

Retirement Savings for the Gig Economy

Shelly Steward & Karen Andres

The Aspen Institute



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.

January 27, 2021



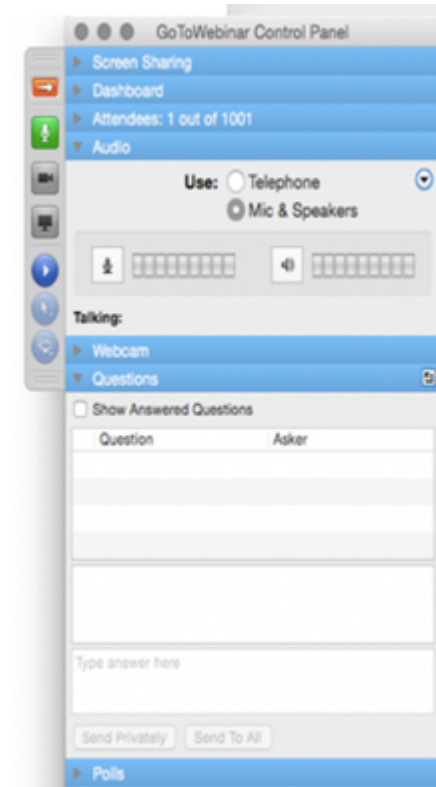
Agenda

- Logistics
- Introductions
- Overview of Gig Economy and Retirement
- Questions



Logistics

- Attendees in listen only mode.
- Questions welcome. Type question using “Question” function on control panel, and we will answer.
- Audio, technical issues during webinar, call GoToWebinar at 1-800-263-6317.
- We are recording this session, and webinar replay and slides will be posted at <https://www.nirsonline.org/events>.



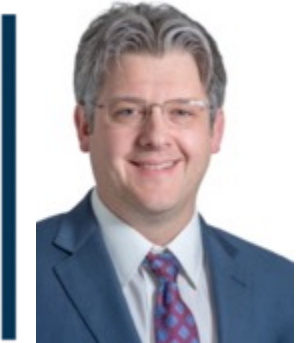
Speakers



Karen Biddle Andres
Aspen Institute
Director, Retirement Savings Initiative



Shelly Steward
Aspen Institute
Director, Future of Work Initiative



Dan Doonan
National Institute on Retirement Security
Executive Director



Tyler Bond
National Institute on Retirement Security
Research Manager



Why the 'gig' economy may not be the workforce of the future

By CHRISTOPHER RUGABER September 24, 2018

The Economist

The gig economy isn't going anywhere. 4 experts explain why

The gig economy is a small but growing part of the gig economy
10:00am EDT
QUARTZ

Worries about the rise of the gig economy are mostly overblown

But it poses a challenge for tax and benefit systems
10:19, 10:20am

Everything we thought we knew about the gig economy is wrong

By Dan Kopf & Alison Griswold • June 7, 2018

Estimates Of The Shrinking Gig Economy

Wrong

Why the gig economy keeps growing

11/21/2018

Why the 'gig' economy may not be the workforce of the future

By The Associated Press
Mon., Sept. 24, 2018

2,274 views | Feb 12, 2019, 10:27am

Money Consumer Industry Life

The Gig Economy Rapidly Evolves



Michael Bernick Contributor
Policy
I write about

Online gig economy is growing, but no one knows by how much

WHAT IS THE GIG ECONOMY?



Traditional work is permanent, full-time, and year-round.

Nonstandard or “gig” work is any other work.

It includes both independent contract work and employment that is part-time, short-term, subcontracted, on-call, or seasonal.



A NEW WORLD OF WORK

RETIREMENT



- Employer-provided defined benefit plans
- Social Security

WORKPLACES



- Employer-provided benefits for many (health care, retirement)
- Legal protections (minimum wage, collective bargaining, overtime, anti-discrimination)

EDUCATION



- Expanding educational opportunities
- Employer-provided training

RETIREMENT



- Shift to defined contribution plans
- Social Security Trust Fund exhausts by 2035

WORKPLACES



- Increased financial insecurity and personal risk
- Rise of nonstandard and "gig" work
- Job changes are the responsibility of the worker

EDUCATION



- Skyrocketing student debt
- College as a bare minimum instead of door to opportunity

