

Self-Employed: Defying and Redefining Retirement

Select Findings from the 19th Annual Transamerica Retirement Survey

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®

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About the Authors

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With two decades of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small business, which featured the need to raise awareness of the [Saver's Credit](#) among those who would benefit most from the important tax credit.

In 2018, Catherine was named an [Influencer in Aging](#) by PBS' [Next Avenue](#). In 2016, she was honored with a Hero Award from the [Women's Institute for a Secure Retirement](#) (WISER) for her tireless efforts in helping improve retirement security among women. Catherine serves on the Advisory Board of the [Milken Institute's Center for the Future of Aging](#). She co-hosts the [ClearPath: Your Roadmap to Health & Wealth](#) radio show on Baltimore's WYPR, an NPR news station.

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About Transamerica Center for Retirement Studies®

- Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, retirees and the implications of legislative and regulatory changes.
- Since 1998, Transamerica Center for Retirement Studies® (TCRS) has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public. It has grown to be one of the longest running and largest national surveys of its kind.
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About the Survey

- Since 1998, Transamerica Center for Retirement Studies® (TCRS) has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public. It has grown to be one of the longest running and largest national surveys of its kind.

Methodology: 19th Annual Transamerica Retirement Survey

- The analysis contained in this report was prepared internally by the research team at Transamerica Center for Retirement Studies® (TCRS).
- A 25-minute, online survey was conducted between October 26 and December 11, 2018 among a nationally representative sample of 5,923 workers by The Harris Poll on behalf of TCRS. Respondents met the following criteria:
 - U.S. residents, age 18 or older
 - Full-time or part-time workers in a for-profit company employing one (1) or more employees or self-employed
 - **This report compares the 755 workers who self-identify as self-employed to the 5,168 workers who do not.**
- Data were weighted as follows:
 - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full time or part time in a for-profit company with one (1) or more employees, or self-employed.
 - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.
- Percentages are rounded to the nearest whole percent.

Terminology

This report uses the following terminology:

Employment Status

Self-employed: Respondents who indicate that full-time or part-time self-employment best describes their employment.

Employed: Respondents who indicate that they work full time or part time and do not self-identify as self-employed.

Demographics

Baby Boomers: Born 1946-1964 (Self-employed: n=384; Employed: n=1,477)

Age 50+: Age at the time of the survey fielding (Self-employed: n=481; Employed: n=1,978)

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Key Highlights

Self-employment brings freedom, flexibility, and autonomy – yet it often comes without a steady paycheck or access to employer-sponsored retirement benefits that can make it easier to save for retirement. The self-employed must navigate through these challenges and take a do-it-yourself approach to saving and planning for retirement.

Self-Employed: Defying and Redefining Retirement compares the retirement outlook of the self-employed with employed workers. It builds on the **19th Annual Transamerica Retirement Survey**, one of the largest and longest running surveys of its kind, and represents the first year the self-employed were added to the research. The survey of 755 respondents explores the retirement outlook of individuals who are primarily self-employed. The survey's sample comprises respondents who indicate that full-time or part-time self-employment best describes their employment.



Key Highlights

A Portrait of the Self-Employed

The self-employed represent a variety of demographic characteristics and work arrangements – and they became self-employed for a variety of reasons.

- **The self-employed represent a diverse population.** More than six in 10 are men (63 percent). Fifty-five percent are age 50 and older. Forty-three percent are college graduates and 29 percent have attended some college or trade school. They have been self-employed for 12 years (median).
- **The Self-Employed Work in a Variety of Situations.** Forty-seven percent of the self-employed are sole proprietors, 27 percent own a business and employ others, and 26 percent are freelancers. Among freelancers, almost four in five are independent contractors (79 percent), while nine percent participate in an internet platform (e.g., Uber, Lyft, TaskRabbit, Upwork), and three percent work through an agency or staffing company (e.g., Kelly, Adecco, ResourceMFG).
- **The most often cited important reasons for becoming self-employed are:** I like being my own boss (69 percent), I can work a flexible schedule and hours (65 percent), I can work where I want to (48 percent), and the opportunity to earn more money (46 percent). Approximately one in three indicate they are an entrepreneur (32 percent). The self-employed are much less likely to cite reasons such as tax advantages, employment loss, or difficulties in finding employment. A noteworthy 13 percent indicate self-employment allows them to transition into retirement.

