

DCN ENROLLMENT GUIDE

**** THIS DOCUMENT IS FOR ONE-TIME USE ONLY ****

Welcome to the DCN online enrollment website! Please follow the proceeding steps to complete your contractual online agreement.

1. Go to the online enrollment website www.dcnmember.com (type the website address directly into your address bar at the top of the screen. **DO NOT USE A SEARCH ENGINE***)
2. On the top of the screen click on the blue **"Enter Control Code"** button.
3. Your client control code is 20411 After the control code is entered click **"Continue"**
4. After reading the Welcome Page click **"Continue"**
5. To begin the enrollment process fill out all of your contract information and click the blue **"Continue"** button at the bottom of the page. ***Please be aware that you must fill out your electronic contract information the same way you file your taxes with the IRS, and please be sure to verify that all information is correct PRIOR to electronically signing. Once your e-signature is complete the information populated into the contract cannot be changed and manual paper updates may be required***
6. After this is completed, your Login ID and Password will automatically be created and emailed to the email address you listed in your profile; click **Print** to ensure that you have a hard copy of your contract for your records. You may also choose to **Email** a copy to yourself. When completed click **"Continue"**
7. On the next screen click the **"Agreement"** button. There are several forms that must be completed: **Equipment Information, Insurance Membership Enrollment and W9 Section**. After each section click the blue **"Save & Continue"** button at the bottom of each page.
8. After completing these required forms, there will be 2 optional forms that you may choose to sign up for including Tax Escrow and Direct Deposit. Upon completion of all the forms, please make sure to click the green **"I AGREE"** box and then the blue **"Continue E-Sign"** button
9. To complete the online enrollment process; simply enter your name and the date and click the blue **"E-Sign"** button. On the next page your agreement will be automatically generated with all of the information you entered and your electronic signature.
10. Once you have electronically signed the agreement the next page will prompt you to add a **PAYMENT METHOD**. Please be aware that selecting either direct deposit or a pay card as your payment method is preferred and the fastest way to receive your settlement payments.

**For any technical problems please call the DCN office at 855-277-1099
Monday through Thursday between the hours of 9am-5pm EST or Friday
between the hours of 9am-3pm EST.**





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Phone: 855.277.1099 Fax: 855.329.4277

The Federal Government and many States adopted guidelines designed to uniformly define who is an Independent Contractor as opposed to an employee. In an effort to be in compliance with these guidelines we have incorporated a transportation cooperative called DCN. We believe that your membership in DCN will assist in meeting the requirements outlined in both the Federal and State guidelines.

The freight broker/freight forwarder you currently provide services to has decided to utilize drivers from DCN in an effort to remain compliant with the new guidelines. Becoming a member of DCN is very easy. DCN membership affords you many new opportunities and benefits that are described in the pre-enrollment package on our website, www.dcnmember.com. After logging into the website simply click the "ABOUT US" – "MY COOP" tab; then under the "COOP" section you will see a document titled "Pre-Enrollment Booklet". Outlined below are the steps required to become a member.

1. You will purchase one share of DCN stock at \$25.00 par, when you leave DCN you will turn your stock back for redemption at its original \$25.00 par value. As a shareholder you will be entitled to attend annual shareholder meetings and cast your vote for members of the DCN board of directors.
2. You have signed a contract with DCN making your non exclusive services available to DCN subscribing customers. You maintain your right to accept or reject assignments offered to you through DCN.
3. You would be expected to provide your services as an Independent Delivery Vendor.
4. You would agree to abide by the By-Laws of DCN

In addition, upon membership to DCN you will receive coverage under Occupational Accident insurance in the event of a work related injury. The key elements of this coverage are:

- Coverage for medical costs
- Accidental death benefits
- Lost wage payments up to \$600.00 per week

We believe that DCN is a tremendous opportunity both to you and the freight broker/freight forwarder and hope you feel that the many additional benefits and resources help you protect and provide for you and your family. If you require additional information please direct any questions you may have to your account representative at 855-277-1099.

INDEPENDENT CONTRACTOR FAQs

What to expect as an Independent Contractor:

As a DCN Shareholder Member you'll work as an independent contractor (1099 Non-Employee). As an Independent Contractor, you'll experience the flexibility to select positions and hours that fit your life and schedule. You'll also earn (on average) up to 40% more than you would as a W2 Employee in the same role. However, as an Independent Contractor you will be responsible for obtaining your own health insurance, investing in retirement, and paying income taxes.

How to find health insurance as an Independent Contractor:

DCN understands that obtaining quality and affordable health insurance is important to independent contractors, so we have partnered with Gallagher Marketplace. Gallagher Marketplace offers fast easy, and free quoting for health insurance, vision, dental, and life insurance. Plus, perks like guidance and discounts when filing taxes, discounts on vision wear, and savings on prescription costs.

