



Opinion Poll

Freelancers Need Flexible Retirement Options

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Executive Summary

Entrepreneurs create more jobs than any other sector of the economy, and they are at the forefront of an evolving 21st century economy that is shaping America's new employment landscape—one where brick-and-mortar storefronts are being replaced by online retailers, and freelancers and contractors are the new version of the 9-to-5 office worker. New scientific opinion polling shows these solo entrepreneurs are doing financially well for the most part, but they struggle to access benefits like retirement plans, and a significant number are not saving anything for retirement.

A national scientific opinion poll conducted December 9-19, 2016 for Small Business Majority by Greenberg Quinlan Rosner Research found America's freelancers and contractors are doing reasonably well in the post-recession economy, with only 15% reporting that they struggle financially. A 53% majority describes themselves as doing well, and nearly half (48%) report they earn at least \$50,000 a year contracting or freelancing. For most freelancers, this is an occupation they chose, as it affords them a measure of freedom, flexibility and autonomy that cannot be found as a paid employee. But as these results show, this choice also carries with it significant liabilities and barriers, from the unpredictability of income, to taxes and the lack of employer-sponsored benefits like retirement plans.

Fully 40% of these freelancers do not have a formal retirement plan, and 52% describe the lack of an employer-sponsored retirement plan as a major concern when considering freelancing. Among reasons why they do not have a retirement plan, nearly 4 in 10 (38%) say they do not generate enough income to save, 31% say it's because they don't get paid on a predictable basis, 12% say retirement plans are too expensive and 8% say there are no good retirement options for freelancers.

Considering the barriers they face to saving for their golden years, it should come as no surprise that freelancers and contractors show strong support for portable retirement savings plans. One key to the appeal of such a vehicle is the flexibility this offers. Nearly 8 in 10 (79%) say they are interested in a flexible retirement savings plan that is portable across employers and can accommodate intermittent contributions. This interest jumps to 91% for younger freelancers and to 87% for those who derive more than half of their income from retirement work.

When it comes to proposed programs, 83% say a plan that allows you to withdraw without penalty in order to increase your financial flexibility would make them more likely to save for retirement. Other plans that would make them more likely to save for retirement include automatic investment features, such as the ability to adjust investments based on your age (74% support) and a plan that includes an automated streamlined process to contribute to a retirement plan during the process of paying quarterly taxes (72% support), among others.

Freelancers do not always know how much—or even if—they will earn on a month-to-month basis. And while they are doing well overall, they still struggle to plan ahead and access crucial benefits like retirement plans. This is why they need flexible options that accommodate their unpredictable income.

Main Findings

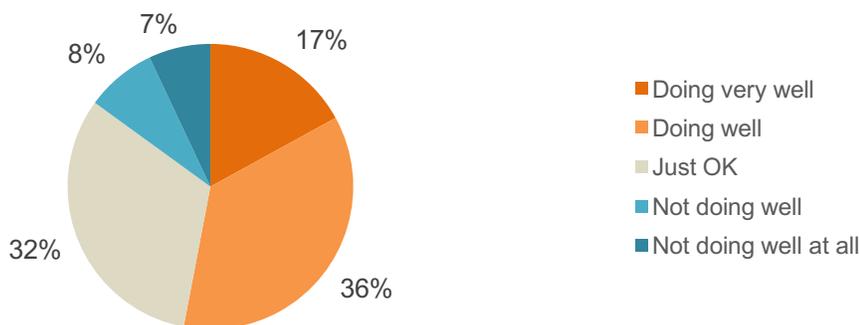
- **Majority of freelancers doing well financially:** Only 15% of the freelancers, contractors and temporary employees surveyed say they struggle financially. A 53% majority describe themselves as doing well and 32% say they are “just okay.” Nearly half (48%) earn at least \$50,000 a year contracting or freelancing.
- **Despite barriers, freelancers are happy with their career choice:** A mere 6% of respondents say they plan to stop freelancing and seek a permanent full-time job. The majority (54%) would continue working as an independent worker/business owner, 12% want to continue freelancing, but seek permanent part-time work to supplement their income, 9% hope to build larger business with more hours and 12% plan to retire in the next few years.
- **Many freelancers lack retirement savings plan; face variety of barriers to retirement savings:** Despite their reports of being financially well, 4 in 10 freelancers do not have an active, formal retirement plan. When citing reasons why they do not have a retirement plan, nearly 4 in 10 (38%) say they do not generate enough income to save, 31% say it’s because they don’t get paid on a predictable basis, making it harder to set aside money, 12% say it’s because plans are too expensive, and 8% say there are no good retirement options for freelancers.
- **Losing employer-sponsored benefits was a concern when considering freelancing:** More than half of freelancers (52%) say the lack of an employer-sponsored retirement plan was a concern when considering freelancing or becoming a solo entrepreneur. This rivals concern about losing other employer-sponsored benefits like healthcare (54%) and their ability to generate work (63%).
- **Vast majority say lack of retirement savings plan is a drawback of freelance work:** Seven in 10 freelancers report that saving for retirement is a concern, with 1 in 3 who say it is a major concern for them. Other financial concerns for the self-employed include the cost of health coverage (74% concerned), the rate of taxation (72%), inconsistent cash flow (67%), having enough income to cover sick days or medical leave (50%) and more.
- **Freelancers strongly support portable retirement vehicles:** Nearly 8 in 10 (79%) say they are interested in a flexible retirement savings plan that is portable across employers and can accommodate intermittent contributions. This interest jumps to 91% for younger freelancers and to 87% for those who derive more than half of their income from retirement work. When it comes to proposed programs, 83% say a plan that allows you to withdraw without penalty in order to increase your financial flexibility would make them more likely to save for retirement. Other plans that would make them more likely to save for retirement include automatic investment features, such as the ability to adjust investments based on your age (74%) and a plan that includes an automated streamlined process to contribute to a retirement plan during the process of paying quarterly taxes (72%).
- **Methodology:** The poll reflects an Internet survey of 500 contractors, freelancers or temporary employees. It has a margin of error of +/-4.4%. The poll was conducted by Greenberg Quinlan Rosner for Small Business Majority from December 9-19, 2016.

