a higher level of managerial approval. That is not to suggest that Counselors encourage perspective business owners to limit their support needs, only that they need to factor in that it may require additional time.

Recognize any bias you may have and provide information that allows VR customers to explore the possibility of self-employment and make an informed choice.

What is Self-Employment?

Self-Employment involves carrying out activities of a business for a livelihood or with intent to make a profit. Business activities include providing services or making and selling products. You may hear different terms for self-employment (e.g., independent contractor, gig worker, sole proprietor) but these all are forms of self-employment. About 81% of businesses in the United States are owned and operated by a single individual, the simplest form of self-employment (US Dept. of Labor, Office of Advocacy, December 2021). The chart below will help you better understand what it means to be self-employed and some key differences between wage and self-employment. As you read through these, think about how self-employment might work for you.

Wage Employment	Self-Employment
Income Earned income is paid or direct deposited on a regular basis (e.g., every two weeks, once a month).	An "owner's draw" can be taken from net profits of the business, as long as the owner ensures there are sufficient funds in the business account to cover business expenses.
Taxes FICA taxes (Federal Insurance Contribution Act), including taxes for Social Security and Medicare, are deducted from one's gross wages.	SECA taxes (Self-Employment Contribution Act) contributions are generally paid quarterly by the business owner based on projected income for the year. Final tax liability is calculated at the end of the year.
Paid time off Generally full-time positions include some paid time off for sick leave, vacation and/or personal business. Wage earners may also be protected under FMLA.	With self-employment, there is no paid time off or Family Medical Leave Act (FMLA). Rather, business owners need to generate enough income in their working hours to "cover" for when they need to take time away for the business due to illness, vacation, or other reasons.
Insurance Many wage jobs may offer health insurance for employees and family members. While employer paid plans work very differently, with different expected contributions and deductibles, health insurance is a major benefit.	Self-employed individuals may or may not provide themselves (and employees) health insurance. Often business owners will need to purchase health insurance privately or through the government marketplace under the Affordable Care Act. Premiums will vary based on earned income. In addition, business owners may need to purchase additional insurance (e.g., commercial insurance, Worker's Compensation).
Scheduling Many wage employees work a regular schedule, particularly full-time employees, although some may have varying schedules or rotating shifts.	Business owners may have more control of their schedules making it possible to schedule around medical appointments, family responsibilities, good days/bad days or other needs. This will depend greatly on the type of business and when and how customers access the products and services the business provides.

Benefits of Self-Employment

Working for yourself can take some time and effort to get started, but there are several potential benefits to self-employment, including:

- creating work opportunities that may not be readily available in your area
- the potential to work from home
- more control over the work environment
- flexibility in scheduling work around stamina, family or medical issues
- potential to focus on business tasks that fit strengths
- the possibility of higher pay
- a way for people receiving SSI or Medicaid to accumulate wealth as money held in an active business account is not counted toward the \$2,000 resource limit.

Self-Employment Success Stories

Check out the links below for some self-employment success stories!

<https://centeronselfemployment.org/resources/videostories/>

The Texas VR Self-Employment Process

The chart below provides an overview of the five steps in business development, likely tasks at each step, the documentation you will need to complete, and general timelines. Note that the time it takes to complete each step will vary greatly depending on your business idea, the time you have to commit to it, and where you begin the process.

Know that support is available! Your Texas VR Counselor will help you navigate the process and can assist you to develop a business team for additional support. Your business team may consist of:

- family and friends;
- a Certified Business Technical Assistance Consultant (CBTAC);
- business consultants through the Small Business Administration (e.g., Small Business Development Center, SCORE, Women's Business Center);
- Community Work Incentive Coordinators;
- someone with expertise in your business; and
- others, depending on your needs.

So you won't be alone in this process!



Identify a business concept that fits you!

- ✓ Develop a business planning team
- ✓ Brainstorm potential business ideas
- ✓ Narrow ideas to a specific business concept to research

VR-1801 Customer Profile and Self-Employment Exploration

Timeframe: 1 – 2 months



Determine whether the business has enough potential customers and the ability to make a profit

- ✓ Define the business product(s)/ service(s)
- ✓ Identify Primary Customers, Competitors and the Capabilities of the business
- ✓ Financial considerations

VR-1802 Concept Development and Feasibility Study

Timeframe: 2-4 months



Develop a business plan that details what the business does and how it will operate, including financial projections.

- ✓ Detailed business plan
- ✓ Business Financial Projections

**VR-1803 -Simple
VR-1804 - Comprehensive
or
VR-1813 - Supported**

VR-1805 Business Financial Projections

Timeframe: 2-3 months



Start the business and implement the business plan

- ✓ Obtain start-up funding, equipment, licenses and other items
- ✓ Secure initial marketing materials (website, logos, etc.)
- ✓ Plan for opening day
- ✓ Record financial information

Timeframe: Varies



On-going work to maintain the business.

- ✓ Operate business as outlined in business plan
- ✓ Implement additional marketing strategies to obtain new customers
- ✓ Regular tracking and review of business financial information

VR-1806 Actual Financials

Timeframe: Varies