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The Retirement Implications of Non-Standard Work

Abstract

With a rise in non-standard work (NSW)—such as independent contracting, freelancing, and temporary, on-call, and "gig" work—research has focused on implications for workers' economic security. NSW tends to be more precarious than traditional employment and lacks employer-sponsored benefits and labor protections, contributing to greater economic insecurity (Kalleberg 2011; Garin, Jackson, and Koustas 2022). NSW includes low wage (e.g., service sector) and highly paid (e.g., professionals) workers. Some groups (e.g., by gender or race/ethnicity) may be more likely to engage in NSW, exacerbating inequities (Katz and Krueger 2016; Abraham and Houseman 2019). Yet few studies focus on retirement implications of NSW (Nutsubidze 2019).

Previous research suggests that between 40 and 60 percent of the U.S. population is insufficiently prepared for retirement (Chen, Munnell, and Sanzenbacher 2018). NSWs who lack access to employer retirement plans may have fewer opportunities to save than their counterparts in traditional jobs. This study examines differences in retirement income security between traditional employees and NSWs.

Using the 2016 National Financial Well-Being Survey (NFWBS), this descriptive study found that NSWs are less likely to have employer-sponsored retirement assets than traditional employees. However, higher income NSWs are more likely to be homeowners and have larger savings. These findings suggest that workers prepare for retirement using available tools. Demographic analysis shows that some groups are overrepresented among NSWs, and therefore may face greater risk of income insecurity at retirement. Findings also suggest a need for additional retirement saving options for NSWs and targeted approaches to reduce demographic inequities.

1.   Introduction

Significant attention has been paid to the economic consequences of NSW while workers are still working, but few studies have focused on economic security at retirement for non-standard workers. For most seniors, income at retirement consists of public and private sources, many of which are tied to employment. Social Security is the primary public source of income at retirement, and eligibility and benefit amounts are determined by previous employment and earnings. Private sources of income include employer-sponsored pensions or retirement plans, non-retirement investments, homeownership, and other savings. In contrast to those with traditional employment, non-standard workers carry the responsibility for tax compliance, including reporting income that enables them to qualify for Social Security benefits in the future (Garin, Jackson, and Koustas 2022). In addition, NSW does not typically offer employer-sponsored benefits, and workers lack labor protections, including minimum wage standards, paid leave, and unemployment benefits, leaving them more economically vulnerable than their counterparts in traditional jobs. These factors raise questions about what this increasingly common form of employment means for retirement income security.

Using cross-sectional data from the 2016 NFWBS, I examine retirement resources across three categories of workers: traditional employees—characterized by "stable and secure employment with employer-sponsored benefits,"— non-standard workers, and workers who combine traditional work and NSW (Kalleberg and Vallas 2018, p.3.). Existing research demonstrates the difficulty associated with measuring NSW through surveys due to factors including occasional gigs that are missed in cross-sectional surveys and respondents' perception of contract or freelance work as secondary to a primary job or career (and thus not reported) (Katz and Krueger 2016; Abraham and Houseman 2019; GAO 2015; Edelman Intelligence 2018; Bruckner and Forman 2021). Therefore, I operationalize NSW as self-employment, based on the IRS tax treatment of non-standard workers to capture the broadest estimate of the number of non-standard workers.

The study is focused on three primary research questions: 1) What is the demographic composition of each worker category? 2) To what extent do sources of retirement income vary by worker category (e.g., employer-sponsored retirement plan, employer-sponsored pension, non-retirement investments, home ownership, and other savings)? 3) Do demographic groups have different patterns of retirement income security across type of work? I find that access to employer-

sponsored retirement plans is a key difference between retirement income security for traditional employees compared to NSWs. Findings also show that some demographic groups are more likely to engage in NSW than traditional work and therefore may have greater economic needs at retirement. These findings suggest a need to improve retirement saving options for NSWs who do not have access to workplace plans and to develop targeted approaches to reduce inequities across demographic groups.

2.   Background

This study examines retirement income security implications of NSW. Given distinctions between the characteristics of NSW and those of traditional employment, there is a need to understand how NSW may influence workers' ability to have economic security at retirement.