Freelancers Doing Well Financially, Secure in their Career Choice

Only 15% of the freelancers, contractors and temporary employees surveyed say they struggle financially; a 53% majority describe themselves as doing well and 32% are “just OK.” To be sure, not everyone gets rich freelancing, but most are making enough to get by, with nearly half (48%) reporting they make at least \$50,000 annually from contract or freelance work.

Figure 1: Majority of freelancers say they are doing well financially

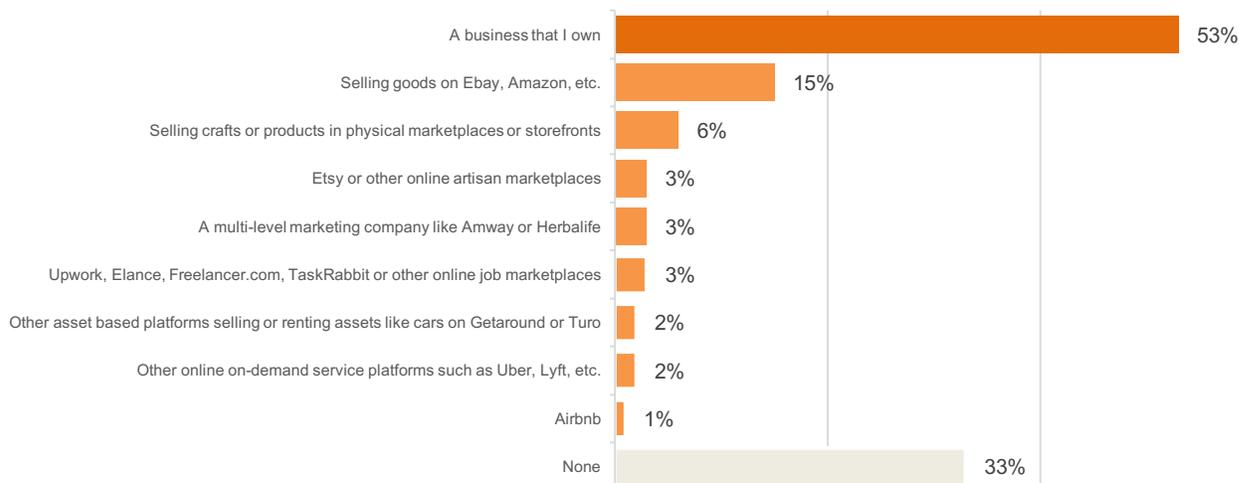
Which of the following best describes how well your personal finances are doing?



They also draw from a variety of income sources. Just over half (53%) say they earned income from a business they own. Many others draw on e-commerce or other aspects of the shared economy.

Figure 2: Income sources for freelancers

Have you earned money from any of the following over the past 12 months? Select all that apply.