A NEW WORLD OF WORK

RETIREMENT



- Employer-provided defined benefit plans
- Social Security

WORKPLACES



- Employer-provided benefits for many (health care, retirement)
- Legal protections (minimum wage, collective bargaining, overtime, anti-discrimination)

EDUCATION



- Expanding educational opportunities
- Employer-provided training

RETIREMENT

- Shift to defined contribution plans
- Social Security Trust Fund
- ... by 2035



WORKPLACES

- Increased financial insecurity and personal risk
- Rise of nonstandard and "gig" work
- Job changes are the responsibility of the worker

EDUCATION

- Skyrocketing student debt
- College as a bare minimum instead of door to opportunity



LANDSCAPE OF WORK

Employment classification	Employee				Independent contractor		
IRS designation	W-2				1099		
Does worksite entity pay worker?	Yes, worker paid directly		No, worker employed and paid by intermediary				
US DOL - BLS designation	Full-time	Part-time	On-call	Temporary help agency	Contract firm	Independent contractor	
Typical occupations	<ul style="list-style-type: none"> Office clerk Machine operator Physician assistant Flight attendant 	<ul style="list-style-type: none"> Retail cashier Bartender Adjunct professor Fitness instructor 	<ul style="list-style-type: none"> Substitute teacher Farm laborer Construction worker 	<ul style="list-style-type: none"> Receptionist Warehouse associate HR specialist 	<ul style="list-style-type: none"> Security guard Janitor Software developer 	<ul style="list-style-type: none"> Real estate agent Massage therapist Rideshare driver Musician Graphic designer 	<ul style="list-style-type: none"> Independent consultant Childcare provider Hair stylist Farmer

LANDSCAPE OF WORK

Employment classification

Employee

Independent contractor

IRS designation

W-2

1099

Does worksite entity pay worker?

Yes, worker paid directly

No, worker employed and paid by intermediary

US DOL - BLS designation

Full-time

Part-time

On-call

Temporary help agency

Contract firm

Independent contractor

Typical occupations

- Office clerk
- Machine operator
- Physician assistant
- Flight attendant

- Retail cashier
- Bartender
- Adjunct professor
- Fitness instructor

- Substitute teacher
- Farm laborer
- Construction worker

- Receptionist
- Warehouse associate
- HR specialist

- Security guard
- Janitor
- Software developer

- Real estate agent
- Massage therapist
- Rideshare driver
- Musician
- Graphic designer
- Independent consultant
- Childcare provider
- Hair stylist
- Farmer

THE GIG ECONOMY IS DIVERSE



Hillary works as a freelance graphic designer. She makes over \$75,000 per year, but worries about her lack of accident insurance and retirement savings.

Jacob was recently laid off from his job at a welding plant. He drives for both Uber and Lyft while looking for other work. He would like to enroll in a training course, but doesn't have the time or money.



Esmeralda, who recently moved to the US, cleans houses for cash. She tries to save enough money to send to her family in Guatemala, but many months struggles to pay rent.

HOW MANY GIG WORKERS ARE THERE?