2.1.   Non-Standard Work

NSW, including independent contracting, freelancing, and temporary, on-call, and "gig" work, is increasingly common in the U.S., which has attracted the attention of policymakers and researchers seeking to understand the economic implications of this trend. Current estimates of the size of the NSW workforce range from less than 5 percent to one-third of the workforce; variation is based on definitions and work arrangements, such as how studies account for workers with multiple jobs (Abraham and Houseman 2019; Bureau of Labor Statistics 2018; Garin, Jackson, and Koustas 2022; Prudential 2017; GAO 2015). Within this broad category, there is a primary distinction between platform-based gig work—including ride share driving and performing tasks like house cleaning and food delivery—and non-platform work, such as independent contracting, freelancing, or on-call work (Pew Research Center 2021).

2.1.1.   Who engages in NSW?

Most recent studies on non-standard workers focus on platform-based workers and find that Hispanic workers are more likely than those of other racial and ethnic groups and young adults (aged 29 or below) are more likely than older adults to engage in platform-based gig work (Pew Research Center 2021; Farrell and Greig 2016). Studies that include additional forms of NSW find similar patterns, with younger people, members of minoritized groups, those with less educational attainment, and individuals who are experiencing economic distress being more likely to perform gig work (GAO 2015; Abraham and Houseman 2021; 2019).

However, research has also shown that the non-standard workforce is heterogeneous and includes both low-wage workers who rely on NSW as a primary source of earnings and high-income professional workers, including some who use NSW as an income supplement (Garin, Jackson, and Koustas 2022; Katz and Krueger 2016). In contrast to platform gig work, independent contracting is more common among older workers (aged 65 and older) and among individuals who combine traditional employment with contract work (Garin, Jackson, and Koustas 2022; GAO 2015).

2.2.   Economic Consequences of NSW

Advantages of NSW include flexibility, the potential to supplement income with a side hustle, including among workers who use NSW to test out entrepreneurship while maintaining a primary job, and the opportunity to be one's own boss (Abraham and Houseman 2019; Prudential 2017; Scott, Edwards, and Stanczyk 2020). Disadvantages or risks associated with NSW include job insecurity—unpredictable assignments and volatile income—lack of access to employment-based public or private benefits, unemployment insurance, paid leave, and health and retirement accounts, and lack of labor protections associated with traditional employment, such as safety standards, minimum wage and overtime pay, and anti-discrimination policies (Abraham and Houseman 2019; Pew Research Center 2021; Prudential 2017; GAO 2015; Kalleberg and Vallas 2018). In addition, non-standard workers bear individual responsibility for reporting income and tax compliance, which affects eligibility for Social Security retirement benefits (Garin, Jackson, and Koustas 2022; Collins et al. 2019; GAO 2015).

Studies find that when NSW is a primary source of earnings, individuals tend to earn less than their counterparts in traditional jobs (Abraham and Houseman 2021; GAO 2015). However, earnings from NSW may vary based on sector and role, with those in professional or other skilled roles tending to earn higher wages (Garin, Jackson, and Koustas 2022; GAO 2015; Liu and Nazareno 2019; Katz and Krueger 2016).

Individual circumstances shape workers' economic realities, so the economic consequences of NSW are uneven. For example, workers who have substantial liquidity or assets may be less vulnerable to income or job changes than those without these assets, or they may not need employer-sponsored benefits. For workers with low incomes or those for whom NSW is a

primary source of household income, the economic risks may be greater because they lack resources to smooth consumption or otherwise mitigate unpredictable income changes.

While the studies discussed here show the economic consequences of NSW while working, understanding the implications of NSW also requires examining longer-term considerations, and few studies focus on how NSWs prepare for retirement or on NSWs' retirement income security after they exit the workforce (Bruckner and Forman 2021; Nutsubidze 2019).

2.3.   Sources of Retirement Income

Most retirees rely on a combination of public and private sources of income that is amassed over time and depends on the ability to save before reaching retirement age. Social Security benefits are the most common source of income at retirement, but most retirees (79 percent) also have access to private sources of income (Federal Reserve Board of Governors 2022). In 2021, more than half of retirees (57 percent) received income from employer-sponsored benefits; 43 percent had income from private investments or rental income; and nearly one-third (32 percent) reported earnings from labor (Federal Reserve Board of Governors 2022). A small number of retirees (7 percent of those aged 65 and older) also reported income from cash transfers other than Social Security, such as SSI (Federal Reserve Board of Governors 2022).