What Is Retirement?

Among the self-employed, the concept of retirement is less relevant than it is for employed workers. Given that their work affords them greater scheduling flexibility and that they are enjoying life, retirement is simply less attractive to them. The research finds that the self-employed are somewhat less likely than employed workers to cite positive word associations about retirement, and relatively few are “very much” looking forward to it.

Key Highlights

What Is Retirement? (cont.)

- **“What does retirement mean to you?”** This open-ended question in the survey captures the highly personal nature of retirement. For the self-employed, it means retiring on their own terms, focusing on themselves, and even continuing to work. Here are some of their responses:
 - Retirement to me means being able to cut back or discontinue entirely working secularly, and to have more time to pursue personal interests. In my personal experience, watching my grandmother retire, it meant her spending time doing a volunteer ministry and being able to travel more freely. – Woman, age 23.
 - To me, it just means continuing on with what I already do as an artist (fine arts & illustration) but more so it means that my husband will be able to retire and we’ll be able to travel and relax and do all the things we want to together because he is no longer tied down to a stressful job. – Woman, age 50.
 - I’m not sure it means anything, because I don’t plan to do it. If you love what you do, and are physically and mentally capable of doing it, why retire? – Woman, age 60.
 - Retirement doesn’t mean stop working to me. It means working exclusively on ME projects which might include any number of personal passion projects. – Man, age 35.
 - Retirement is a term applied to W2 wage earning employees. Retirement describes the point where the W2 employee stops working due to age. Retirement is a construct and not a requirement. – Man, age 46.
 - I own a factory. I quit working for money years ago. I take great pleasure in designing and engineering new products. I cannot fathom not working. – Man, age 76.
 - It is a word I do not use when referring to myself. I do not plan to retire as I enjoy working too much. As I own my own business, I can set my working hours. Retirement to me would mean having nothing constructive to do. – Woman, age 89.

Key Highlights

What Is Retirement? (cont.)

- **Most Cite Positive Word Associations With “Retirement.”** Approximately four in five of the self-employed (81 percent) associate one or more positive words with “retirement,” a finding that is somewhat less than employed workers (86 percent). Among both the self-employed and employed, the most often cited word is “freedom” (56 percent, 55 percent respectively). Regarding the second and third most often cited words, the self-employed are less likely than employed workers to mention “enjoyment” (49 percent, 53 percent respectively) and “stress-free” (40 percent, 43 percent respectively).
- **Only 26 Percent Are “Very Much” Looking Forward to Retirement.** Sixty-three percent of the self-employed are looking forward to retirement, including 26 percent who are “very much” and 37 percent who are “somewhat” looking forward to it. The self-employed are less likely than employed workers (72 percent) to be looking forward to retirement.
- **Dreaming of an Active Retirement That Includes Work.** Traveling is the most often cited retirement dream among the self-employed (60 percent), followed by spending more time with family and friends (48 percent), pursuing hobbies (45 percent), and doing volunteer work (23 percent). The self-employed are somewhat less likely than employed workers to mention these as dreams. The self-employed and employed workers are similarly likely to dream of doing paid work (31 percent, 30 percent respectively). However, the self-employed (21 percent) are more likely than employed workers to dream of continuing to work in the same field, while employed workers are more likely to dream of pursuing an encore career or starting a business (13 percent both).
- **Retirement Fears Are Health- and Financial-Related.** The self-employed and employed workers share similar health- and financial-related retirement fears. However, the self-employed tend to be less fearful about retirement, especially as it relates to finances. The most often cited retirement fears include: declining health that requires long-term care (45 percent self-employed, 41 percent employed); outliving savings and investments (43 percent self-employed, 48 percent employed); Social Security will be reduced or cease to exist in the future (37 percent self-employed, 44 percent employed); cognitive decline, dementia, Alzheimer’s disease (35 percent self-employed, 32 percent employed); lack of access to adequate and affordable healthcare (33 percent self-employed, 34 percent employed); and not being able to meet the basic financial needs of my family (32 percent self-employed, 40 percent employed).