The vast majority of those freelancing have been doing this work for a significant amount of time, with less than 20% of respondents saying they’ve been freelancing for two years and under. More than 6 in 10 (62%) have been freelancing for at least five years.

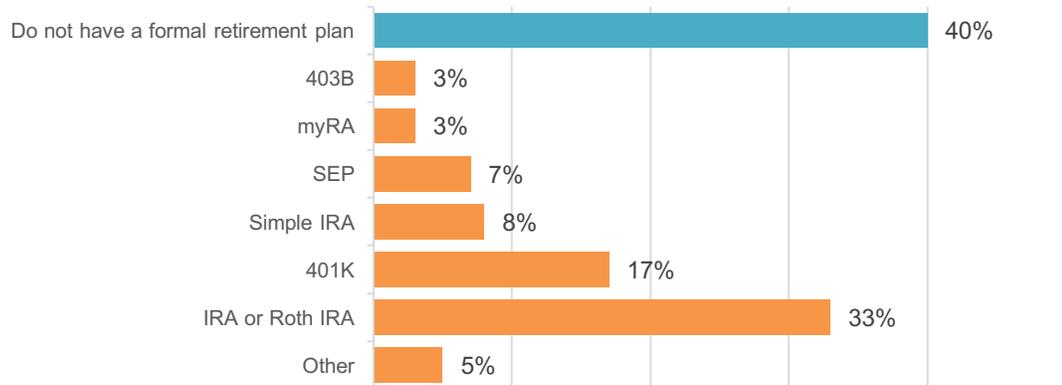
Perhaps the most convincing endorsement that freelancers are thriving outside the traditional workplace is that only 6% say they plan to stop freelancing and seek a permanent full-time job. A 54% majority would continue working as an independent worker/business owner, 12% want to continue freelancing, but seek permanent part-time work to supplement their income, 9% hope to build larger business with more hours and 12% plan to retire in the next few years.

Significant Number of Freelancers Not Saving for Retirement

While the majority of freelancers may not be worrying about their finances, 4 in 10 are not saving anything for retirement. When asked about their savings outside of Social Security, only 1 in 4 say they will have enough for retirement. More than 1 in 3 say that while they have some savings, they will need another source of income or will need to save more to retire comfortably.

Figure 3: 4 in 10 freelancers have no retirement plan

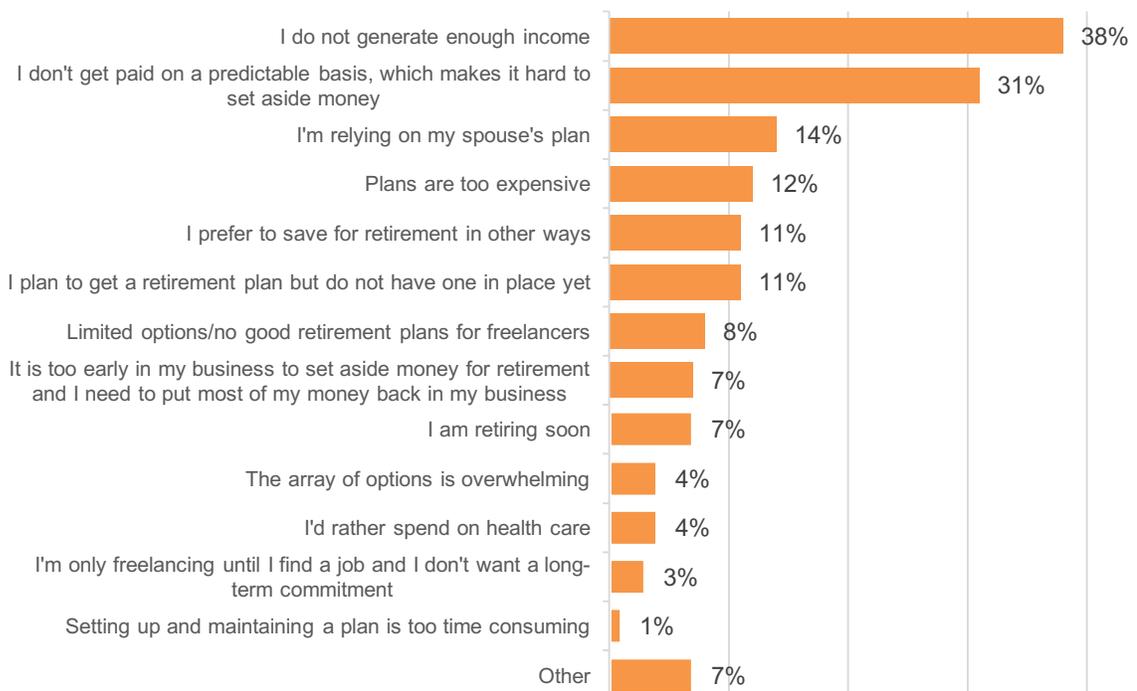
Which of the following retirement plans do you actively contribute to, not including plans from past employers that are dormant? Please select all that apply.