Retirement savings are closely associated with income and wealth; higher-income households are more likely to have retirement saving accounts than their lower-income counterparts (Rhee and Boivie 2015). Previous research suggests that between 40 and 60 percent of the U.S. population is insufficiently prepared for retirement, based on the amount of income needed to maintain one's standard of living in retirement, or a target of 70 to 75 percent of pre-retirement income (Chen, Munnell, and Sanzenbacher 2018). Households that lack sufficient resources are at risk of downward mobility and living in poverty or near poverty at retirement (Radpour, Conway, and Ghilarducci 2022).

Retirement assets are unevenly distributed, with low- and moderate-income households having less retirement savings than their wealthier counterparts. Studies also find racial and ethnic differences in retirement savings. While three-quarters of non-retired adults have private retirement savings, among Black and Latino households only 41 percent and 35 percent, respectively, report having retirement savings (Federal Reserve Board of Governors 2022). The poverty rate among Black seniors is significantly higher than the rate for White seniors, even after accounting for Social Security benefits (Kijakazi, Smith, and Runes 2019). Research also finds

disparities between men and women (Bruckner and Forman 2021). Among women aged 65 and older, average income is 25 percent lower than that among men, and women are significantly more likely than men to be impoverished upon reaching retirement age (Brown et al. 2016). Therefore, there are equity concerns in retirement income security across demographic groups.

2.3.1.   What does NSW mean for retirement income security?

Compared to the general workforce, non-standard workers are less likely to have a retirement plan through a current or former employer (58 percent compared to 65 percent, respectively) (Shelton and Scott 2021). Non-standard workers who lack retirement savings tend to be younger than 50, are more likely to be female, and tend to have less education (Bruckner and Forman 2021; Shelton and Scott 2021). These factors suggest that non-standard workers may have fewer opportunities to build retirement savings and may therefore be more likely to be insufficiently prepared for retirement.

It may be more difficult today to predict future retirees' economic needs. In previous generations, most workers typically exited the workforce upon reaching retirement age or infirmity, although this was not typical of all workers, particularly seniors with low incomes and limited assets who could not afford to stop working (Kalleberg and Vallas 2018). Among more recent generations, some older workers transition out of full-time employment to periods of part-time employment or NSW (Katz and Stern 2006). If non-standard workers do not have employment-based retirement benefits while working, they may have fewer opportunities to save (Pew Research Center 2021; Bruckner and Forman 2021). Upon reaching retirement age, these individuals may depend more heavily on Social Security benefits and need-based public programs to avoid hardship or deprivation (GAO 2015). At the same time, workers can earn supplemental income from NSW, improving their economic circumstances and potentially their ability to prepare for retirement (Scott, Edwards, and Stanczyk 2020). NSW also enables some older workers to remain in the workforce beyond retirement age in jobs that are more flexible than traditional work is, which may alleviate economic risks by supplementing retirement income (Giandrea, Cahill, and Quinn 2008).

Considering these questions, I examined differences in retirement income security across three categories of workers: traditional employees, self-employed workers, and people who are both traditional employees and self-employed. This information offers insights into future

generations of seniors' preparedness for retirement and the extent to which they may rely on public benefits for support.

3.   Data and Methods

3.1.   Data Source

This study uses the 2016 NFWBS public use file (*n = 6394*), the most recent year for which data are available. The NFWBS is a nationally representative sample of adults (aged 18 and older) in the U.S. The Consumer Financial Protection Bureau conducts the survey. The NFWBS includes variables capturing individual and household characteristics, income and employment, savings, and other measures that have been hypothesized to affect financial well-being (Consumer Financial Protection Bureau 2017).

Since this study focuses on the role of work arrangements in retirement preparation, the sample is limited to respondents who indicated 1) they are an employee only (a respondent who indicated that their only employment status was working full-time or part-time for an employer or the military); 2) they are self-employed only (a respondent who indicated that their only employment status was self-employed); or 3) they engage in two or more forms of work, one of which is self-employment. The sample excludes those whose primary or only employment status was retired, unemployed or temporarily laid off, permanently sick or disabled (unable to work), full-time student, or homemaker.