Key Highlights

What Is Retirement? (cont.)

- **Almost Seven in 10 Expect to Retire After Age 65 or Not at All.** Sixty-eight percent of the self-employed expect to retire after age 65, including 11 percent who expect to retire between age 66 and 69, 29 percent who expect to retire at age 70 or older, and 28 percent who do not plan to retire. Only 54 percent of employed workers expect to retire after age 65 or do not plan to retire.
- **Only One in 10 Plan to Immediately Stop Working and Retire.** Eleven percent of the self-employed plan to immediately stop working when they reach a certain age or savings amount. Seventy-four percent envision either continued work or a gradual transition into retirement, including 28 percent who will continue working as long as possible, 31 percent who will reduce their work hours with more leisure time to enjoy life, and 15 percent who will work in a different capacity that is either less demanding and/or brings greater personal satisfaction. In contrast, 66 percent of employed workers envision continued work or a gradual transition and 22 percent plan to immediately stop working when they retire.
- **Six in 10 Plan to Work in Retirement.** Sixty-two percent of the self-employed plan to work after they retire, including 15 percent who plan to work full-time and 47 percent who plan to work part-time. Fewer employed workers (55 percent) plan to work after they retire.
- **Reasons for Working in Retirement Are Health and Financial.** Among the self-employed who plan to work in retirement and/or past age 65, their reasons for doing so are more often healthy-aging related (83 percent) than financial (73 percent). The most often cited reasons for doing so are to “be active” (59 percent), “keep my brain alert” (56 percent), “enjoy what I do” (54 percent), and “want the income” (54 percent). The self-employed (73 percent) are less likely than employed workers (80 percent) to cite financial reasons for working in retirement.
- **Steps Taken to Be Able to Continue Working Past Age 65.** The majority of the self-employed have taken one or more proactive steps to help ensure they can continue working past age 65. Fifty-six percent are staying healthy, followed by 37 percent who are focused on keeping their job skills up to date and 30 percent who are performing well at their current job. However, their responses are lower for networking (21 percent), scoping out the employment market (11 percent), and going back to school (8 percent). Twenty-four percent of the self-employed have not taken any steps, a survey finding that is slightly lower than employed workers (27 percent).

Key Highlights

What Is Retirement? (cont.)

Unfettered by employers that can profoundly influence when and how they will retire, the self-employed have a strong vision of retiring on their own terms. Many intend to work beyond traditional retirement age, while others have no intentions of ever retiring. They are more likely to do so for healthy aging-related reasons than financial reasons. However, many can be more proactive about taking steps that can help them continue working.

Retirement Preparations and Financial Situation

Most of the self-employed are saving for retirement amid competing financial priorities. Unlike workers who have access to employer-sponsored benefits including retirement benefits, the self-employed must seek out their own solutions. While they are taking some steps, the survey finds that many are overlooking opportunities to improve their long-term prospects.

- **Attitudes and Beliefs About Retirement.** The self-employed and employed workers similarly believe that their generation will have a much harder time achieving financial security in retirement than their parents' generation (79 percent, 76 percent respectively). They are also similarly likely to be very involved in monitoring and managing their retirement savings (66 percent, 65 percent). However, the self-employed are less likely to share other perspectives about retirement. For example, only 29 percent of the self-employed prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date, compared with 42 percent of employed workers.
- **Most Are Still Recovering from the Great Recession.** Fewer than half of the self-employed (45 percent) say they have either fully recovered (24 percent) or were not impacted (21 percent) by the Great Recession. Thirty-two percent have somewhat recovered, 14 percent have not yet begun to recover, and nine percent feel they may never recover. The status of their recovery is generally similar to that of employed workers.
- **Saving Tops the List of Financial Priorities.** Building savings (56 percent) and saving for retirement (50 percent) are the two most often cited financial priorities among the self-employed. Forty-six percent of the self-employed cite paying off some form of debt as priority, a finding that is significantly lower than found among employed workers (64 percent). Approximately three in 10 of the self-employed and employed workers indicate they are just getting by to cover basic living expenses (31 percent, 32 percent respectively).

