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Is 1099 Really Cheaper for Motor Carriers?

We looked at 5,712 truck-driver job ads. The tax savings is only half the story.

Switching a driver to 1099 saves the company about $98 a week in payroll tax.

But companies that hire only on 1099 offer about $222 a week more in pay.

The extra pay eats the tax savings, and then some.

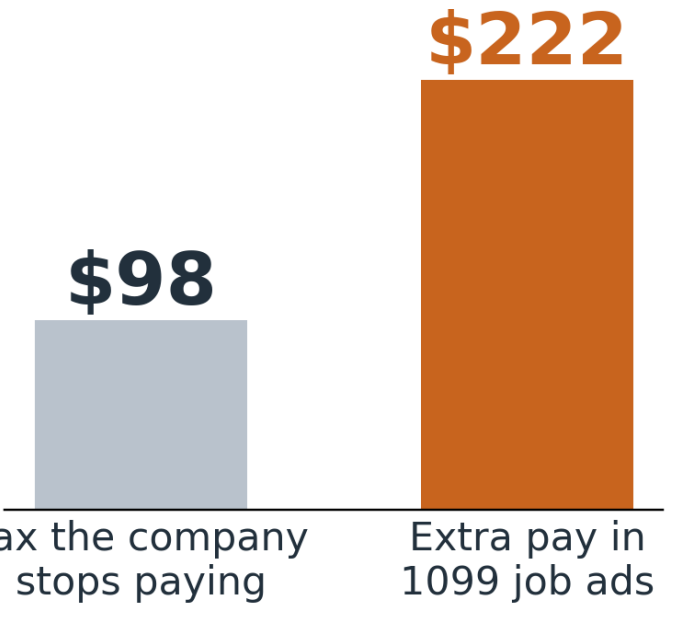
That does not mean W-2 is cheaper. It means 1099 is not automatically cheaper either.

The only way to know is to add up every cost.

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The savings is real. So is the extra pay.



On a typical $1,285-a-week W-2 job, the company pays about **$98 a week** in Social Security and Medicare. With a 1099 driver, that tax goes away.

But companies that hire only on 1099 offer about **$222 a week more** than similar W-2 companies.

That leaves **$124 a week** that still has to be covered by whatever else the company saves: workers' comp, unemployment tax, benefits, and payroll work.

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We made it a fair comparison.

Across all solo company-truck job ads, 1099 jobs pay $415 a week more. But that is not fair yet. More 1099 jobs are long-haul, and long-haul pays more.

So we compared similar companies offering similar jobs. We matched on:

- Type of route
- Fleet size and miles per truck
- Part of the country
- Years in business
- Safety record
- Days out and home time



Even after all that, 1099 jobs still pay about **$222 a week more**. That is about 17%.

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Why would a 1099 driver need more pay?

A 1099 driver pays both halves of Social Security and Medicare. That costs the driver about **$106 a week more** than a W-2 driver.

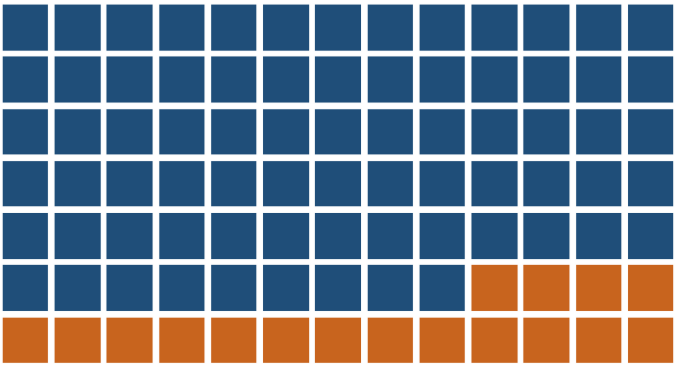
> **About half the extra 1099 pay is roughly equal to the additional Social Security and Medicare burden shifted onto the driver.**

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Companies that hire both ways usually pay the same.

Some companies post both 1099 and W-2 jobs. We found 91 that post the same job both ways: same route, same freight, same miles, same home time.



74 pay the same
17 pay differently

74 of 91 offer exactly the same pay either way. At those companies, the advertised pay itself does not offset the employer-side savings.

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Put every cost on one page.

Before deciding, answer each of these:

Cost	The question
Driver pay	How much do I have to offer to fill the seat?
Payroll tax	What would W-2 tax cost?
Workers' comp	What would each way cost?
Unemployment	What would I pay, given our turnover?
Benefits	What would I offer, and what would it cost?
Recruiting	How much work does it take to fill the job?
Office work	What do payroll, HR and onboarding cost?
The job	How do my routes, home time and trucks compare?

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Size matters. A 30-truck carrier buying benefits, payroll services, workers' comp and related employment services by itself may not get the same pricing as a company buying for hundreds of thousands of workers. High turnover can also make unemployment and other employment costs more painful for a small employer. Before deciding that W-2 costs too much, compare the carrier's actual standalone cost with the price available through a large employment pool.

That does not mean a large pool will always be cheaper. It means the comparison should use the actual price available, not assume small-company rates.

> **Do not assume 1099 is cheaper because one line on the payroll report disappears.**
>
> **Add it all up. Then decide.**

What this study does not say

- That W-2 drivers stay longer, or that 1099 drivers do.
- That every company should switch to W-2.

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- That any company has done anything wrong.
- What drivers actually take home. Job ads are offers, not paychecks.

How we did it

We collected all 5,712 job ads on https://www.lanefinder.com/jobs on October 3, 2026, plus the full job page for each. Owner-operator, lease, rental and own-truck jobs were removed. Pay is the middle of each ad's weekly range.

Each ad was matched by USDOT number to federal carrier records (https://ai.fmcsa.dot.gov/SMS/). We compared 894 companies whose solo company-truck ads are all 1099 with 2,100 whose ads are all W-2, accounting for route, fleet size, miles per truck, region, years in business, out-of-service rate, safety grade, crashes, Lanefinder preferred-partner status, days out and home time.

After those adjustments the 1099 premium is 17.3%, with a likely range of 14.6% to 20.4%. A second method that compares only closely matched groups gives about 21%. Before adjustments the premium is 32% for solo jobs.

Same-job comparison: 120 companies post both 1099 and W-2 solo jobs. 91 have at least one pair with the same route type, overlapping freight, weekly miles within 10%, and the same home time. 74 of the 91 offer an identical pay range on both.

Taxes: employer Social Security and Medicare at 7.65% (https://www.irs.gov/taxtopics/tc751). The driver's extra self-employment tax is figured as 7.65% of 92.35% of weekly pay (https://www.irs.gov/businesses/small-businesses-self-employed/self-employment-tax-social-security-and-medicare-taxes).

This covers companies that are hiring and post on Lanefinder, not every carrier. It does not measure actual miles, equipment quality, or company reputation.

ProHRHQ keeps the full data and code for every figure. Carrier Tools →

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