I use "self-employment" as a proxy for NSW as it aligns with the IRS classification and tax treatment of non-standard workers (Bruckner and Forman 2021; Garin, Jackson, and Koustas 2022; Collins et al. 2019). This captures the largest possible number of people engaged in NSW. Because it is a broad category, it includes a wide range of people (from gig workers to business owners), some of whom would not be considered non-standard workers and who may be in a better position to save for retirement. In addition, the cross-sectional nature of the data reflects current work arrangements only. The self-employed category may include individuals who are currently self-employed but were previously traditional employees (and therefore may have had access to an employer-based retirement plan). For these reasons, the results presented here may overestimate non-standard workers' ability to save for retirement.

3.2.   Measures

The primary outcome is retirement income security, operationalized as having an employer-sponsored retirement account, an employer-sponsored pension, or nonretirement investments, owning a home, and having a certain amount of household savings. The data do not include the value of these accounts with the exception of savings ranges, so I assess whether workers have each of these assets. Independent variables include worker categories (i.e., "NSW only," "employee only," and "NSW + employee") and a standard set of demographic characteristics.

3.2.1.   Retirement income security.

Retirement income security is conceptualized as owning assets; each asset is treated as a separate indicator. Asset ownership is measured as follows: had an employer-sponsored retirement account (binary variable, "no" coded as 0 and "yes" coded as 1); had an employer-sponsored pension (binary variable, "no" coded as 0 and "yes" coded as 1); had non-retirement investments (binary variable, "no" coded as 0 and "yes" coded as 1); and homeownership, which was assessed based on response to the question, "Which one of the following best describes your housing situation?" (coded to create a binary variable, with owning a home coded as 1 and all other responses coded as 0). Amount of savings was assessed based on response to the question, "How much money do you have in savings today?" (coded to create binary variables with each saving range category coded as 1 and all other responses coded as 0).

3.2.2.   Demographic characteristics.

To better understand the composition of worker category, particularly given known income and wealth disparities among demographic groups, the analysis includes gender, race/ethnicity, age, household income, education level, and marital status.

3.2.3.   Analyses.

In the following section, I report descriptive statistics of retirement income security outcomes and demographic and socioeconomic characteristics of the three worker categories in the sample. Next, I present estimates from logistic regression models that predict the odds of having each of the retirement income security indicators, the focal outcome variables (i.e., employer-sponsored retirement account, pension, non-retirement investment account, homeownership, and savings) for each of the three worker categories, controlling for demographic characteristics.

4.   Results

4.1.   Sample Characteristics

Table 1 describes the sample. Most individuals are "employees only" (85.7 percent); "NSW only" is the next largest category (11.9 percent); and "NSW + employee" is the smallest category (2.5 percent). The percentages do not sum to 100 due to rounding. The study sample includes substantially fewer observations than does the full data set because it excludes those whose primary or only employment status was retired, unemployed or temporarily laid off, permanently sick or disabled (unable to work), full-time student, or homemaker.

Table 1. Worker Categories (*n = 3,348)*

	NSW Only	Employee Only	NSW + Employee
n	398 (11.9%)	2,868 (85.7%)	82 (2.5%)

Notes: Percentages do not sum to 100 due to rounding.

Table 2 summarizes the study sample's demographic characteristics. Of the surveyed workers, there are more men than women and more White people compared to other races or ethnicities; the largest age group is workers aged 25 to 61; workers whose highest level of education completed is a high school diploma make up the largest education category; married people are the largest share within the marital status category; and those with household incomes between $75,000 and $149,999 are the largest income category.

Within the "NSW only" category, Hispanic workers, those aged 62 and older, people who are divorced or separated, those with less than a high school diploma, and people with lower household incomes (less than $40,000) are overrepresented. In this category, White people, those between ages 25 and 61, workers with more education (bachelor's degree or higher), and those with incomes between $75,000 and $149,000 are underrepresented.

Within the "employee only" category, Hispanic workers, workers aged 62 and above, those with less than a high school diploma, people who identified as widowed, and people in households with the lowest income level were underrepresented. Demographic groups that are overrepresented include prime working age adults (between ages 25 and 61) and individuals from higher income households ($75,000 to $149,999).

Few significant differences are observed between the "NSW + employee" category and other categories. Workers with more education and those who are widowed are overrepresented and were more likely to be "NSW + employees" compared to other work categories.