Key Highlights

Retirement Preparations and Financial Situation (cont.)

- **Are Emergency Savings Adequate?** Having emergency savings to cover unexpected major financial setbacks, such as unemployment, medical bills, home repairs, auto repairs and other setbacks, is especially important for the self-employed because their income is typically less predictable and less consistent than that of employed workers. The self-employed have saved \$10,000 (median) in emergency savings, with 22 percent reporting having less than \$5,000. In comparison, employed workers have saved even less for emergencies at \$5,000 (median).
- **Almost Two-Thirds Are Confident About Retirement.** Sixty-five percent of the self-employed are confident that they will be able to fully retire with a comfortable lifestyle, including 24 percent who are “very” confident and 41 percent who are “somewhat” confident. While 63 percent of employed workers are confident, only 18 percent are “very” confident and 45 percent are “somewhat” confident.
- **Almost Two-Thirds Expect Standard of Living to Stay the Same or Improve.** Almost two-thirds (65 percent) of the self-employed expect their standard of living to either improve (17 percent) or stay the same (48 percent) when they retire. Twenty-two percent expect their standard of living to decrease and 13 percent are “not sure.” While employed workers (21 percent) are more likely than the self-employed to expect their standard of living to increase when they retire, they are also more likely to expect it to decrease (28 percent).
- **Expectations of Diverse Sources of Retirement Income.** The self-employed are expecting diverse sources of income when they retire. Seventy percent expect income from Social Security. Only 40 percent expect retirement income from 401(k)s, 403(b)s, or IRAs, while 54 percent expect income from other savings and investments, and 38 percent expect income from working. Only 13 percent expect income from a company-funded pension plan. Because they are self-employed, it is hardly surprising that they are far less likely than employed workers to expect retirement income from employer-sponsored retirement plans. Among business owners (sole proprietors and those who employ others), 47 percent expect income from their business, and 17 percent expect income from the sale of their business as sources of retirement income.
- **Approximately Seven in 10 Are Saving for Retirement.** Seventy-one percent of the self-employed are saving for retirement. They started saving at age 30 (median). In comparison, they are somewhat less likely than employed workers (75 percent) to be saving, and they started at an older age. Employed workers started saving at age 27 (median).

Key Highlights

Retirement Preparations and Financial Situation (cont.)

- **More Than Half Consistently Save for Retirement.** Fifty-five percent of the self-employed indicate they consistently save for retirement, while 30 percent save from time to time, and 15 percent say they never save. Among those currently saving for retirement, they are saving 15 percent (median) of their annual income.
- **Types of Savings and Investments Used to Save for Retirement.** The self-employed reference using a variety of types of savings and investments for retirement. Savings accounts (62 percent) are the most often cited, followed by stocks (34 percent), Traditional or Roth IRA (31 percent), mutual funds (24 percent), and 401(k) (21 percent). One in five reference their business (20 percent). Fewer than one in five mention their primary residence (19 percent), money market funds (18 percent), life insurance (16 percent), CDs (15 percent), real estate other than primary residence (12 percent), annuities (11 percent), or bonds (10 percent).
- **How Retirement Savings Are Invested.** Of those who are investing for retirement, almost one in four of the self-employed (22 percent) are “not sure” how their retirement savings are invested, compared with 18 percent of employed workers. The self-employed (39 percent) and employed workers (43 percent) most frequently cite a relatively equal mix of stocks and conservative investments. The self-employed and employed workers are similarly likely to mostly invest in bonds, money market funds, cash, and other stable investments (both 20 percent). They are also similarly likely to mostly invest in stocks (both 19 percent).
- **Are Retirement Savings Adequate?** Total household retirement savings among the self-employed is \$71,000 (estimated median). Self-employed Baby Boomer workers, the generation nearing and entering retirement, have saved \$173,000 (estimated median). In comparison, employed workers have saved \$50,000 (estimated median) while employed Baby Boomers have saved \$152,000 (estimated median). Self-employed Baby Boomers are similarly likely to employed Baby Boomers to have saved more than \$250,000 (38 percent, 39 percent respectively).
- **Many Are Guessing Their Retirement Savings Needs.** Both the self-employed and employed workers believe they will need to have saved \$500,000 (median) by the time they retire in order to feel financially secure, although the self-employed are more likely to believe they will need \$2 million or more. Both most often arrived at this amount by guessing (48 percent self-employed, 46 percent employed). Only 10 percent of the self-employed used a retirement calculator or completed a worksheet, a response which is slightly lower than that of employed workers (12 percent).