When citing reasons why they do not have a retirement plan, nearly 4 in 10 (38%) say they do not generate enough income to save, 31% say it's because they don't get paid on a predictable basis, making it harder to set aside money, 12% say it's because plans are too expensive and 8% say there are no good retirement options for freelancers.

Figure 4: Freelancers cite barriers to saving for retirement

Which of the following statements best describes why you do not have a retirement plan?



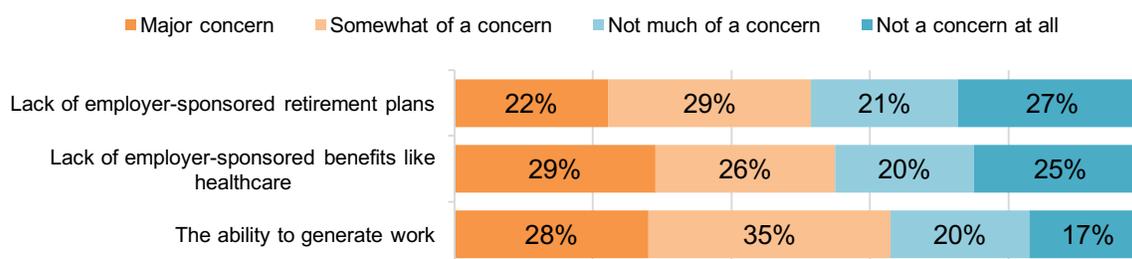
Lack of Retirement Is a Significant Drawback to Freelance Work

While most of these freelancers do not look to punch a clock in the near term, they also recognize the drawbacks in their career choices. Some of these disadvantages are near-term and immediate, such as the cost of benefits and the lack of a predictable income, and some are more long term, including retirement.

More than half of freelancers (52%) say the lack of an employer-sponsored retirement plan was a concern when considering to freelance or become a solo entrepreneur. This rivals concern about losing other employer-sponsored benefits like healthcare (54%) and their ability to generate work (63%).

Figure 5: Lack of retirement savings plan a concern when considering freelancing

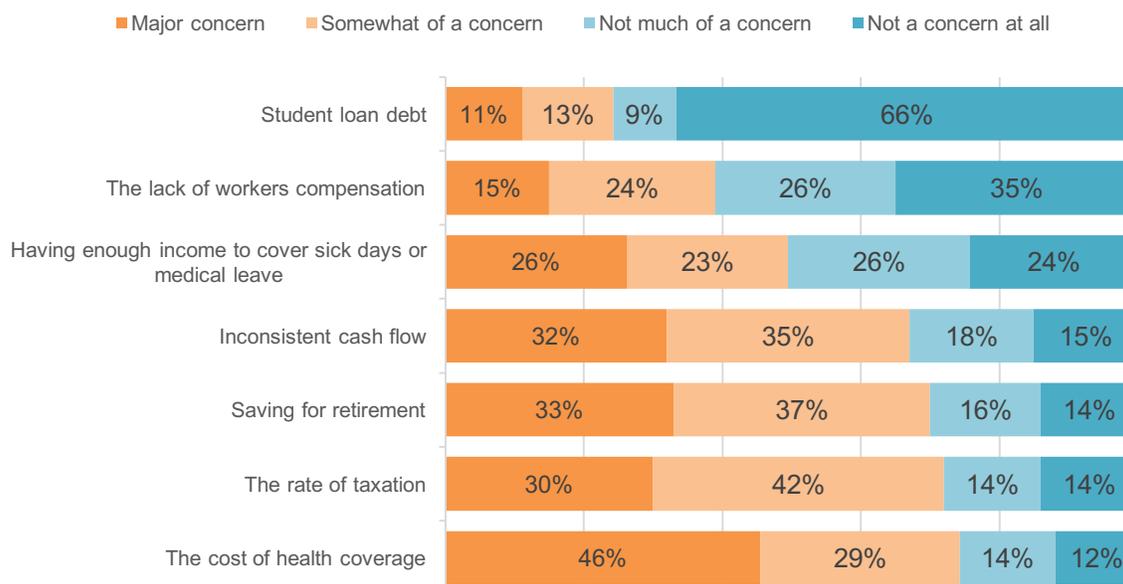
Please indicate whether the following items were a major concern, somewhat of a concern, not much of a concern, or not a concern at all when contemplating beginning freelancing or becoming a solo entrepreneur.



