

# Non-Traditional Workers and Retirement Security

## November 16, 2021

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# Nontraditional Workers and Retirement Security

*November 16, 2021*

Retirement Savings Project, The Pew Charitable Trusts  
[pewtrusts.org/retirementsavings](https://pewtrusts.org/retirementsavings)

The FINRA Foundation  
[FINRAFoundation.org](https://FINRAFoundation.org)

# Pew's survey of nontraditional workers

To help fill gaps in our knowledge about non-traditional workers, The Pew Charitable Trusts surveyed 1,026 nontraditional workers in 2020

What's different about this survey?

- Asked about multiple jobs
- Asked about retirement saving
- Asked new questions about barriers to saving, coordination of retirement saving with a spouse or partner, their experience during COVID-19, financial literacy and retirement confidence, and which retirement saving solutions they thought would work best for them.

# Reports from this survey

- Experience with COVID-19 lockdown (April 2021)
- Retirement savings balances in defined contribution plans and individual retirement accounts (July 2021)
- Today: Access to workplace retirement plans (October 2021)
- Barriers to saving for retirement (October 2021)
- Coordination within households of retirement saving (November 2021)
- Financial literacy and retirement confidence
- The types of programs— existing or new—that would work best for different groups of nontraditional workers

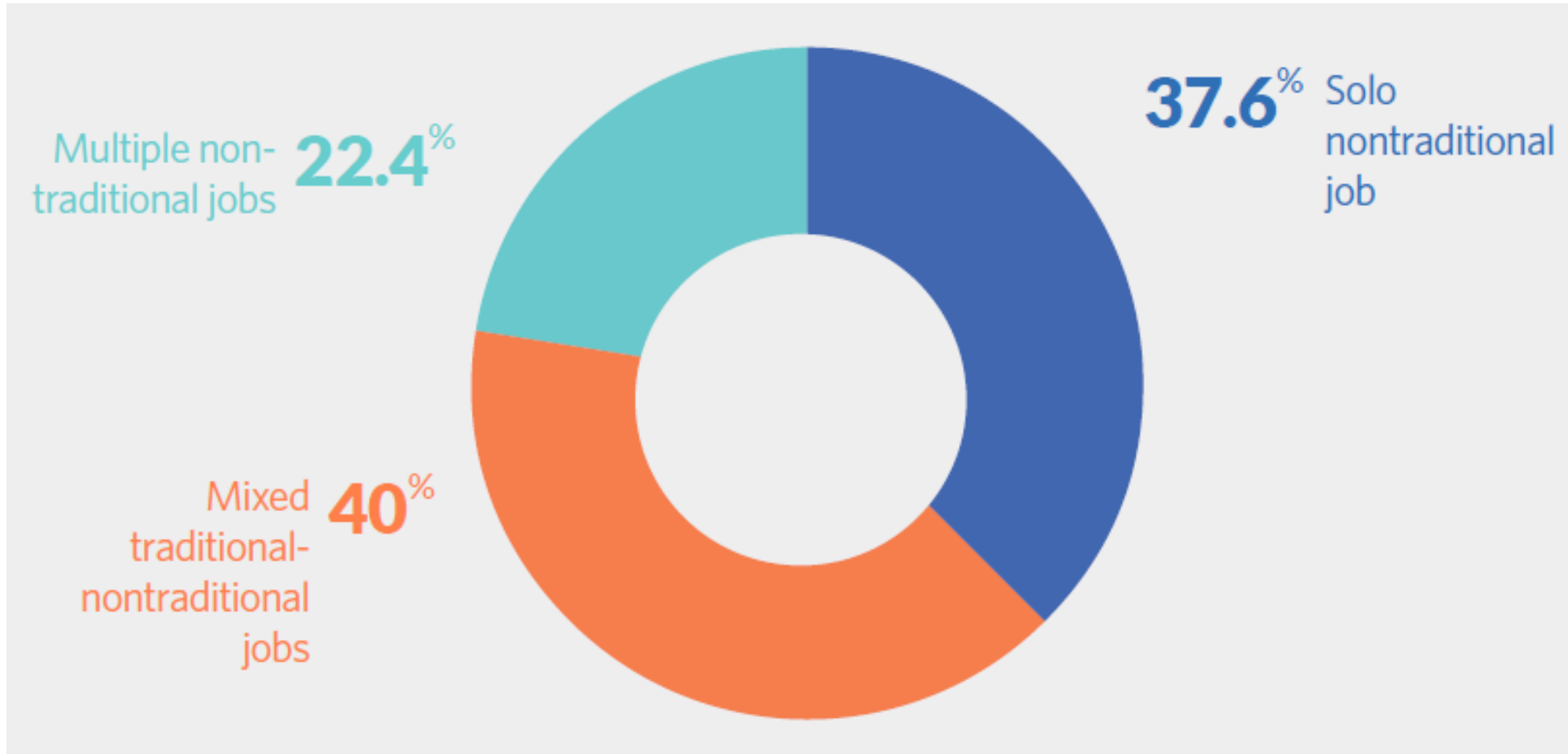
# Key takeaways

- A third of nontraditional workers have a traditional job and are using nontraditional work as a side gig
- Fewer than one quarter of nontraditional workers save in a workplace defined contribution plan, such as a 401(k)
- Retirement savings balances are low
- While lack of access is the biggest barrier to retirement saving, immediate needs and emergencies are also cited by 2/3 of nontraditional workers as challenges to saving
- Access through a spouse or partner may help some nontraditional workers, but isn't a solution for all
- 44% experienced COVID-related job loss or were working fewer hours in the second quarter of 2020

# What do we know about nontraditional workers and retirement?

- Nontraditional work comes in many forms—freelancing, sole proprietorship, online or platform work, on-call work, contract work, temp agency work, partnerships, and more
- The common denominator is a lack of job security, but consensus often ends there
- How many? 3.8% (Bureau of Labor Statistics) of America's workforce to as much as 40.4% (General Accountability Office)
- Little is known about the retirement needs of nontraditional workers