Key Highlights

Retirement Preparations and Financial Situation (cont.)

- **Fewer Than One in Five Have a Written Retirement Strategy.** Approximately three in five of the self-employed and employed workers have a retirement strategy (63 percent, 64 percent respectively). However, only 18 percent of the self-employed and 19 percent of employed workers have a written retirement strategy. Forty-five percent of both the self-employed and employed workers have a plan but it is not written down. More than one-third of the self-employed and employed workers do not have a plan at all (37 percent, 36 percent respectively).
- **Retirement Strategies Are Missing Important Factors.** A robust retirement strategy should consider a broad range of factors that could impact one's retirement savings, ability to generate income in retirement, and protection of savings. Many of the self-employed with a retirement strategy have factored in basic living expenses (71 percent), Social Security and Medicare benefits (60 percent), total retirement savings and income needs (54 percent), and a retirement budget (50 percent). However, few have factored in long-term care needs (34 percent), tax planning (25 percent), estate planning (24 percent), and contingency plans (19 percent). Among business owners (sole proprietors and those who employ others), 26 percent have factored in an exit strategy for their business.
- **One in Three Have a Backup Plan for Retirement Income.** Relatively few of the self-employed (31 percent) and few employed workers (26 percent) have a backup plan for retirement income if forced into retirement sooner than expected. With so many people planning to extend their working lives beyond traditional retirement age, it has become increasingly important to have a backup plan if retirement happens unexpectedly (e.g., health issues, job loss, caregiving obligations).
- **Is Insurance Coverage Adequate?** The self-employed may be lacking insurance which can financially protect them from health-related issues and expenses. Only 81 percent indicate they have health insurance. Even fewer have life insurance (46 percent). Of great concern, only 23 percent have disability insurance which could help protect their income if they are unable to work for any extended period of time. Employed workers are more likely to have access to these types of insurance through their employers, and are more likely to be covered.
- **Six in 10 Don't Know About the Saver's Credit.** The Saver's Credit is a tax credit for eligible taxpayers who are saving for retirement in a qualified retirement plan at work or an IRA. It might just be the nudge many need to get started on saving for retirement but, unfortunately, too many are unaware of it. Only 38 percent of both the self-employed and employed workers are aware of it.

Key Highlights

Retirement Preparations and Financial Situation (cont.)