And the vast majority says lack of retirement savings plan is a current drawback of freelance work. Seven in 10 freelancers report that saving for retirement is a concern they face, with 1 in 3 who say it is a major concern for them. Other financial concerns for the self-employed include the cost of health coverage (74% concerned), the rate of taxation (72%), inconsistent cash flow (67%), having enough income to cover sick days or medical leave (50%) and more.

Figure 6: Lack of retirement savings plan a drawback to freelancing

Please indicate whether each of the following issues is a major concern, somewhat of a concern, not much of a concern, or not a concern at all as a self-employed or freelance worker.



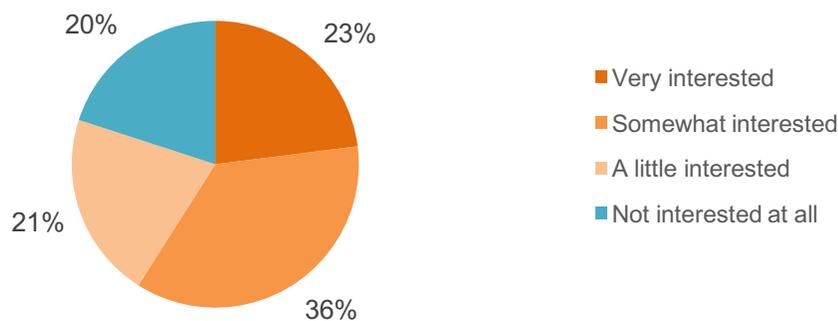
When it comes to the top issues that would make them most likely to return to a traditional full-time job, access to a good retirement plan is a top issue they list. Nearly 1 in 4 say access to an employer-sponsored retirement plan would be a reason to stop freelancing. Other issues include a more predictable income (45%), higher pay (37%) and access to good health coverage (28%).

Freelancers Need—And Support—Flexible Retirement Options

Considering the barriers they face to saving for the future, it should come as no surprise that nearly 8 in 10 (79%) freelancers say they are interested in a flexible retirement savings plan that is portable across employers and can accommodate intermittent contributions. This interest increases to 91% for younger freelancers and to 87% for those who derive more than half of their income from retirement work.

Figure 7: Freelancers strongly interested in flexible and portable retirement plans

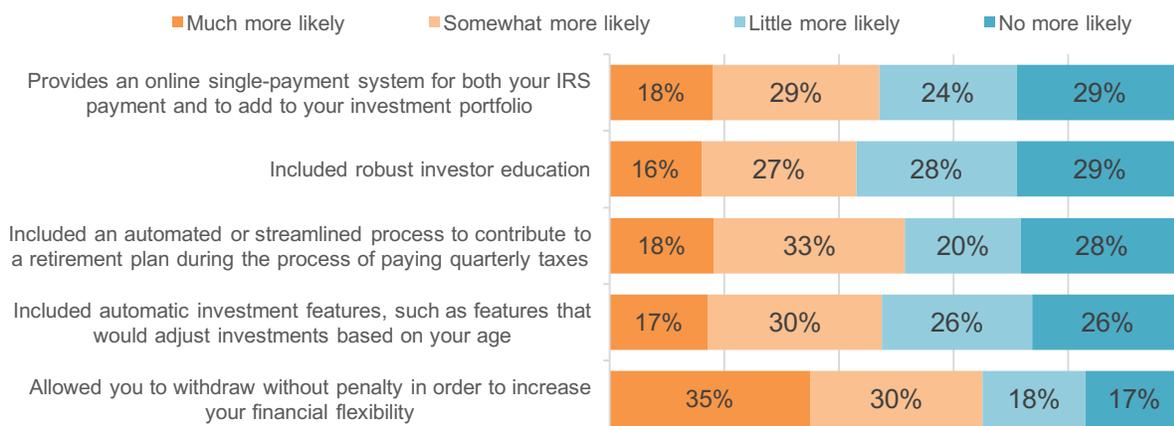
How interested would you be in a retirement vehicle that is portable across employers and can accommodate intermittent contributions from you and/or contributions from multiple employers for an individual worker?



