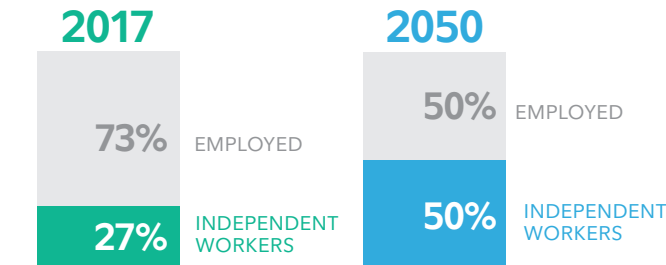


# The FUTURE of WORK

Technology, digital platforms, and the growing desire for self-employment are changing the nature of work. Whether earning a living as a self-employed lawyer or physician, freelance journalist, or driver for an online platform, workers are increasingly finding jobs outside of traditional 9-to-5 employment and enjoying the flexibility that careers in the mobile economy offer.



of independent workers are **happier working independently** than as a traditional employee.<sup>1</sup>



**The Independent Workforce Is Diverse**  
Independent workers work in many different industries and span all ages, ethnicities and income levels.<sup>4</sup>

**55%** Women  
**42%** Under age 29  
**19%** Over age 50  
**40%** Black or Hispanic

While independent workers or "indys" enjoy flexible careers in the entrepreneur economy, **they are left behind in the employer-sponsored benefits model that dominates today's workforce.**



## BENEFITS

Indys are burdened with **additional cost, compliance and confusion** when obtaining benefits typically provided by employers.



### Payroll and taxes

**Traditional**  
Automatically deducted and paid from each paycheck.

**Indys**  
Manually estimate and paid between 5-15 times per year.

31%

of Indys find **managing taxes challenging**<sup>5</sup>



### Healthcare

**Traditional**  
Obtain comprehensive coverage subsidized by employer and premiums can be paid with pre-tax dollars.

**Indys**  
Purchase insurance from the individual private market.

#### FINDING COVERAGE IN THE INDIVIDUAL MARKET IS EXPENSIVE

PREMIUMS AVERAGE\*  
**\$393/month** | Individual  
**\$1,021/month** | Families<sup>3</sup>

**57%** of Indys cite finding access to affordable healthcare as challenging with **38%** saying its the most challenging part of working independently.<sup>5</sup>



### Longterm Saving & Retirement

**Traditional**  
Automatically deposited into an employer-sponsored retirement account like 401(k); employees may receive a matching contribution from employer.

**Indys**  
Tax payments are based off of previous year's income, making it difficult to determine how much and when to save; Indys lack an employer match and are forced to save on their own in an individual retirement account, like an IRA.



of **traditional employees**<sup>2</sup>

VS.



of **Indys** contribute to a **retirement savings account**

**As independent workers become a staple in the economy, they should not be forced to forfeit financial security for the opportunity of self-employment**

1. MBO Partners, State of Independence in America report, 2017.

2. US Department of Treasury Office of Tax Analysis, Working paper, "The Rise of Alternative Work Arrangements: Evidence and Implications for Tax Filing and Benefit Coverage," 2017

3. eHealth, "Average Individual Health Insurance Premiums Increased 99% Since 2013, the Year Before Obamacare, & Family Premiums Increased 140%, According to eHealth.com Shopping Data," 2017.

4. Pew Research Center, Gig Work, Online Selling and Home Sharing, November 17, 2016.

5. Fidelity Business Consulting Nov/Dec 2016 Survey of Independent workers

\*These averages include both subsidized and unsubsidized premiums.

# WE URGE POLICYMAKERS TO ADDRESS THE FUTURE OF WORK



Fidelity acknowledges the changing nature of work and is **focused on developing solutions** for the growing demographic of independent workers.



As an employer with competitive employer-sponsored plans, we **recognize the value that quality affordable benefits provide workers and their families.**



**Policies should be updated to reflect the current and future workforce** and policymakers must enable, not hinder progress and innovation in the mobile economy.

*We urge policymakers to consider the following changes:*



## Portable Benefits

**Indys need a system of portable benefits provided outside of the traditional employment relationship,** which they own and can take from job to job. These benefits would include retirement savings, life and disability insurance. Flexible benefits models will improve financial security and empower workers. That's why we support Open Multiple Employer Plans (MEPs) for retirement coverage and alternative options for affordable healthcare and safety net programs.



## New Worker Classification

Currently the federal government recognizes only two classifications of worker, "employee" and "independent contractor". These classifications do not appropriately represent the needs, protections and flexibility of independent workers. **Policymakers should work to establish a new classification that will allow independent workers similar savings and benefits opportunities to their employee counterparts.**

Without a policy change, independent workers will continue to experience difficulties managing their finances and saving for retirement.

Together with the private sector, policymakers should be supporting a system that empowers all workers and encourages innovation and entrepreneurship.