- **Less Than Half of Age 50+ Know About Catch-Up Contributions.** The IRS offers the opportunity for those who are age 50 and older to make Catch-Up Contributions to a qualified retirement account of an additional amount over and above the plan- or IRA-contribution limit. Fewer than half of the self-employed who are age 50+ are aware of Catch-Up Contributions (46 percent), a finding that is lower than their employed counterparts (60 percent).
- **Few Baby Boomers Know a Great Deal About Social Security.** Having a strong knowledge of government benefits is important for all future retirees, especially for those nearing retirement. However, among Baby Boomers – the generation that is nearing and entering retirement – only 33 percent of self-employed and 23 percent of employed workers indicate they know “a great deal” about Social Security.
- **Few Baby Boomers Know a Great Deal About Medicare.** Healthcare expenses can deplete a retirement nest egg. Having a strong knowledge of Medicare is important for all future retirees. However, only 27 percent of self-employed Baby Boomers say that they know “a great deal” about it. Even fewer employed Baby Boomers (19 percent) have a great deal of knowledge.
- **Relatively Few Use a Professional Financial Advisor.** Only 38 percent of the self-employed who are saving for retirement use a professional financial advisor to help them manage their retirement savings and investments. Of those who do, most use a financial advisor to make retirement investment recommendations (77 percent), for calculating a retirement savings goal (46 percent), or for general financial planning (46 percent). Professional financial advisor usage is similar among employed workers (36 percent).
- **Few Frequently Discuss Retirement With Family and Friends.** Retirement impacts families, yet only 12 percent of the self-employed and 16 percent of employed workers “frequently” discuss saving, investing, and planning for retirement with family and friends. While most “occasionally” discuss it (58 percent self-employed, 56 percent employed), approximately one in three “never” discuss it (30 percent self-employed, 28 percent employed). An open dialogue with trusted loved ones can inspire new ideas, identify opportunities, encourage action, and set expectations with regard to any need to provide or receive financial support.

Key Highlights

Retirement Preparations and Financial Situation (cont.)

While it is indeed good news that most of the self-employed are saving and investing for retirement, those who aren't doing so need to consider how they can start. Additionally, the self-employed can bolster their financial situation by engaging in financial planning, building emergency savings, and reviewing insurance coverages that can help protect them from financial shocks.

Happiness, Health, and Work-Life Balance

The self-employed are happy and enjoying life. They are planning on living long lives. Most are concerned about their health in older age, and they are more likely to be engaging in healthy behaviors compared with employed workers. They are also successfully achieving work-life balance. Among those who are and/or have been caregivers, their self-employment has afforded them greater flexibility than employed workers.

- **Almost Nine in 10 Are Generally Happy People.** The self-employed have a positive outlook on life. More than eight in 10 of the self-employed indicate that they are generally happy (87 percent), enjoying life (84 percent), have close relationships with family and/or friends (82 percent), have a strong sense of purpose in life (83 percent), and are confident in their ability to manage their finances (81 percent). Employed workers similarly share this positive outlook. However, they are more likely than the self-employed to be having trouble making ends meet and to be isolated and lonely.
- **Many Plan to Live Long Lives.** Asking someone what age they plan to live to is a difficult question. Among those who provided an age, the self-employed and employed workers are both planning to live to age 90 (median). Almost one in five of the self-employed (19 percent) are planning to live to age 100 or older, compared with 13 percent of employed workers. Hardly surprising, the survey finds that many indicate they are “not sure,” including 49 percent of the self-employed and 44 percent of employed workers. Interestingly, in recalculating the percentages to include only those who provided an age and exclude the “not sure” responses, the percentage of the self-employed who plan to live to age 100 or older increases to 36 percent, compared with 24 percent of employed workers.

Key Highlights

Happiness, Health, and Work-Life Balance (cont.)

- **Seven in 10 Are Concerned About Their Health in Older Age.** Retirement planning often emphasizes financial preparations such as saving, investing, and achieving the amount of retirement income that is needed for a comfortable lifestyle. However, in order to fully enjoy retirement when the time comes, it's also important to maintain good health. Almost three out of four of the self-employed (72 percent) and employed workers (74 percent) are concerned about their health in older age, including those who are “very” concerned (22 percent self-employed, 23 percent employed) or “somewhat” concerned (50 percent self-employed, 51 percent employed).
- **Most Are Taking Steps to Safeguard Long-Term Health.** When asked about health-related activities they are doing on a consistent basis, the self-employed are more likely to be engaging in them than employed workers. Sixty-five percent of the self-employed eat healthfully (54 percent employed), 63 percent exercise regularly (55 percent employed), 62 percent avoid harmful substances (44 percent employed), 60 percent maintain a positive outlook (49 percent employed), and 56 percent seek medical attention when needed (48 percent employed).
- **Eight in 10 Successfully Manage Work-Life Balance.** One of the theoretical advantages of being self-employed is greater control over one's schedule. While the self-employed (81 percent) and employed workers (79 percent) are similarly likely to indicate they are successful in managing work-life balance, the self-employed (33 percent) are more likely to be “very” successful than employed workers (24 percent).
- **One in Three Are and/or Have Been Caregivers.** Thirty-six percent of the self-employed have served as a caregiver during the course of their working careers, including 22 percent who have been a caregiver in the past and 16 percent who are currently caregivers. Among caregivers, self-employment appears to have given them greater flexibility in balancing their work responsibilities, compared with their employed counterparts.