When it comes to proposed programs, 83% say a plan that allows you to withdraw without penalty in order to increase your financial flexibility would make them more likely to save for retirement. Other plans that would make them more likely to save for retirement include automatic investment features, such as the ability to adjust investments based on your age (74%) and a plan that includes an automated streamlined process to contribute to a retirement plan during the process of paying quarterly taxes (72%).

Figure 8: Freelancers support variety of portable retirement options

Please indicate whether the following items would make you much more likely, somewhat more likely, a little more likely, or no more likely at all to save for retirement. A plan that:



Conclusion

In order to succeed, the new sharing economy needs to better accommodate the freelancers, contractors and temporary employees who comprise this new workforce. We see this demonstrated in the debate over the Affordable Care Act, as many of those outside the traditional employer-employee model slipped through the cracks prior to the law's enactment, but now have access to the health coverage they need through the new health marketplaces. Likewise, this new economy must accommodate the retirement needs of these new, freelance workers.

As these results make clear, many are hungry for a retirement vehicle that adapts to the unpredictability of their income stream and one that gives them the same flexibility in their retirement investment choices that they enjoy in their work life. To support this new economy, we must consider portable retirement options that would give freelancers access to the benefits they need to secure their future.

Methodology

This poll reflects an Internet survey of 500 contractors, freelancers or temporary employees. Anyone employed in a permanent, full-time job was screened out of the survey. The poll was conducted by Greenberg Quinlan Rosner for Small Business Majority from December 9-19, 2016 and has a margin of error of +/-4.4%.

Poll Toplines

Small Business Majority
 Freelancers Retirement Poll
 500 Freelancers Nationwide

Q.1 Which best describes the job or business arrangement where you work the most hours?

	Total
Employed in a permanent full-time job only	-
Employed in a permanent part-time job	22
Work as an independent contractor/consultant/freelancer	41
Work through a temporary or talent agency	3
Work in an on-call arrangement with one or more employers.....	2
Operate your own business and have no employees	32
Operate your own business and have at least one employee or partner besides you.....	-
Not Sure.....	-

[271 Respondents]

Q.2 (IF 2 OR 6 IN Q1) Do you have other occupations or vocations that contribute to your income?

	Total
Yes	30
No	70
Not sure	-
Yes - No.....	-40

Q.3 Have you earned money from any of the following over the past 12 months? Select all that apply.

	Total
A business that I own	53
Selling goods on Ebay, Amazon, etc.	15
Selling crafts or products in physical marketplaces or storefronts.....	6
Etsy or other online artisan marketplaces.....	3
A multi-level marketing company like Amway or Herbalife.....	3
Upwork, Elance, Freelancer.com, TaskRabbit or other online job marketplaces	3
Other asset based platforms selling or renting assets like cars on Getaround or Turo	2
Other online on-demand service platforms such as Uber, Lyft, etc.	2
Airbnb.....	1
None	33

Q.4 Which of the following best describes how well your personal finances are doing?

	Total
Doing very well.....	17
Doing well.....	36
Just OK.....	32
Not doing well	8
Not doing well at all	7
Not sure	-
Total Well	53
Total Not Well.....	15
Well - Not Well.....	39

Q.5 How long have you been involved in freelancing, self-employment or gig work outside of a more traditional job with benefits?

	Total
Less than a year.....	11
1-2 years.....	8
3-5 years	19
5-10 years	24
10-20 years	17
More than 20 years	21
Not sure	-

Q.6 Please indicate whether the following items were a major concern, somewhat of a concern, not much of a concern, or not a concern at all when contemplating beginning freelancing or becoming a solo entrepreneur.

	Major Conc	Smwt of a Conc	Not Much Conc	Not Conc at all	Not Sure	Total Conc	Total Not Conc	- Not
The ability to generate work.....	28	35	20	17	-	63	37	26
Lack of employer-sponsored benefits like healthcare	29	26	20	25	-	54	46	9
Lack of employer-sponsored retirement plans.....	22	29	21	27	-	52	48	3

Q.7 Which of the following retirement plans do you actively contribute to, not including plans from past employers that are dormant? Please select all that apply.

	Total
IRA or Roth IRA.....	33
401K.....	17
Simple IRA	8
SEP	7
myRA	3
403B	3
Do not have a formal retirement plan	40
Other.....	5
Prefer not to say	-

[300 Respondents]

Q.8 (SKIP IF NO PLAN IN Q7) Which of the following statements best describes your current retirement savings outside of Social Security?