Table 2. Demographic Characteristics by Worker Categories

	Sample	NSW Only	Employee Only	NSW + Employee
Demographic Characteristics				
Gender (%)				
Male	58.5	62.1	58.1	56.1
Female	41.5	37.9	41.9	43.9
Race/Ethnicity (%)				
White, Non-Hispanic	68.8	64.6*	69.3	73.2
Black, Non-Hispanic	10.8	9.8	10.8	14.6
Other, Non-Hispanic	5.3	3.3	5.6*	3.7
Hispanic	15.1	22.4**	14.3**	8.5
Age Group (%)				
18 to 24	5.9	4.0	6.2	4.9
25 to 61	81.8	70.6**	83.5**	78.0
62 and above	12.3	25.4**	10.3**	17.1
Education Level (%)				
Less than high school	4.1	9.3**	3.5**	0.0
HS degree	50.4	52.5	50.3	41.5
Bachelor's or more	45.6	38.2**	46.2	58.5**
Marital Status (%)				
Married	59.3	58.3	59.6	54.9
Never married	28.1	25.1	28.4	31.7
Divorced or separated	10.9	14.3*	10.5	7.3
Widowed	1.7	2.3	1.5*	6.1**

Household Income (%)				
Less than $40,000	20.8	31.4**	19.2**	24.4
$40,000 to $74,999	24.5	22.1	24.9	23.2
$75,000 to $149,999	37.2	28.1**	38.6**	31.7
$150,000 or more	17.6	18.3	17.4	20.7

** $p < 0.01$, * $p < 0.05$

4.2.   Retirement Income Security by Worker Category

Table 3 shows retirement income security outcomes and the percentage of workers in each category who have each asset. The results show that individuals in the "NSW only" category are less likely to have employer-sponsored retirement plans or pensions compared to those in the "employee only" category. People in the "NSW only" category are more likely than those in the "employee only" category to have $75,000 or more in savings. Differences between "NSW + employee" and other work categories are not significant.

Table 3. Retirement Income Security Outcomes by Worker Categories

	NSW Only	Employee Only	NSW + Employee
Retirement Income Security Outcomes			
Employer retirement plan (%)	43.2**	70.4**	64.6
Employer pension (%)	14.6**	27.5**	22.0
Non-retirement investments (%)	32.9	30.5	31.7
Homeownership (%)	66.8	63.0	65.9
Savings Ranges (%)			
$5,000 to $19,999	16.8	20.5	20.7
$20,000 to $74,999	13.8	13.8	13.4
$75,000 or more	14.6*	9.7*	13.4

** $p < 0.01$, * $p < 0.05$

Logit regression analyses presented in Table 4 show odds of having retirement assets. "NSW only" workers are less likely to have employer-sponsored retirement plans ($OR = 0.274$, p <0.01) and

pensions (*OR* = 0.364, p <0.01) compared to the "employee only" category. Those in the "NSW only" category are more likely to be homeowners (*OR* = 1.374, p<0.05) and to have $75,000 or more in savings (*OR* = 1.634, p<0.01) compared to those in the "employee only" category. There are no statistically significant differences between the "NSW + employee" category and other categories.

4.3.   Retirement Income Security by Demographic Category

Results also show differences in outcomes according to demographic categories. Black and Hispanic workers are less likely to have employer-sponsored retirement plans or non-retirement investments, to be homeowners, or to have savings compared to White workers. Black workers are less likely than White workers to have savings in each savings category. Individuals identified as other races are less likely than those identified as White to have between $5,000 and $19,999 in savings (*OR* = 0.411, p<0.01) but more likely to have $75,000 or more in savings (*OR* = 1.978, p<0.01). In terms of gender, women are less likely than men (*OR* = 0.772, p <0.01) to have non-retirement investments or to have between $20,000 and $74,999 in savings (*OR* = 0.756, p<0.05). Compared to younger workers, older workers are more likely to have employer-sponsored retirement plans, pensions, non-retirement investments, and the highest level of savings. The odds increase as age increases. A similar pattern is observed with respect to education level: those with more education are more likely to have retirement assets. Higher household income predicts greater odds increases as household income level increases. Compared to people who are married, those who have never been married are less likely to have an employer-sponsored retirement plan (*OR* = 0.799, p<0.05) or a pension (*OR* = 0.617, p<0.01) or to be homeowners (*OR* = 0.173, p <0.01). Workers who are divorced or separated are less likely to be homeowners (*OR* = 0.372, p<0.01) or to have between $5,000 and $19,999 in savings (*OR* = 0.695, p<0.05), compared to people who are married. Compared to married people, workers who are widowed are less likely to be homeowners (*OR* = 0.415, p <0.05).