Affordable Care Act (ACA)

Gallagher Marketplace assists independent contractors with navigating health insurance plans through their state's Health Insurance Marketplace or the government-sponsored Health Insurance Marketplace. The Marketplace offers four "metal categories": Bronze, Silver, Gold, and Platinum.

Bronze:

- Insurance company pays 60%
- You pay 40%

Silver:

- Insurance company pays 70%
- You pay 30%

Gold:

- Insurance company pays 80%
- You pay 20%

Platinum:

- Insurance company pays 90%
- You pay 10%

Open enrollment for the ACA plans usually starts in November and ends in mid-December. Health insurance plans bought by mid-December start on January 1 of the following year. However, life circumstances (such as a change in job, marital status, birth of child etc.) make it possible to qualify for special enrollment after open enrollment has already passed.

All ACA plans cover the same ten benefits:

1. Prescription drugs
2. Pregnancy, maternity, and newborn care
3. Pediatric care
4. Mental health and addiction services
5. Preventative, wellness, and disease management services
6. Lab tests
7. Emergency services
8. Hospitalization
9. Ambulatory services
10. Rehabilitative and habilitative services and devices

401K: Investing Resources

Roth IRA

Like traditional IRAs, a Roth individual retirement account (IRA) is accessible to anyone with earned income. Contributions to Roth IRAs are with after-tax dollars, so they are free of tax when you start withdrawing funds.

However, traditional IRA deposits are usually made with pretax dollars, which generally leads to a tax deduction on your contribution, and you must pay income tax when withdrawing funds from your account during retirement. Your contributions to a Roth IRA are limited to \$140,000 for singles in 2021 and \$144,000 in 2022. Also, the 2021 limit is \$208,000 for married couples filing jointly (\$214,000 in 2022).

Self-Employed 401(k)

The self-employed 401(k), also known as a solo 401(k), is another excellent plan available to self-employed workers with no employees. You will have two chances to contribute to a self-employed 401(k): as the employee first, then the employer.

As the owner, you can contribute to the plan through elective deferrals and nonelective employer contributions. You can choose to contribute elective deferrals up to 100% of the amount of compensation up to the annual contribution limit.

You can also make nonelective employer contributions up to a fourth of compensation. Total contributions to an account for individuals aged 50 and over cannot exceed \$61,000 for 2022 (and \$58,000 for 2021).

SEP IRA

Known as a Simplified Employee Pension plan, the SEP IRA is accessible to sole proprietors and self-employed workers. Contributions may be tax-deductible, and the maximum amount that an employer can contribute to a SEP IRA is either \$58,000 for 2021 (\$57,000 for 2020) or 25% of eligible compensation—whichever is lower. This plan, which is usually convenient and inexpensive to maintain, works well for freelancers, independent contractors, and sole entrepreneurs.

SIMPLE IRA

Like 401(k), a Savings Incentive Match Plan for Employees (SIMPLE) IRA account is a superb choice for self-employed workers or businesses with 100 employees or fewer. As an employee, you can contribute the total amount of your compensation (up to \$13,500 in 2021). You must give either a 3% matching contribution or a 2% nonelective contribution as the employer. The SIMPLE IRA also enables individuals aged 50 and over to save an extra \$3,000 annually.

HSA

Another suggestion is to open a health savings account (HSA), a tax-advantaged savings account for those covered by a qualified HSA-eligible high-deductible health plan (HDHP). However, you're not eligible for a self-employed HSA plan if you are enrolled in Medicare/Medicaid or listed as a dependent on another individual's tax return.

HSA accounts provide many benefits to independent contractors, including tax-free growth potential, a tax deduction, and tax-free withdrawals to cover medical expenses—either immediately or after you retire. You can withdraw funds from the account without a penalty after age 65, even if you do not need the funds for medical expenses. However, like the traditional IRA, taxes will be due on earnings and contributions.

Understanding Taxes

As an independent contractor, you aren't an employee of any company, so you will file taxes differently than you would as a W2 employee. Here are the primary differences:

Self-Employment Tax

Beyond income tax, independent contractors must also pay self-employment tax (SE tax) and file Schedule C, which indicates your loss and profit from the business. You can determine your self-employment tax through Schedule SE on Form 1040. Any income that an independent contractor earns should be reported on Schedule C, and you will pay income taxes on the entire profit.

SE tax is a Medicare and Social Security tax specifically for people who work for themselves. However, when you were an employee, your employer paid for half of the cost of the taxes. As a self-employed worker, you will be mandated to pay the whole tax yourself. This tax is comparable to Medicare and Social Security taxes that are withheld from the paycheck of most employees. The self-employment tax rate adds up to 15.3%: 2.9% for Medicare and 12.4% for Social Security.