	Total
I will have enough in retirement.....	25
I have savings but will have to increase my contributions to insure I have enough money in retirement.	18
I have some savings but there is no way I will be able to retire without having another source of income.....	17
I have some savings but doubt I will have enough money to retire comfortably.	16
I could retire now but am still enjoying working.	16
I will never be able to retire.	6
Other.....	2
Prefer not to say	-

[200 Respondents]

Q.9(IF NO PLAN IN Q7) Which of the following statements best describes why you do not have a retirement plan. Please select all that apply.

	Total
I do not generate enough income.	38
I don't get paid on a predictable basis, which makes it hard to set aside money.	31
I'm relying on my spouse's plan.	14
Plans are too expensive.	12
I prefer to save for retirement in other ways.	11
I plan to get a retirement plan but do not have one in place yet.	11
Limited options/no good retirement plans for freelancers.	8
It is too early in my business to set aside money for retirement and I need to put most of my money back in my business.	7
I am retiring soon.	7
The array of options is overwhelming.	4
I'd rather spend on health care.	4
I'm only freelancing until I find a job and I don't want a long-term commitment.	3
Setting up and maintaining a plan is too time consuming.	1
Other.	7
Don't know/not sure.	-

[200 Respondents]

Q.10 (IF NO PLAN IN Q7) Are you planning to set up a retirement plan? If so, when do you expect to set up a retirement plan?

	Total
Yes, within the next 12 months.	15
Yes, in the next 2 years.	15
Yes, within the next 5 years.	17
No, I do not plan to set up a retirement plan.	53
Not sure.	-
Total Yes	47

Q.11 Thinking about prior employers, how many total retirement plans, if any, do you have from a previous employer?

	Total
0.	40
1.	21
2.	9
3 or more.	8
Not sure.	22

Q.12 Thinking about retirement plans from previous employers, have you rolled over a plan into an IRA? If so, which statement best describes your experience with rolling over your plans?

	Total
Yes, the experience was good, I was able to roll it over with minimal hassle and/or received good advice from a planner.	40
Yes, the experience was bad, it was a burdensome process.	4
Yes, the experience was bad, I was uncertain I received advice that served my best interests.	2
No, I have not rolled over a plan.	54
Not sure.	-
Total Yes	46

Q.13 Which of the following sources of advice do you usually use when deciding how to invest money in your retirement accounts? Please select all that apply.

	Total
Financial planner/advisor	36
Internet research.....	27
Friends or relatives	21
No one	20
Broker	12
Lawyer or accountant.....	12
Books or magazines.....	10
Financial planning application or online program	9
Former employer or HR representative from former employer	4
Other.....	5
Not sure	-

[102 Respondents]

Q.14 (IF NO ONE IN Q13) Which of the following reasons best describes why you do not receive advice from others when deciding how to invest the money in your retirement accounts?

	Total
I do not feel that I need help managing my investment.....	39
I would like help but do not know where to get it.	6
I would like help but I cannot afford it or it is too expensive.....	21
I'm not confident the information I would receive would be objective.	20
Other.....	14
Not Sure.....	-

Q.15 Please indicate whether each of the following issues is a major concern, somewhat of a concern, not much of a concern, or not a concern at all as a self-employed or freelance worker.

	Major Conc	Smwt of a Conc	Not Much Conc	Not Conc at all	Not Sure	Total Conc	Total Not Conc	Conc - Not
The cost of health coverage	46	29	14	12	-	74	26	49
The rate of taxation	30	42	14	14	1	72	28	44
Saving for retirement	33	37	16	14	-	70	30	39
Inconsistent cash flow	32	35	18	15	-	67	33	34
Having enough income to cover sick days or medical leave	26	23	26	24	-	50	50	0
The lack of workers compensation.....	15	24	26	35	0	39	60	-21
Student loan debt	11	13	9	66	0	24	75	-51

Q.16 Thinking about your career, which of the following statements best describes your career plans for the next 2 to 3 years?

	Total
Continue working as an independent worker/business owner.	54
Build a larger business or work more hours per week in it.....	9
Stop freelancing and seek a permanent full time job.....	6
Keep freelancing but seek a permanent part-time job to supplement my income.....	12
Stop working to pursue a different activity	6
Retire	12
Other.....	1
Not Sure.....	-

Q.17 Which two or three of the following issues facing freelancers or self-employed persons are the most likely to make you consider stop freelancing or running a solo business for a full-time job? You may chose up to three responses.