# Nontraditional workers are a varied group

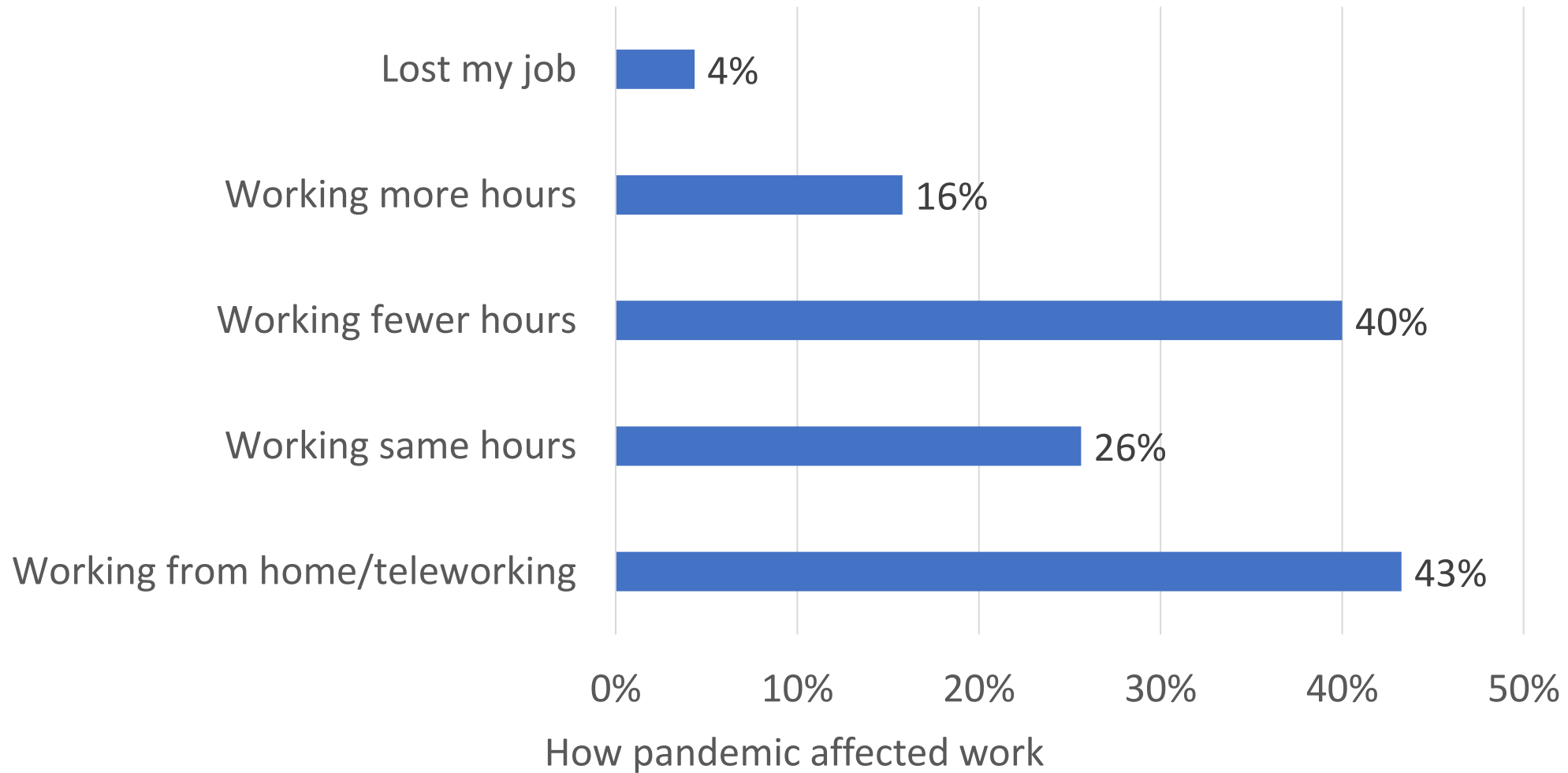


# A third of all workers with nontraditional jobs are moonlighting

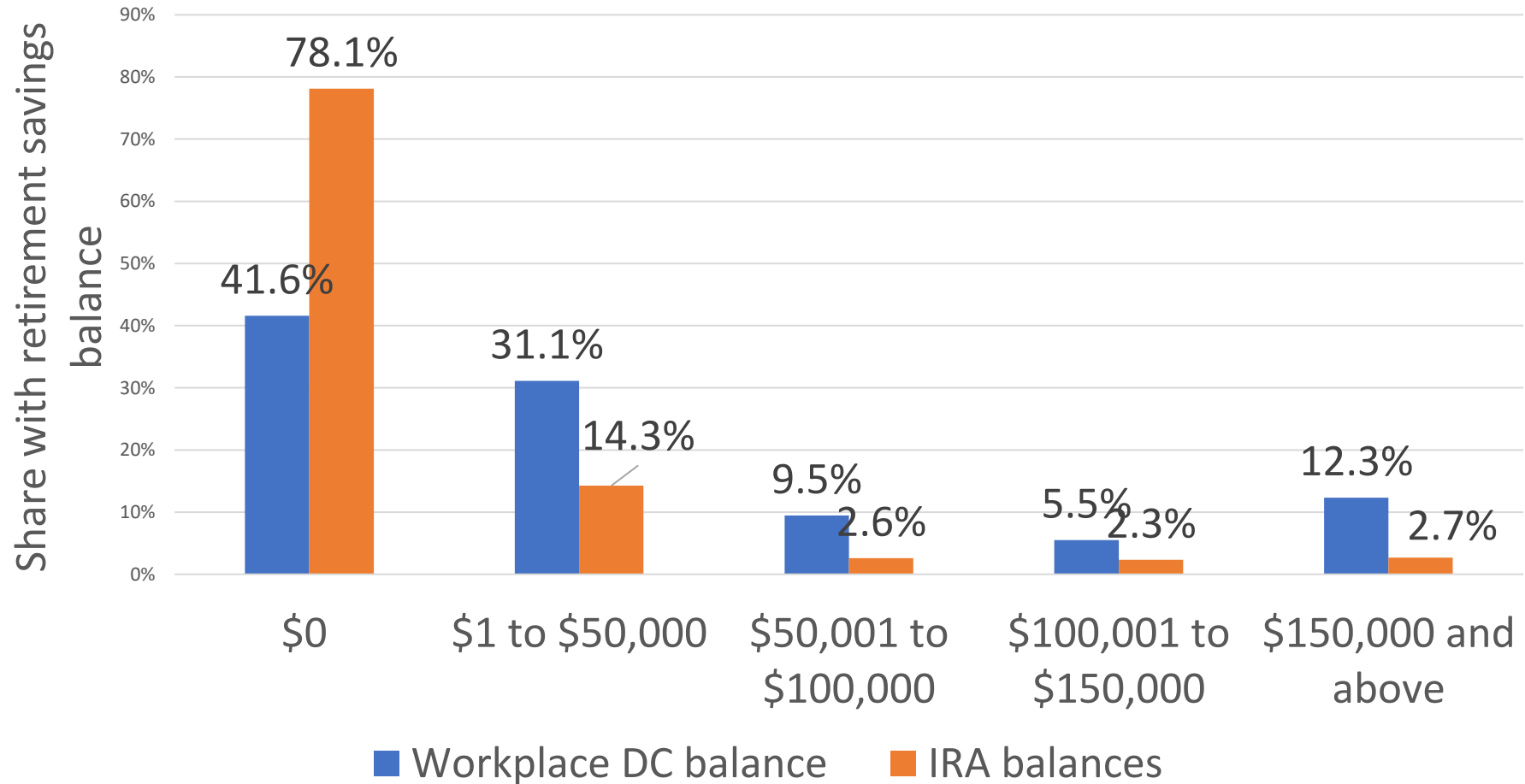
	Nontraditional workers with a single job	All nontraditional workers: primary source of income
Traditional job	0%	32%
Online or gig worker	4%	5%
Temporary help agency worker	5%	4%
Freelancer	11%	8%
Contract company worker	16%	11%
Sole proprietor	35%	22%
On-call worker	3%	2%
Day laborer	3%	3%
Seasonal worker	6%	3%
Other	19%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>