Deductions

While it's true that independent contractors must pay more because of self-employment taxes, you can offset much of it through business deductions. The dollar amount on which you'll pay income taxes decreases because of these deductions. Business deductions for independent contractors can include home office deductions, health insurance, deductions for your telephone bill, mileage, legal expenses, rent or lease payments, and more. You can report business deductions in addition to your income on Schedule C.

Quarterly Estimated Tax Payments

As a W2 employee, it is your employer's responsibility to withhold income taxes from your paycheck and give it to the government. However, as an independent contractor, you will be required to regularly pay the government through quarterly estimated income tax payments during the year. These payments provide coverage for your self-employment tax and the year's income tax liability. The quarterly federal and state tax deadlines are:

January 15th April 15th June 15th September 15th

1099-NEC

As an independent contractor, you will not receive a W-2 but a 1099-NEC, which specifies the amount you were paid during the year. We suggest utilizing this information to confirm that you're reporting all your earned income throughout the year. However, if you made less than \$600, you must still report that income amount on your Schedule C, although the payer is not required to send you a Form 1099-NEC. The 1099-NEC form that you receive in the mail is for INFORMATIONAL PURPOSES ONLY. The 1099-NEC document is not sent directly to the IRS, instead only the tax payor's name, tax identification number, and total amount of Non-Employee Compensation listed on the 1099-NEC form are electronically reported to the IRS. The deductions listed on the right-hand side of the 1099-NEC form are documented for your reference and not reported directly to the IRS. We suggest utilizing the deduction information listed to help itemize your deductions to reflect your expenses, which in turn lowers your taxable income as an independent contractor.

Tips for Independent Contractors

Consider working with a financial advisor who specializes in tax planning to effectively manage your income and help decrease your 1099 income taxes. Gallagher Marketplace is a great resource and can help manage this hurdle with guidance and discounts when filing 1099 income taxes.

Establish a quality record-keeping system by ensuring accurate annual expense and income reports.

Utilize an expense app, to keep track of your donations, receipts, and additional deductible expenses. When you get your 1099 forms, remember to confirm your records for accuracy.

What is a Co-operative?

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

These are the guidelines co-operatives use to put their values into practice.

- Voluntary and Open Membership Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
- Democratic Member Control Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.
- Member Economic Participation Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
- Autonomy and Independence Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- Education, Training, and Information co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.
- Co-Operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.
- While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

Who is DCN?

DCN has established multiple cooperative corporations that are 100% owned by its numerous members (shareholders) throughout the United States.

All shareholders are under a written contract with DCN whereby they make their services available to the subscribing clients of DCN on an independent contractor basis.

Every DCN shareholder negotiates the rates for their services directly with each subscribing client of DCN.

DCN does not do any rate negotiation for its members. Rates are negotiated and accepted (or not accepted) directly between the DCN shareholder member and our DCN subscribing clients.

The payments for your services are sent by the DCN subscribing client to DCN Processing Services for processing and distribution to you in accordance with your shareholder's DCN agreement. DCN will deduct from the payment the Program Fee.

The program fee covers the per pay period cost of Occupational Accident insurance, Contingent Liability insurance and related administrative/legal costs as well as \$7.00 for settlement processing.

DCN pays and issues the appropriate 1099 NEC forms to members under their Federal ID establishing a position of general contractor thus reducing misclassification issues. In addition, DCN assumes the role of primary defender if challenges by government agencies arise.

The Occ/Acc policy is an insurance policy, similar to a worker's comp. However, it is only charged if you are working. If you do not work, the fee is not charged or retroactively billed.

Your Occ/Acc policy is covered through Gallagher Bassett Insurance Services, which partners with DCN to handle any legal issues related to occupational accidents as well as payment of your medical bills, disability etc.

In turn, all DCN profits (if any) are paid back to the subscribing members by way of an annual dividend.

Why DCN?

DCN is a business owned and controlled by its shareholders. The shareholders participate and guide DCN on the direction of the company by attending annual shareholder meetings. By working together, they can reach objectives that would be unattainable if acting alone.

The objectives of DCN are as follows:

- Assist members in marketing their services to their specific industry.
- Make available to the membership insurance programs protecting its members against work related accidents.
- Provide settlement processing for services performed along with voluntary and mandated deductions.
- Provide access to an assortment of voluntary benefit programs such as health care, legal services, liability insurance, etc.
- Provide resources that assist the members with tools for growth, fleet management and financing, advertising, tax preparation and other useful services.
- A variety of discount programs such as fuel, tires, auto repairs, vehicle rental etc.

In summary, DCN is a corporation owned and controlled by the members. Rather than being a single-person company or independent contractor you join hundreds of other members each adding value and stability to the whole.

About the Team

In order to provide fresh new comprehensive solutions for independent contractor compliance, DCN has established multiple cooperative corporations to resolve any problems and/or government challenges while working as an Independent contractor.