



July 3, 2024

The Honorable Bill Cassidy, M.D.  
Ranking Member  
U.S. Senate Committee on Health, Education, Labor, and Pensions

Via email: [IndependentWorkforce@help.senate.gov](mailto:IndependentWorkforce@help.senate.gov)

Re: Request for Information, Portable Benefits

Dear Senator Cassidy,

On behalf of the Retirement Practice Council of the American Academy of Actuaries (Academy),<sup>1</sup> we appreciate the opportunity to submit a preliminary response to the Senate Committee on Health, Education, Labor, and Pensions [request for information](#) (RFI) regarding portable benefits for self-employed workers and other individuals in nontraditional working arrangements. Two of our committees, the Retirement Policy and Design Evaluation Committee and the Social Security Committee, are currently drafting an issue brief to address the difficulties that gig workers experience when saving for retirement.

Attached to this letter (Appendix) is a preliminary summary of some of the key points to be addressed in the issue brief, including current retirement concerns of gig workers, as well as suggestions for helping these workers save for their retirement through both private plans and Social Security.

We will send you the issue brief when it is published. We welcome the opportunity to speak with you in more detail and answer any questions. If we can be of further assistance, please contact GERALYN TRUJILLO, the Academy's Senior Director of Public Policy ([trujillo@actuary.org](mailto:trujillo@actuary.org)), or LINDA K. STONE, the Academy's Senior Retirement Fellow ([stone@actuary.org](mailto:stone@actuary.org)).

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<sup>1</sup> The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Sincerely,

/s/

Sam Gutterman, MAAA, FSA, FCAS, FCA  
Chairperson, Social Security Committee  
American Academy of Actuaries

/s/

Claire L. Wolkoff, MAAA, FSA  
Chairperson, Retirement Policy and Design Evaluation Committee  
American Academy of Actuaries

## **Appendix: Preliminary Summary of Retirement and Gig Workers Issue Brief**

Issues surrounding gig workers are significant and complex, with limited available data regarding them. Analysis of these issues across various studies of these workers is further hampered by the wide range of types of work that are included. In addition, there is an inadequate infrastructure for these workers (and their families) to plan financially for their retirement and help them achieve greater financial security and a more stable retirement.

An example of such complexities is the fact that the financial needs of gig workers who also engage in traditional work may differ from those gig workers who do not have a traditional job. High-income independent contractors will likely have different financial security needs after retirement when compared to the needs of a transportation worker who worked for multiple digital platforms. Therefore, one needs to consider these various groups to properly consider their financial needs and risks.

Many of these workers tend to underreport their earnings, often due to a desire to optimize their current compensation. This underreporting, however, can result in a lack of savings to help ensure their future financial security. Additionally, many employers who hire gig workers do not make use of the retirement plans and educational resources available to them. Although other resources are available, further savings mechanisms that are convenient and effective are needed to further incentivize savings. The lack of effective educational information makes it difficult for gig workers to prepare for disability and longevity risks, including those associated with retirement.

There is also inadequate understanding and underappreciation of the adverse effect of misreporting and underreporting taxable earnings that may result in low future Social Security benefits for many gig workers. Some suggestions include encouraging workers to fully report income, incentivizing automatic reporting of income, and introducing modifications to the Social Security benefit formula to provide enhanced Social Security benefits to these workers.

Portable benefits legislation represents a promising approach to address these challenges. Utah's S.B. 233, for instance, offers a viable model that allows voluntary contributions from employers to worker-controlled benefit plans, ensuring portability across different jobs. Other states, including Massachusetts, Minnesota, New Jersey, Vermont, and Wisconsin, have recently introduced similar bills, aiming to provide gig workers with benefits that can be retained if they switch jobs. By adopting and refining portable benefit programs, states can offer tailored solutions that could ultimately serve as a model for national policy.

In addition, financial literacy and education are also crucial for gig workers to manage their finances and plan for retirement. Targeted education programs, from high school to those approaching retirement, can improve their confidence and retirement outcomes.