# 44% experienced pandemic-related job loss or worked fewer hours



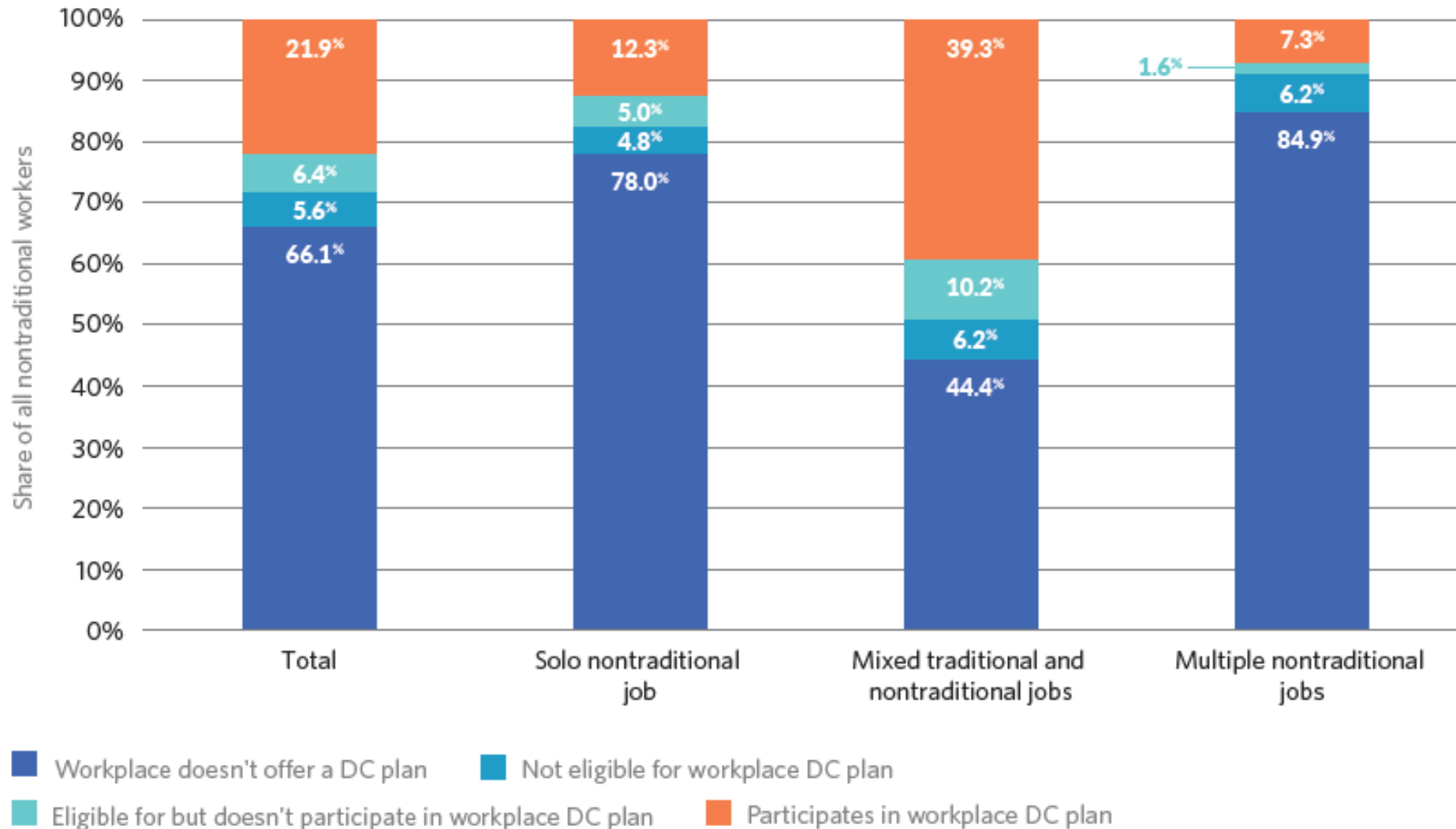
# Most nontraditional workers have little retirement savings



