



Ensuring the Financial Security of All Workers While They Work and When They Retire

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Over the last **two decades**, the United States has experienced a change in the makeup of its labor market as older Americans live longer and retire later. At the same time, the nature of work has started to transform as work arrangements transition away from full-time to increased part-time employment and contingent work. While these new, more non-traditional work arrangements—including contract, online platform, and temporary work—offer flexibility and a supplemental income, they also come at a high cost for workers. While full-time employment does not guarantee access to workplace benefits, policies, and protections, especially for **53 million low-wage workers**, contingent work can be just as precarious as low-wage full-time work. The lack of an employer often results in workers bearing the burden of the full cost to self-insure or accepting the full risk of not doing so. **With twenty percent** of contingent workers 55 years and older, the aging of the workforce coupled with the rapidly changing nature of work calls us to reconsider how we ensure that all workers, while they work and when they retire, can be financially stable and secure.

Even before the pandemic, many older Americans were struggling to make ends meet and build a savings cushion, with **eleven million older Americans** struggling to cover their cost of living. Without routinely positive cash flow and access to workplace retirement savings, households have no room to build a cushion for short-term emergencies nor to set aside funds for their retirement. **Seventeen percent of workers ages 45 to 59 and 13 percent of workers ages 60 and older** have no retirement savings, and of the workers in these age groups with savings, the majority are still not on track to meet their basic needs in retirement let alone cope with a large health or economic shock. **Nearly one in five older** Americans experienced economic hardship during the COVID-19 pandemic, with a significantly higher prevalence of suffering among elderly Black and Latinx Americans.

With longer life expectancy, an increase in the social security age and lack of adequate retirement savings, older Americans are staying in the workforce longer. However, in the pandemic we saw **15% of workers** 55 years and older lose their jobs and when older Americans lose their jobs, they tend to experience **longer unemployment** than their younger counterparts. Older Americans are struggling to secure traditional jobs and have increasingly been turning to contingent work, without access to adequate supports that enhance their financial security in retirement. When we look at traditional workplace benefits such as employer-provided retirement plans and health insurance, non-traditional workers are **less likely** than those in more traditional work arrangements to have access to them. And when these contingent workers lose their jobs, they can struggle to access public benefits due to unpredictable hours and fluctuating income. The pandemic highlighted how much workers in non-traditional work arrangements lack protections—and while pandemic unemployment assistance (PUA) provided assistance for the first time to those who are typically excluded from unemployment insurance—many contingent workers faced challenges accessing this temporary support and are not guaranteed this benefit in the future.

Benefits are foundational for any household to achieve financial security. They support working families to achieve routinely positive cash flow, build personal wealth, and ensure protection from large economic shocks. But benefits today, and their discretionary nature, are not designed to equitably reach all workers, disproportionately excluding marginalized workers including older workers:

- Before the pandemic, **5.2 million seniors** were food insecure yet **less than fifty percent of eligible older Americans** participate in Supplemental Nutrition Assistance Program (SNAP). We must pursue a *people-centric* approach in the design and delivery of benefits to effectively reach and meet the basic needs of older Americans.
- **Nearly one-third of workers 50 years and older** are part of our essential workforce yet **forty percent** of older workers lack access to paid sick leave. It is critical to take an equitable approach to workplace benefits to ensure *inclusive access*, so no worker must choose between their health and their wages.
- Only about **one quarter of workers ages 50 to 62** have traditional work arrangements with access to workplace benefits and workers engaged in non-traditional jobs for most of their 50s and 60s have **26% less in retirement income** than their peers in consistently traditional jobs. We must ensure benefits are *portable* so that these workers continue to have access to retirement savings even as they transition into new work arrangements.
- In the early months of the pandemic, the unemployment rate of seniors 65 and older reached **15.6%** surpassing the unemployment rate among younger workers. If older workers need to supplement their unemployment benefit with distributions from their pension or 401(k), they could be penalized with a **reduced unemployment benefit**. Our public and private benefit systems need to be *interoperable*—integrated to ensure seamless access and to work in sync to sufficiently support, and not destabilize or penalize, workers.

All of us in this ecosystem—workers, employers, benefit administrators and providers, researchers, policy makers, labor and worker advocates, and fintech companies—have a critical role to play to collectively ensure the financial security and economic dignity of all workers—while they work and when they choose to retire. Follow the work of **Benefits21** as we explore opportunities to support all workers by integrating their voices and power into the process to ensure that benefits are designed to serve their needs. An inclusive recovery from this pandemic requires that we focus on the **systemic change** necessary to create a new people-centric, inclusive, interoperable and portable benefit system that is responsive to workers' changing needs and to the future of work.