



What's at Stake

Federal and state policies are outdated in light of new models of work. Many self-employed professionals, freelancers, and gig workers are unable to access workplace benefits—such as healthcare, retirement, disability, and parental benefits—without jeopardizing their independent status.

- The federal Fair Labor Standards Act (FLSA) and state laws restrict companies, organizations, and individuals from offering benefits to independent contractors. They risk having to reclassify those workers as employees and may face hefty fines for “misclassifying” them.
- Federal laws prohibit independent contractors from joining together as an association to purchase health insurance as well.

Women value flexibility. They work independently to balance earning incomes with raising children, caregiving for aging parents, and managing their health issues.

- A majority of independent workers (**79%**) prefer their nontraditional job arrangements over a traditional one.
- **Nine out of ten** female workers who shifted from full-time employment to independent contract work said they did so to prioritize flexibility over stability.

While a significant proportion of independent contractors can access workplace benefits through their other W-2 jobs or their spouses’ coverage, an estimated **40%** of independent contractors—potentially millions of workers—lack access to employer-provided benefits.

The Way Forward

Portable benefits enable self-employed professionals and gig workers who desire benefits to secure them without losing their independent status.

Unlike traditional employer-provided benefits, portable benefits are attached to a worker instead of a specific employer. Companies, organizations, or individuals can pay into those benefit plans for the contractors. Independent workers can maintain coverage no matter how they choose to work or who pays them.

Unfortunately, existing legal and tax challenges prevent the creation of portable benefits for independent contractors.

Policymakers should reform laws and regulations to establish that providing benefits does not change the reclassification of independent contractors. One federal effort is the Modern Worker Security Act (HR 1320). Also, states, including Utah and Pennsylvania, are passing bipartisan legislation to remove legal barriers to portable benefits.

Addressing Misperceptions

MISPERCEPTIONS	FACTS
All gig workers and freelancers are doing so full-time.	Just 10-29% of U.S. workers engage in independent work as their primary source of income, and up to 39% use it as a supplementary source of income. According to a survey of gig workers, 69% of gig workers held a full-time or part-time W-2 job.
All independent workers need access to health care and other benefits.	Some independent contractors can access workplace benefits through their other W-2 jobs or the employment of their spouses. However, upwards of 40% of independent workers lack access to any options.
To provide independent contractors with benefits, just reclassify them as employees.	Mass reclassification of workers as employees, such as California's AB5 , is a devastating approach that undermines flexibility and worker freedom. A large majority of independent workers prefer their nontraditional job arrangements over a traditional job.

To learn more, read [Policy Focus: Portable Benefits](#).