GIG WORK IN ANY CAPACITY



GIG WORK AS MAIN JOB



USES ONLINE PLATFORMS

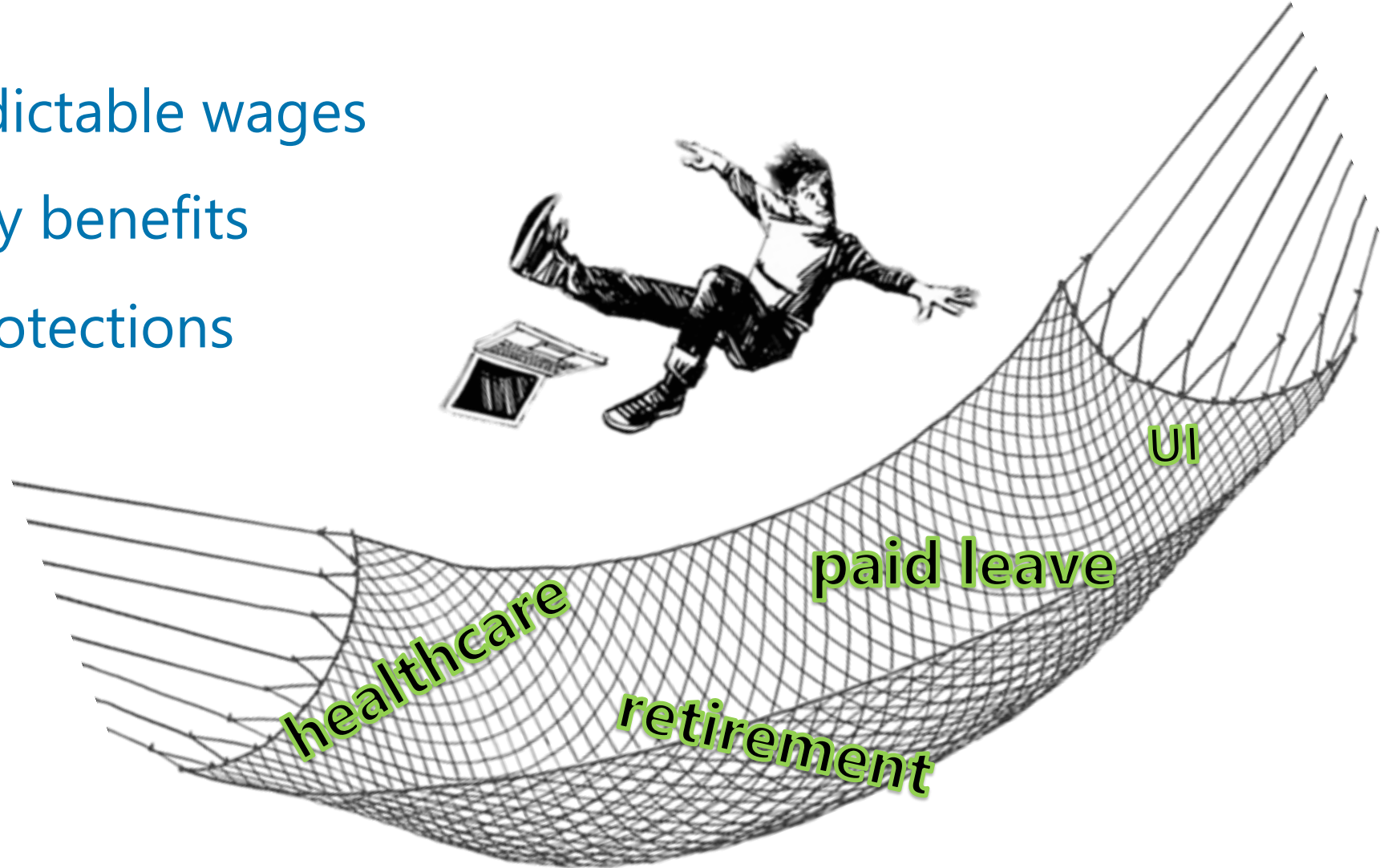


Primary and supplementary income
Primary income from gig work
Uber, Lyft, Instacart, and others



Challenges of the Gig Economy

- Low and unpredictable wages
- No access to key benefits
- Limited legal protections

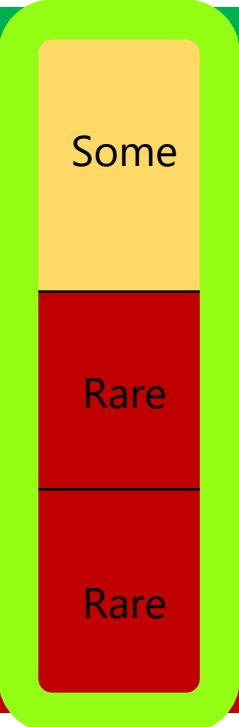


WORKPLACE BENEFITS

		Health Insurance	Social Security Contributions	Unemployment Insurance	Sponsored Retirement	Workers' Compensation	Temporary Disability	Paid Sick Leave	Family and Medical Leave	Childcare Assistance	Student Loan Repayment
Traditional Workers	Permanent, Full-Time Employees	Yes	Yes	Yes	Some	Yes	Often	Often	Some	Rare	Rare
	Other Employees	Some	Yes	Yes	Rare	Yes	Rare	Some	Rare	Rare	Rare
Nonstandard Workers	Independent Contractors	No	No	No	Rare	Rare	Rare	Rare	Rare	Rare	Rare

