

Frequently Asked Questions

WAHVE offers a fresh approach to supporting professionals as they transition into retirement. This innovative model empowers individuals to achieve a better work-life balance, free from the stresses of office life as an employee, while maintaining the independence to make their own work decisions. Additionally, WAHVE provides a forward-thinking work arrangement as a unit owner, offering both independence and benefits, distinct from traditional employee or independent contractor roles. Our unique approach allows pre-retiring professionals to sustain their careers from the comfort of their home office, while enjoying the perks of ownership.

We've created a company called WAHVE VCS LLC (“WAHVE VCS”) – VCS for “Vintage Contract Staffing.” Here's the exciting part: when you are placed on an assignment and become a *wahve*, you will own a piece of it! As a unit owner of WAHVE VCS, you'll be able to participate in Group Medical, voluntary Dental, Vision and Life/AD&D and a company 401k plan. In addition, you will be eligible to receive a portion of the annual profit of WAHVE VCS based on your earnings and how long you've been active as a *wahve*. While this will entail a significant cost to WAHVE, it's a worthwhile investment in our shared success.

We have prepared this FAQ document to answer many of the questions you may have regarding WAHVE VCS and becoming a unit owner if you are placed on an assignment.

1. What is an LLC?

An LLC, or limited liability company, is a type of business structure that has specific benefits: it limits the liability of its owners to customers, allows the owners to share in the profit of the business, and provides owners with the ability to participate in certain benefits plans that the company provides.

2. What is an LLC owner?

A unit owner of an LLC is referred to as a partner (from this point, also referred to as an “Owner”) and receives a Form K-1 to report their earnings for services and the share of partnership profit that they receive. Owners are not considered employees; rather Owners provide services to the company. Owners receive pay at regular intervals, just like a W-2 employee or an independent contractor, but instead of being paid a salary that is subject to withholdings, Owners receive a gross payment for their compensation without any withholdings by the company. More on this below.

3. Key differences between an LLC owner, a 1099 contractor and a W-2 employee

There are several differences between being an Owner, an independent contractor, and a regular employee, summarized below. This summary is not intended to address all aspects of ownership in the LLC; rather, it is intended to serve as a helpful guide to answer commonly asked questions. Please note: this guide is not tax advice and any questions you have regarding your personal tax situation should be addressed to your personal tax advisor.

	LLC Owner (Service Provider)	1099 Independent Contractor	W-2 Employee
Form of Income	Compensation for work performed is in the form of a guaranteed payment.	Compensation for services rendered is paid by the company that contracts for your services.	Compensation for work performed is in the form of wages from an employer.
IRS Status	Self-Employed	Self-Employed	Employee
Income Tax Deductions	No tax withheld by the LLC. An Owner is responsible for making quarterly tax payments to the IRS and, if applicable, to a state and city.	No tax withheld by the company that contracts for your services. 1099 independent contractor is responsible for making quarterly tax payments to the IRS and, if applicable, to a state and city.	Taxes are withheld by employer from each paycheck.
Tax documentation	K-1 provided by company no later than March 15 of the following year.	1099-NEC provided by company no later than January 31 of the following year.	W-2 provided by company no later than January 31 of the following year.
Benefits	Not mandated but is typically offered to all Owners actively providing services for the company.	Not entitled to any benefits from the company.	Typically includes benefits like health insurance and a retirement plan.
Distributions of Profit	Owners receive a share of the company's annual profits based on certain criteria. The profit distribution is in addition to the compensation paid for time worked. Only Owners can receive a share of profit.	Not applicable.	Not applicable
Business expenses	Owners, because of their self-employed status, may be able to claim legitimate business expenses, including a home office, as a deduction against their earnings.	Independent contractors, because of their self-employed status, may be able to claim legitimate business expenses, including a home office, as a deduction against their earnings.	Employees have very limited scope for deducting business expenses of any kind.

In essence, unit owners in an LLC are not classified as regular employees; they are accountable for handling their estimated quarterly taxes, similar to independent contractors. For instance, our CEO, as a WAHVE owner, pays quarterly estimated taxes. While owners can receive benefits unlike independent contractors, they are ineligible for unemployment benefits like independent contractors.

4. What does WAHVE VCS do?

WAHVE VCS is a company within the WAHVE family of companies, and its purpose is to provide wahves with benefits enabled by ownership. Those benefits are:

- An annual distribution based on your earnings
- A 401k plan
- A group health insurance plan if you choose to work 30 hours per week or more, which includes medical coverage as well as optional dental and vision plans

WAHVE LLC remains the operating company that qualifies applicants looking to be accepted as wahves, places wahves at clients and manages the client relationship.

5. How do I become a unit owner?

When you are placed on an assignment, to become a unit Owner, you will be required to sign a Grant Agreement, whereupon you will be issued one Class B unit in WAHVE VCS.

5.1. What happens if I leave the company?

WAHVE VCS will have the right to buy back your unit if your services with WAHVE VCS are terminated by you or WAHVE VCS for any reason. The buy-back price will be equal to the greater of (a) any profit distribution that is due to you as an annual distribution, and (b) the value of your unit (both described below). You will automatically forfeit your unit if you have not performed any services during a continuous twelve (12) month period. If, following your termination of service, you are accepted as a wahve in the future, you will become a unit owner again based on the then current terms.

5.2. What is the value of my unit?

The value of a unit is \$1.00. Your unit will not grow in value. However, the amount you receive as a distribution of profit will increase over time as explained below in the benefits of becoming an owner section.