While not reported in Table 4, I conducted logit regression analyses of interactions between worker type and demographic categories to predict retirement income security outcomes. Few of the interaction models were significant, likely due to small sample sizes. Those that were significant showed similar patterns as those reported here. For example, the interaction between NSW and Hispanic predicted that Hispanic non-standard workers were less likely to own their homes compared to White non-standard workers, and the interaction between NSW and younger

age predicted that younger non-standard workers were less likely to have an employer-sponsored retirement plan compared to older non-standard workers. Interaction model results are available upon request.

Table 4. Odds of Retirement Income Security Outcomes

	Employer Retirement Plan	Employer Pension	Non-retirement Investments	Homeownership	$5,000–$19,999 Savings	$20,000–$74,999 Savings	$75k or More Savings
Worker category							
NSW only	0.274**	0.364**	1.233	1.374*	0.844	1.132	1.634**
	(-0.234)	(-0.145)	(0.038)	(0.048)	(-0.025)	(0.014)	(0.044)
NSW + employee	0.595	0.657	0.915	1.158	0.947	0.941	1.369
	(-0.088)	(-0.069)	(-0.016)	(0.023)	(-0.008)	(-0.007)	(0.027)
Ethnicity							
Black	0.521**	1.050	0.494**	0.502**	0.690*	0.609*	0.219**
	(-0.113)	(0.009)	(-0.120)	(-0.114)	(-0.054)	(-0.050)	(-0.080)
Other	0.671*	0.697	0.974	0.515**	0.411**	0.997	1.978**
	(-0.067)	(-0.059)	(-0.005)	(-0.110)	(-0.111)	(0.000)	(0.071)
Hispanic	0.410**	0.724*	0.463**	0.454**	0.967	0.817	0.660
	(-0.158)	(-0.053)	(-0.130)	(-0.132)	(-0.005)	(-0.022)	(-0.031)
Gender							
Female	0.958	0.873	0.772**	1.023	0.960	0.758*	0.963
	(-0.007)	(-0.023)	(-0.046)	(0.004)	(-0.006)	(-0.031)	(-0.003)
Age Category							
25–61	4.105**	3.044**	2.604**	6.631**	0.904	1.431	7.903**
	(0.259)	(0.140)	(0.144)	(0.343)	(-0.016)	(0.036)	(0.081)
62+	5.603**	8.377**	5.068**	20.543**	1.146	1.555	18.940**
	(0.308)	(0.341)	(0.272)	(0.512)	(0.023)	(0.046)	(0.169)
Education							
HS diploma or GED	1.625*	1.569	1.531	1.814**	1.445	1.675	1.817

	Employer Retirement Plan	Employer Pension	Non-retirement Investments	Homeownership	$5,000–$19,999 Savings	$20,000–$74,999 Savings	$75k or More Savings
	(0.093)	(0.068)	(0.064)	(0.097)	(0.046)	(0.043)	(0.034)
BA or more	3.315**	1.819*	3.056**	1.659*	2.158*	2.363	2.638
	(0.212)	(0.094)	(0.192)	(0.083)	(0.108)	(0.082)	(0.064)
Household Income							
$40,000 to $74,999	2.692**	1.857**	1.940**	1.934**	2.090**	1.572*	1.780
	(0.208)	(0.081)	(0.094)	(0.125)	(0.094)	(0.030)	(0.017)
$75,000 to $149,999	4.032**	3.174**	3.459**	3.484**	2.474**	3.531**	5.242**
	(0.281)	(0.175)	(0.203)	(0.225)	(0.123)	(0.118)	(0.082)
$150,000 or more	10.130**	3.956**	5.859**	4.844**	2.197**	3.807**	14.368**
	(0.407)	(0.220)	(0.318)	(0.274)	(0.102)	(0.129)	(0.210)
Marital status							
Never married	0.799*	0.617**	0.862	0.173**	1.009	0.822	1.002
	(-0.037)	(-0.078)	(-0.026)	(-0.337)	(0.001)	(-0.022)	(0.000)
Divorced or separated	0.835	1.219	0.968	0.362**	0.695*	0.900	1.059
	(-0.030)	(0.037)	(-0.006)	(-0.184)	(-0.051)	(-0.012)	(0.005)
Widowed	1.762	0.859	0.959	0.415**	1.811	0.883	0.678
	(0.084)	(-0.027)	(-0.007)	(-0.156)	(0.108)	(-0.014)	(-0.028)
Constant	0.144	0.034	0.035	0.158	0.087	0.028	0.001
Model Significance	LR chi2 (16) = 936.23	LR chi2 (16) = 385.80	LR chi2 (16) = 593.65	LR chi2 (16) = 1174.03	LR chi2 (16) = 129.15	LR chi2 (16) = 179.87	LR chi2 (16) = 389.59

