

Comparison

Employee Expenses for the Employer ./ Freelancer Expenditures for the Employer

Description / Type	Factors	per Month	annual	currency
"Gross" Salary of Employee, receiving by 12 cheques	12 months	10.000	120.000	Euro
Social Charges (medical aid, social insurances, ...) paid by Employer for the Employee	20%	2.000	24.000	
Retirement / "pension fund" = 3,5% per annum, minimum! 30 years = 126 000 ONLY.	3,5%	350	4.200	
Total Expenses for Employee by Employer	12	12.350	148.200	Euro
Benefits of the Employee:				
paid holidays, based on 5 working days per week	10	working days	per annum	
paid leave	20			
paid sickness days, on average	10			
no acquisition days	20	working days	per annum	
Total days of "non-ability to earn" money as a free lancers. A free lancer should insist on 60 days for all types of "ordinary and ill-leave and other events"	60	days "non-utilization" to deliver services within one year		
A free lancer has to bill - based on a monthly salary of 10.000 Euro plus social charges (medial aid, pension fund, insurances) equal 148.000 Euro annual income to get equal treated towards an employee with his social benefits.				
The Free lancer is only able to earn this annual income within 9-10 months due to sickness, leave, acquisition, update knowledge, ...				
Required billing per months for an free lance engineer / MBA	148.200	div. 9 mths services	16.467	EUR p mo
		to cover the benefits of the Employee as well.		
Per diem / Daily subsistence allowance, / Meals + Incidental Expenses will be paid seperately. Long term missions should request 3000 Euro Lumpsum Housing/House-keeping (if sufficient) and 3000 Euro LUMP SUM for meal/food allowances per month.				
Conclusion : Monthly Salary of an Employee has to be increased by an factor of 1,65 that the Free Lancer is receiving the equal income with the a.m. benefits				

If the Principal SERVICE Contract is LUMP SUM based, the Individual Independent consult / Sub-Contractor / Freelance should add Risk allowances rates of (i) 25% uncertainty and (ii) + 12,% night -overtime, if fixed time frames / Milestones are contractual agreed).

Read : www.ppe61.de/S+ServiceLumpSumContract.pdf