



The Gig Economy Is Creating New Opportunities for Older Americans

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Popular discussion often paints a negative picture of work in the gig economy, highlighting the drawbacks of online platforms and other independent contractor arrangements for people who would prefer a regular, full-time job. Critics note that workers in these arrangements face greater uncertainty about their hours and earnings than those in traditional employment arrangements, do not receive employer-provided health insurance and other employer-provided benefits, and do not enjoy social insurance protections such as eligibility for unemployment insurance benefits.

For many workers near or past the traditional age of retirement, however, the advantages of independent contractor work are likely to outweigh these potential drawbacks. Older workers often do not need or want steady full-time work. Indeed, many of those still employed at older ages continue to work because it is a way to stay active and connected or because they take satisfaction in their work rather than because of financial need (Pitt-Catsouphe and Smyer 2005, Abraham, Hershbein and Houseman 2021). Adults past the age of 65 are covered by the Medicare system, limiting the value they receive from employer-provided health insurance. And if older adults' primary motivation for working is to stay active or even to supplement other sources of income rather than to earn a livelihood, not having protections such as unemployment insurance coverage will be less of a consideration than it is for younger workers. In contrast, the flexibility afforded by work as an independent contractor is likely to be an especially important attraction for older adults who would like greater control over their work schedules.

My research with Susan Houseman of the Upjohn Institute has documented the interest that older workers often have in scaling back but continuing to work, as well as the obstacles they encounter in doing so. As they approach retirement, nearly as many older workers say they would like to reduce their hours as say they intend to retire completely. Two years later, however, far fewer of the workers hoping to reduce their hours had realized their plans than was the case for workers intending to stop work entirely (Abraham and Houseman 2005, 2008). Consistent with our findings, others have observed that a much larger share of workers say they would like to continue working after retirement than actually do so (Maestas 2010). Recent research based on a survey of retirees finds that many who are currently out of the labor force would be interested in working if their hours could be flexible, even if that flexibility came at the cost of lower pay (Ameriks et al. 2020).

In some cases, employers are willing to offer valued employees continued work on a more flexible schedule, but formal phased retirement programs are relatively rare. Data collected by the Society for Human Resource Management (SHRM) show that, as of 2018, only about 5 percent of those responding to SHRM's annual member survey reported that their firm had a formal phased retirement program. Even counting those who say their firm may offer phased retirement on an informal basis, that share rises to only about 20 percent (Society for Human Resource Management 2018). Due to employer reluctance to hire older employees (Lahey 2008, Bendick, Jackson, and Romero 1997), transitioning to a new part-time job after retirement also may be difficult, nor will available part-time jobs necessarily offer the control over their work schedules many older adults are seeking.

The growth in opportunities for independent contractor work in recent years—and especially the growth in opportunities for online platform work—offers new options to older workers along their path towards full retirement. Self-employment rates always have been higher among older adults, but starting a new business typically requires investments that may not be sensible for an older adult who anticipates few remaining years of work to make. The barriers to becoming an independent contractor are lower and work as an independent contractor accounts for much of older workers' self-employment (Abraham, Hershbein and Houseman 2021). The considerable interest in flexible work expressed by older adults who are currently out of the labor force suggests, however, that many more might find independent contractor work attractive. Online platforms lower the barriers to becoming an independent contractor—they reduce the cost of identifying potential customers, making it easier for older workers to market their services, and facilitate transactions by handling customer payments. In addition, because much of the work available through online platforms can be performed remotely, it may be especially well suited to older workers with mobility limitations or other disabilities (Abraham and Houseman 2020).

None of this is intended to say that those concerned about the risks associated with the rise of online platforms and other independent contractor work do not raise valid issues. This should not blind us, however, to the significant benefits such work can offer to older Americans. Being able to continue working on their own terms—to stay engaged and earn money to supplement their retirement incomes—could improve many older adults' lives.

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