	Total
A more predictable income	45
Higher pay	37
A job that provided good health coverage	28
A job that provided a good retirement plan	23
The rate of taxation	18
Availability and retention of potential clients	17
A job that provided paid sick days or medical leave	12
The ability to get workers compensation.....	7
Other.....	9
Don't Know/Not Sure	0

Q.18 How confident are you in your ability to make the right investment decisions when managing and investing the money in your retirement accounts?

	Total
Very confident	33
Somewhat confident	41
Slightly confident	16
Not confident at all.....	10
Don't Know/Not Sure	-
Total confident.....	90
Very/Somewhat Confident	75
Slightly/Not Confident	25

Q.19 How interested would you be in a retirement vehicle that is portable across employers and can accommodate intermittent contributions from you and/or contributions from multiple employers for an individual worker?

	Total
Very interested	23
Somewhat interested.....	36
A little interested.....	21
Not interested at all.....	20
Don't know/Not sure	0
Total Interested	79
Very/Somewhat Interested	59
Little/Not Interested	41

Q.20 Please indicate whether the following items would make you much more likely, somewhat more likely, a little more likely, or no more likely at all to save for retirement.

	Much More Likely	Smwt More Likly	Lttle More Likly	No More Likly	Not sure	Total More Likly	Much/ Smwt Likly	Lttle/ No Likly
A plan that allowed you to withdraw without penalty in order to increase your financial flexibility.....	35	30	18	17	-	83	65	35
A plan that included automatic investment features, such as features that would adjust investments based on your age.	17	30	26	26	0	74	48	52
A plan that included an automated or streamlined process to contribute to a retirement plan during the process of paying quarterly taxes.	18	33	20	28	0	72	51	48
A plan that included robust investor education.	16	27	28	29	0	71	43	57
A plan with an investment company that provides an online single-payment system for both your IRS payment and to add to your investment portfolio.....	18	29	24	29	0	71	47	53

Q.21 In the past 12 months, have you borrowed money from or cashed out money from any of your retirement accounts?

	Total
Yes, Borrowed money	7
Yes, Cashed out	13
Yes, Both.....	3
No	76
Not Sure.....	-
Total Yes	24

Q.22 For statistical purposes only, which of these categories best describes the gross revenue of your business or freelance endeavors in 2015?

	Total
Under \$5,000.....	7
\$5,000 to \$10,000	5
\$10,000 to \$20,000.....	7
\$20,000 to \$30,000	9
\$30,000 to \$40,000	7
\$40,000 to \$50,000	6
\$50,000 to \$75,000.....	11
\$75,000 to \$100,000	12
\$100,000 to \$200,000	12
More than \$200,000	13
Don't know	2
Prefer not to say	8

Q.23 What percentage does this represent for your total family income?

	Total
All.....	24
More than 50 percent.....	24
25 to 50 percent.....	25
Less than 25 percent	17
Don't know	5
Prefer not to say	5

Q.24 Which ONE of the following categories best describes your business?

	Total
Real estate	11
Retail	10
Service industry.....	10
Finance and insurance	8
Construction.....	7
Information technology	6
Arts, entertainment and recreation	5
Administrative support and accounting	4
Retail services.....	4
Wholesale trade.....	4
Manufacturing.....	3
Scientific and technical services	3
Legal	2
Transportation	2
Agriculture.....	1
Medical or dental	1
Restaurant	1
Other.....	20
Prefer not to say	-

Q.25 Which of the following organizations do you belong to? Please check all that apply.

	Total
Your local chamber of commerce	10
The U.S. Chamber of Commerce	2
Freelancers Union.....	5
The National Association for the Self-Employed	5
National Federation of Independent Business.....	3
A Trade Association in Your Industry	13
Other Business Organization	8
None	67
Not Sure.....	-

Q.26 In what year were you born?

	Total
18 - 24	1
25 - 29.....	4
30 - 34	12
35 - 39.....	12
40 - 44	9
45 - 49.....	12
50 - 54.....	10
55 - 59	11
60 - 64	10
65 and over	15
(No answer).....	4

Q.27 Generally speaking, do you think of yourself as a Republican, a Democrat, an Independent, or something else?

	Total
Strong Democrat	19
Weak Democrat	7
Independent-lean Democrat	11
Independent	20
Independent-lean Republican	12
Weak Republican	13
Strong Republican.....	18
(Don't know/Refused)	-

Q.28 What is your race?

	Total
White	81
African American or Black	4
Hispanic or Latino	7
Asian or Pacific Islander	4
American Indian or Native American.....	1
Other.....	2
Biracial or multiracial	1
Prefer not to say	-

Q.29 What is your gender?

	Total
Male	54
Female	46