# Lack of access to a workplace plan is the most significant barrier to retirement saving

- Roughly half (46.3%) of all nontraditional workers had a job or an employer during the previous year that offered a retirement plan
  - One-third (33.9%) had a workplace that offered a DC plan over the past year, whether or not they were eligible for the plan or participated in it
- Access to a plan was strongly tied to having at least one traditional job
  - 29.8% of those with no traditional job had access to a workplace retirement plan
  - 69.7% of those with one or more traditional jobs had a workplace plan

# Participation in a workplace DC plan is tied to having a traditional job



# Demand for retirement plans is high among nontraditional workers

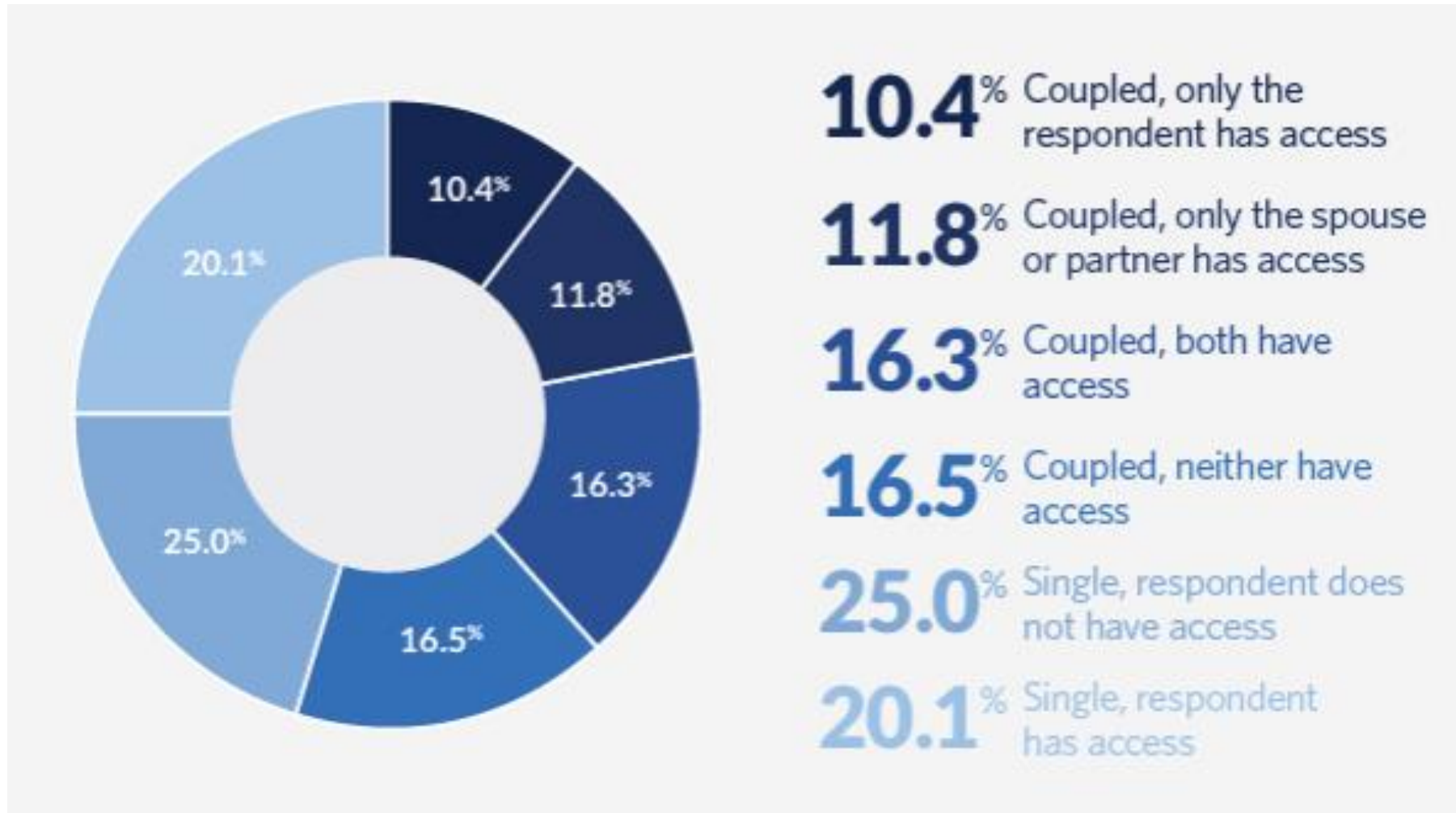
- 78% of those who had access and were eligible for a workplace DC plan decided to participate in it
- A second survey question that asked nontraditional workers which workplace benefits they wanted, with multiple choices allowed:
  - Two-thirds (66.3%) of nontraditional workers said they wanted retirement benefits
  - Retirement benefits took second place on workers' benefits wish lists after health benefits, which were desired by 76.6% of nontraditional workers

# Barriers to retirement saving go beyond access to a workplace plan

Two questions about barriers and obstacles

- Among all nontraditional workers, regardless of access, 66.4% cited immediate needs and emergencies as the biggest ongoing challenge to saving for retirement
- Among those who didn't have a workplace plan, but who were also not interested in a hypothetical retirement plan:
  - 52.6% said their lack of income was the main reason
  - 8.7% said not understanding how to save for retirement was the primary reason
- Also of note, 79.4% said pre-retirement access to their savings, to cope with an emergency, was very or somewhat important

# Spouse or partner access to a workplace plan increases nontraditional workers' access by 12%



# Conclusions

- The current retirement system is clearly not fostering adequate retirement saving opportunities for nontraditional workers
- Lack of access to a workplace plan is a key barrier to retirement saving among nontraditional workers, but immediate needs are also important
- Access through a spouse or partner may help some nontraditional workers, but isn't a solution for all
- Nontraditional workers are interested in gaining access



# Forthcoming analyses from the nontraditional workers' survey

- Financial literacy and retirement confidence among nontraditional workers
- Potential solutions to expanding retirement saving opportunities

# Future work: Solutions

- Automated bank transfers
- App or website
- Auto-IRAs
- Quarterly or annual tax filings
- Financial technology (“fintech”) solutions
- Multiple employer plans