



THE RETIREMENT IMPLICATIONS OF NON-STANDARD WORK

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The rise in non-standard work (NSW)—independent contracting, freelancing, temporary, on-call, and “gig work” has resulted in concerns about economic consequences for workers. This study focused on the risk of having insufficient income at retirement associated with non-standard work. For most seniors, income at retirement consists of public and private sources that are tied to employment, including employer-based pensions and retirement plans and Social Security benefits that accrue over time. In contrast to traditional employment, NSW does not typically offer benefits and individuals bear responsibility for reporting their income while working in order to qualify for future Social Security benefits. These factors raise questions about how NSW may influence future seniors’ retirement income security.

The Growth in Non-Standard Work and its Implications for Retirement

With a rise in NSW, research has focused on its implications for economic security while working. NSW tends to be more precarious than traditional employment and lacks employer-sponsored benefits and labor protections, contributing to greater economic insecurity for some workers while they are in the workforce (Kalleberg 2011; Garin, Jackson, and Koustas 2022). Given distinctions between the characteristics of NSW and traditional employment, there is a need to understand how NSW may influence workers’ ability to have economic security at retirement.

Using data from the 2016 National Financial Well Being Survey, I investigated relationships between retirement income security indicators and three worker categories—traditional employee only, NSW only, and NSW + employee. I focused on assets people build while in the workforce that they subsequently draw from to replace income upon retirement. This study contributes to the literature by empirically examining the relationship between worker category and retirement income security outcomes. This information offers insights into future generations of seniors’ preparedness for retirement, their ability to retire, and the extent to which they may rely on Social Security and other public benefits for support.



I find that access to employer-sponsored retirement plans is a key difference between traditional employees and non-standard workers. Non-standard workers are less likely to have employer-sponsored retirement plans and therefore may have fewer opportunities to build retirement savings. However, some non-standard workers with higher household income are more likely to own their homes and have larger household savings. These patterns suggest that workers make efforts to prepare for retirement using the tools that are available to them. Demographic analysis of worker categories shows that some groups are overrepresented among the NSW group—those with less education, lower household income, Hispanic workers, and those aged 62 and above. As a result, these groups may face greater risk of income insecurity at retirement. Targeted solutions are needed to address disparities and improve retirement income security for workers overall.

Access to Employer Sponsored Benefits Is a Key Difference Between Non-Standard Workers and Traditional Employees

Non-standard workers are less likely to have employer-sponsored retirement assets, compared to traditional employees. However non-standard workers with higher household income are more likely to be homeowners and have larger household savings. These patterns suggest that workers make efforts to prepare for the future using the tools that are available to them.

Worker category	employer retirement plan	employer pension	non-retirement investments	homeownership	\$5,000-\$19,999 savings	\$20,000-\$74,999 savings	\$75k or more savings
NSW only	0.274** (-0.234)	0.364** (-0.145)	1.233 (0.038)	1.374* (0.048)	0.844 (-0.025)	1.132 (0.014)	1.634** (0.044)
NSW + employee	0.595 (-0.088)	0.657 (-0.069)	0.915 (-0.016)	1.158 (0.023)	0.947 (-0.008)	0.941 (-0.007)	1.369 (0.027)

Notes: Marginal effects in parentheses. Reference group: employee only. p < 0.01**, p < 0.05*

Demographic differences across worker categories show that some groups—Hispanic workers, those with less education, and lower household income, and older workers are more likely to be in the NSW category than other groups. As a result, they may be at greater risk of income insecurity at retirement.

Implications

- Compared to traditional employees, non-standard workers may have fewer opportunities to save for retirement when they lack access to employer-sponsored retirement plans. Expanding access to



retirement savings programs for those who lack access to employer-sponsored plans has potential to help non-standard workers save for their future retirement.

- Demographic differences across worker categories show that some groups are more likely to be non-standard workers and lack access to workplace retirement plans. Targeted solutions may be needed to address disparities.
- Understanding more about retirement income security across worker categories allows researchers, policymakers, and practitioners to see how workers prepare for retirement and improve predictions about future seniors' economic needs.
- Additional research is needed to better understand individuals who combine NSW with traditional employment, such as how NSW fits into their current household finances and future economic security.

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