WORKPLACE BENEFITS

		Health Insurance	Social Security Contributions	Unemployment Insurance	Sponsored Retirement	Workers' Compensation	Temporary Disability	Paid Sick Leave	Family and Medical Leave	Childcare Assistance	Student Loan Repayment
Traditional Workers	Permanent, Full-Time Employees	Yes	Yes	Yes	Some	Yes	Often	Often	Some	Rare	Rare
	Other Employees	Some	Yes	Yes	Rare	Yes	Rare	Some	Rare	Rare	Rare
Nonstandard Workers	Independent Contractors	No	No	No	Rare	Rare	Rare	Rare	Rare	Rare	Rare



45+ MILLION WORKERS LACK ACESSTO WORKPLACE RETIREMENT SAVINGS

The following four groups of workers – disproportionately people of color -- are usually uncovered or under-served:

**Lower- and moderate-
income employees**

**Employees of small and
medium-sized
organizations**

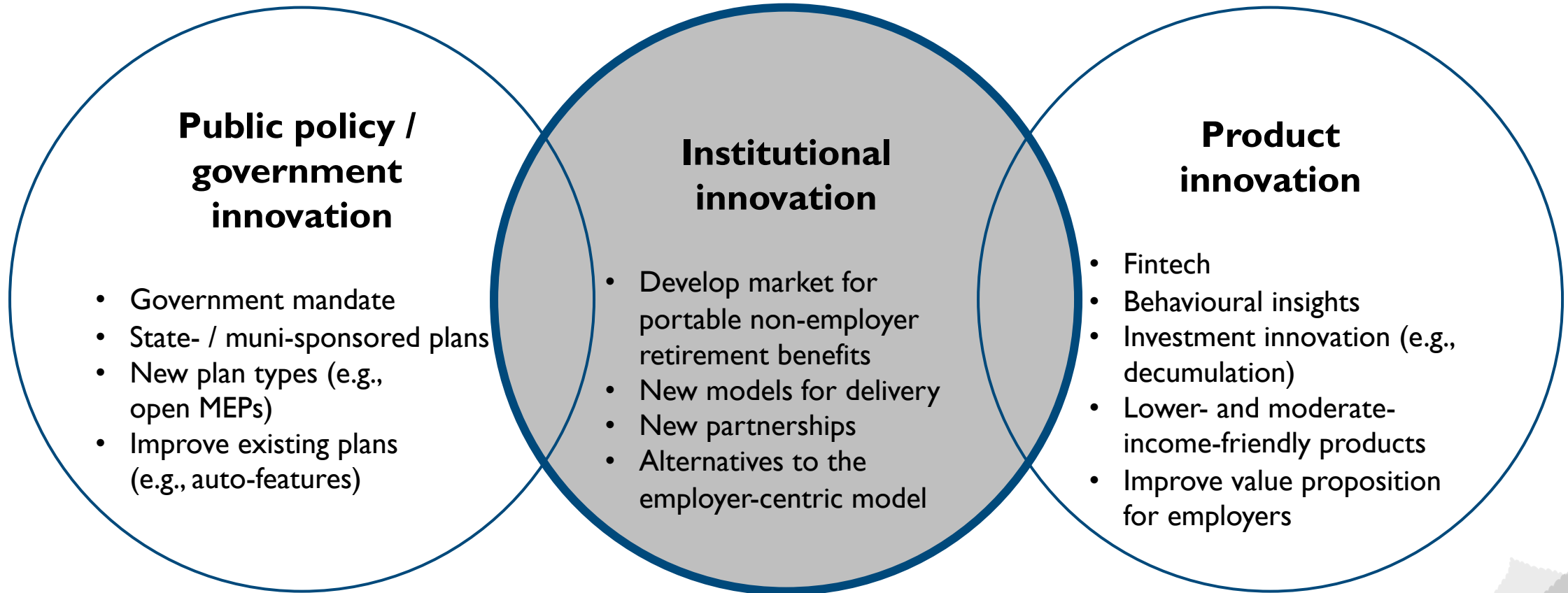
Self-employed

**Gig & contingent
workers**

IN THE COVID ECONOMY, SAVING FOR RETIREMENT IS EVEN HARDER

Post-COVID Consumer Reality	Policy & Product Opportunity
Emergency savings will be depleted, but data shows current and historical desire to build emergency funds following societal crisis	Build tools to help people automatically save for emergencies while they save for retirement
Various forms of debt (student debt, transportation debt, debt from municipal fines & fees) will hamper Americans' economic mobility during eventual recovery	Design tools to make it easy for plan sponsors to match/incentivize wider range of positive behavior, including emergency savings and debt repayment – or both (e.g. “Abbott Model”)
With job losses, reduced matches, decisions to pull back on saving, and account withdrawals, we may see more Americans without sufficient retirement savings than pre-COVID	Work to expand access to and usage of automatically enrolled workplace retirement savings plans