5.3. Can I sell my equity in WAHVE VCS?

Your equity in WAHVE VCS is not sellable and cannot be transferred under any circumstances, other than to WAHVE VCS regardless of the reason for the termination of your services.

5.4. Will all wahves have the same equity interest?

Yes, everyone receives one class B unit.

6. What are the benefits of becoming an owner?

There are two key benefits to becoming an Owner in WAHVE VCS:

- *Sharing in Profit:* You will receive an annual distribution of profit for every year you remain a wahve, based on your term of service to WAHVE VCS and annual compensation paid to you for your services.
- *Participating in Benefits:* You will be offered key ~~employee benefits~~ company-sponsored benefits available to ~~as an~~ Owners. These benefits are the same as offered to our other WAHVE company member owners, which include our CEO.

Both are further described below.

6.1. Annual distributions

You will receive an annual distribution of profit in addition to your annual compensation for services. Profit distributions are determined based on a calendar year of your earnings and paid to you-with your K-1-by February 15th your K-1 will follow shortly after but on or before March 15th The amount of profit distributed to you will be determined by two factors – your annual earnings and your length of service as a wahve.

6.1.1. Economic contribution

Your annual distributions will be based on your annual earnings (hours worked x hourly rate) exclusive of any bonuses and reimbursed expenses provided to you by the client and based on your length of service with WAHVE VCS, as set forth below.

6.1.2. Length of service

The longer you remain a wahve, the greater the percentage of your annual earnings that is paid to you as a profit distribution. The percentage caps at five (5) years, but the amount of your annual earnings is not capped. The following table shows the percentage of your earnings you will earn as a profit distribution, based on how many years you have been an active wahve.

To move from one tier to the next, you would need to have worked a minimum of 500 hours in that calendar year.

This first example shows a wahve with continuous service beginning in 2019, which excludes possible increases in hourly rates negotiated by us on your behalf.

Longevity	Start month	End month	Annual earnings	Months worked	Earnings tier	Distribution %	Total distribution
Year 5+	Jan-19	Dec-23	\$31,000	60	5	3.50%	\$1,085
Year 4	Jan-20	Dec-23	\$31,000	48	4	3.00%	\$930
Year 3	Jan-21	Dec-23	\$31,000	36	3	2.50%	\$775
Year 2	Jan-22	Dec-23	\$31,000	24	2	2.25%	\$698
Year 1	Jan-23	Dec-23	\$31,000	12	1	2.00%	\$620

6.2. Health insurance

After two complete months on an assignment, if you are full-time (30 hours or more), you will be eligible to participate in the WAHVE VCS group health plan, which includes medical coverages and the option to enroll in dental and vision plans where the company will contribute 50% toward the premium for your individual coverage. The remaining 50%, plus the full amount of the premium for any other family members or other plan upgrades you wish to add, will be at your cost and will be deducted from your earnings. The medical plan includes coverage for preventive care, doctor visits, hospitalization, and prescription drugs, consistent with standard group health plans. Voluntary Dental, Vision and Life / AD&D are also available at your own expense.

6.2.1. What happens to my health plan coverage if my assignment ends and I'm waiting for another assignment?

If your assignment ends and we are unable to place you within 30 days of the assignment end, then your healthcare coverage provided by WAHVE VCS shall terminate and you will be eligible for COBRA for 18 months (longer, if you are disabled or meet other ACA qualification criteria). You will have 60 days to elect COBRA coverage, and coverage is retroactive to the date of the qualifying event.

Thereafter, regardless of whether you elected COBRA coverage or not, if you are placed back on assignment within 13 weeks, healthcare coverage would resume on the day you commence your new assignment. If longer than 13 weeks, you will be subject to the plan's waiting period of two complete months.

6.3. 401k

After providing at least 1,000 hours of active service as a wahve in a 12-month period, you will qualify to join WAHVE's 401k plan where the company will match your ~~own~~ contributions up to 4% of your earnings.

6.3.1. What happens to my 401k plan if my assignment ends and I'm waiting for another assignment?

Upon your assignment ending and until you are placed on assignment again, you will still be a participant in the WAHVE VCS 401k plan, but you will not be contributing and WAHVE VCS will not be making any matching contributions.

6.4. What happens if I'm off an assignment for a year or more?

If you take a year off (continuous 12-month period) or if your assignment ended and we couldn't place you within a year, you will have automatically forfeited your unit ownership and receive \$1.00. When you are placed back on an assignment, you will begin at the year 1 service level for your profit-sharing distribution. You will be eligible for the health and 401k plans as outlined above.

6.5. Can I join WAHVE as an LLC and still receive benefits?

WAHVE recognizes some of our members wish to join the company as an individual LLC. The company does allow this as an option. However, our health, life and retirement providers are unable to accept benefit enrollment under an LLC. They can only enroll, insure, and provide retirement plan options to eligible individuals identified by their legal name and matching Social Security number.

In plain terms, if you wish to enroll in any of WAHVE's benefit or retirement offerings, you must join the company as an individual and not as an LLC.

7. Do I have any liability being a unit owner

As a limited liability company (LLC), you will not have any personal liability. This is one of the main purposes of forming an LLC. Additionally, the company is protected under our Directors & Officers (D&O) policy.

8. Why is WAHVE taking this step?

WAHVE wants to share its success with those who make it possible. By making our wahves a unit owner in one of our companies as opposed to independent contractors, we can provide them with profit distributions and benefits while still providing them the flexibility to choose the type of work they want to do and the hours they want to work.