Notes: Marginal effects in parentheses (discrete change from base level). Reference groups: worker category (employee only), ethnicity (White), age category (18 to 24), education level (less than high school), household income (less than $40,000), marital status (married).

$p < 0.01$**, $p < 0.05$*

5.   Discussion

NSW offers advantages and drawbacks for workers. It offers greater flexibility than traditional jobs do, can serve as an income supplement, and can allow older workers to remain in the workforce as they transition to retirement. At the same time, NSW does not typically offer employer-sponsored benefits or labor protections, and earnings can be unpredictable. While people are in the workforce, the consequences of NSW can vary due to contextual factors such as having access to workplace benefits through another source or having assets to smooth consumption when earnings are unpredictable. In this study, I examine long-term economic consequences of NSW. I analyze 2016 NFWBS data to investigate relationships between retirement income security indicators and worker categories. I focus 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.

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 to have larger household savings. These patterns suggest that workers make efforts to prepare for retirement using the tools that are available to them.

Examining outcomes according to demographic differences, higher household income and educational attainment predict greater odds of having the retirement assets included in this analysis—employer-sponsored retirement plan, pension, non-retirement investments, and homeownership. However, higher educational attainment does not predict larger household savings. This is potentially explained by the cost of higher education, particularly when students finance their education by borrowing and loan repayment affects their ability to save.

I do not find significant differences in outcomes for the "NSW + employee" category compared to other categories. It is possible that there is no meaningful distinction between this category and other categories. For example, this category of workers may access employer-sponsored benefits through a current or former traditional job. Another explanation is the cross-sectional nature of the data, which may miss occasional periods of combining NSW and traditional

employment, which is consistent with studies showing that many people engage in NSW periodically to supplement primary income (Abraham and Houseman 2019; Farrell and Greig 2016; Federal Reserve Board of Governors 2022). This finding is also consistent with literature showing a need to improve survey questions to capture the prevalence of NSW more accurately (Abraham and Amaya 2018; National Academies of Sciences 2020). In these studies, scholars show that survey respondents may overlook secondary employment or side hustles based on their interpretation of a question, the perceived value of side hustle income—earnings are modest relative to earnings from a primary job—or personal identity, as participants may respond to survey questions based on their profession and omit other work. Qualitative research could expand our understanding of this population, including our knowledge of how NSW fits into household financial systems. For example, NSW as supplemental income may help some households improve their ability to save. However, for others, it may be needed to meet basic needs. For the former, NSW could improve retirement income security, but that may not be true for the latter.

Findings from this study show that access to employer-sponsored retirement savings is a key difference in retirement income security between those with traditional employment and those who pursue non-standard work. Demographic differences across worker categories suggest that a single policy solution may be insufficient and that targeted approaches may be needed to help workers from historically marginalized backgrounds improve their circumstances. If policymakers seek to improve non-standard workers' ability to prepare for retirement, creating retirement saving options and incentives for those who do not have access to employer-sponsored plans has potential to increase retirement saving.

5.1.   Limitations

This study has four primary limitations. First, using self-employment as a proxy for NSW blurs distinctions between types of work (e.g., gig work vs. independent contracting) for which the earnings and working conditions vary. Second, the data cannot account for non-standard workers who do not report their income accurately. Therefore, the data may undercount the proportion of non-standard workers. Third, cross-sectional data cannot account for changes over time, such as occasional NSW or a pattern of transitioning to NSW upon reaching retirement age. Fourth, outcome measures capture whether individuals have specific retirement assets but not the value of assets, limiting our understanding of the extent to which assets will be sufficient to meet retirees' needs.

5.2.   Policy Implications

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 to lack access to workplace retirement plans. Therefore, 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 to improve predictions about future seniors' economic needs. Additional research is needed to better understand individuals who combine NSW with traditional employment, such as how these individuals fit NSW into their current household finances and future economic security.

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