CLOSING THE GAP REQUIRES A DIVERSITY OF COMPLEMENTARY SOLUTIONS



MANY INSTITUTIONS COULD PROVIDE RETIREMENT SAVINGS PROGRAMS FOR UNCOVERED WORKERS

Professional / trade associations

Sectors

Labor unions

Payroll / platform companies

New worker organizations

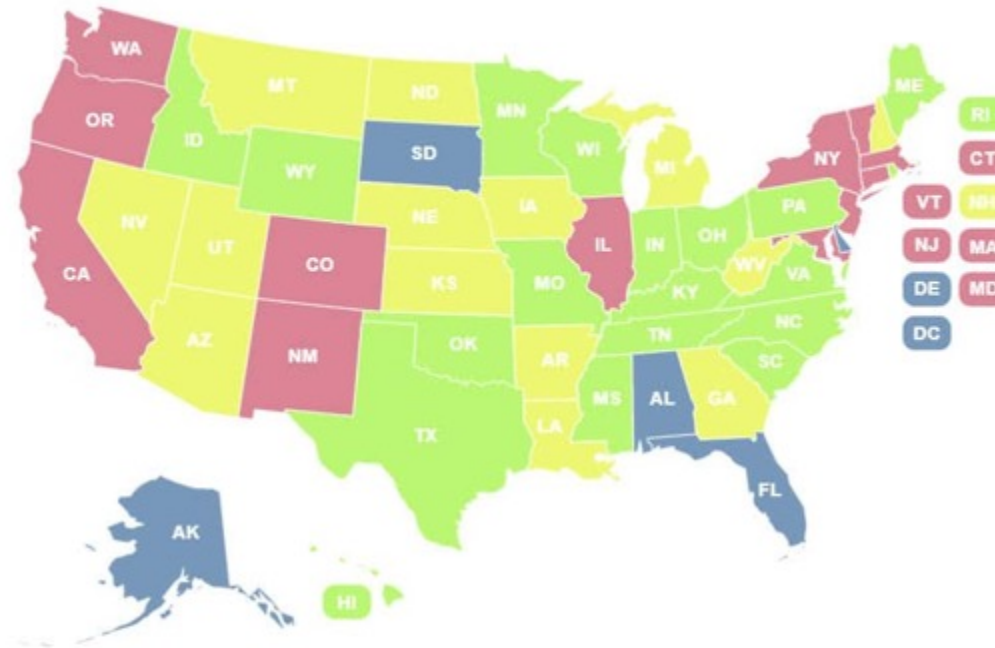
Faith groups

See the Aspen Institute Financial Security Program's 2019 report, ***Portable Non-Employer Retirement Benefits: An Approach to Expanding for a 21st Century Workforce***



STATE MOMENTUM CONTINUES...

...and private market innovation mirroring auto-IRAs is expanding access in complementary ways.



© Copyright 2020, Georgetown University
Source: Georgetown University's Center for Retirement Initiatives

- Legislative proposal and/or study in 2020
- Laws enacted (2012-present)
- Recent state efforts (2012-2019)
- No recent state efforts

Guideline



qb inuit quickbooks.

FEDERAL OPPORTUNITIES TO EXPAND ACCESS TO RETIREMENT SAVINGS

The **Biden Administration** has signaled interest in:

- Changing tax treatment of 401(k)s from deduction to a credit
- National “Auto(k)” – though no specifics on design yet
- Catch up contributions allowable for caregivers without formal income

Congress will likely drive the agenda in the short-run:

- Reintroduction of bipartisan SECURE 2.0, including:
 - Automatic enrollment for new employers
 - Abbott model (tax incentive for matching student loan payments with employer 401(k) contribution)
 - Expansion of saver’s credit
- Potential reintroduction of Auto(k) proposal, in alignment with Biden Administration
- Emergency savings tools adjacent to retirement savings

Questions