Key Highlights

Happiness, Health, and Work-Life Balance (cont.)

The self-employed enjoy greater freedom than employed workers – but it comes with complex retirement planning requirements. While working beyond traditional retirement age can bring income, opportunities to save, and healthy-aging related benefits, planning not to retire is not a retirement strategy. All too often, life’s unforeseen circumstances can derail the best-laid plans. The self-employed can and should be doing much more to build and protect their long-term financial security.

Catherine Collinson

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10 Recommendations for the Self-Employed

Self-employment brings both unique opportunities and challenges for saving, planning, and preparing for retirement. The self-employed often lack a steady paycheck with a regular stream of income. Without retirement benefits offered by an employer, the self-employed typically must take a do-it-yourself approach to retirement savings. At the same time, self-employment also brings greater freedom, the freedom to work – and retire – on one’s own terms.

Ten recommendations for the self-employed are:

1. **Create a budget** that includes income, living expenses, paying off debt, and financial goals such as building short-term savings and long-term retirement savings.
2. **Start saving early and get into the habit of saving consistently over time.** If confronted with an irregular paycheck, save more during boom years and less during lean years.
3. **Learn about tax-advantaged retirement savings opportunities for the self-employed,** including Traditional and Roth IRAs, SEP IRAs, SIMPLE IRAs, and Individual 401(k)s. If age 50 or older, learn about Catch-Up Contributions to 401(k)s, 403(b)s, and IRAs.
4. **Automate savings.** One of the proven advantages of employer-sponsored retirement benefits is the convenience of payroll deduction. Even without access to such benefits, it may be possible to automate savings by setting up an automatic funds transfer, for example, from a checking account to a savings or retirement account.
5. **Protect yourself from financial shocks** that could disrupt your current situation and future retirement by building emergency savings and considering insurance coverage (e.g., major medical, disability, life insurance, liability).
6. **Utilize government-sponsored retirement programs designed to help the self-employed save for retirement,** such as making contributions to Social Security. It may be tempting to under-report personal income to reduce income taxes. However, it’s important to remember this may reduce government benefits at retirement, which are typically based on an individual’s earnings history. Equally important is keeping up to date on paying your taxes, e.g., quarterly payments to the IRS and state government.

10 Recommendations for the Self-Employed

7. **Develop a written retirement strategy** that includes a budget and estimates retirement savings and income needs and addresses a broad range of factors (e.g., government benefits, investment returns, healthcare expenses, long-term care needs, and paying off any debt). It should also include an exit strategy for one's business and contingency plans if forced into retirement sooner than planned.
8. **Consider seeking help from a professional financial advisor in planning for retirement, developing an exit strategy for your business (if applicable), and a plan for converting retirement assets into retirement income.** Retirement planning can be especially complicated for the self-employed. The self-employed are more likely than employed workers to have a wide variety of expected sources of retirement income. Some of these, such as investment property or the sale of a business, may be more difficult to convert into retirement income than more liquid assets, such as savings and investments held at a financial services firm or retirement plan provider. A financial advisor can also assist with and/or help coordinate tax and estate planning with your accountant and attorney.
9. **Take proactive steps to help ensure the ability to continue working and retire on your own terms.** Keep your job skills up to date. Invest in training and skills development for yourself and those you employ. Meet new people and grow your network.
10. **Take good care of yourself and safeguard your health.** Consider the long-term health implications when making lifestyle decisions today. Find appropriate healthcare coverage for you, your family, and your employees, if applicable.

***Self-Employed:
Defying and Redefining Retirement***

Detailed Findings

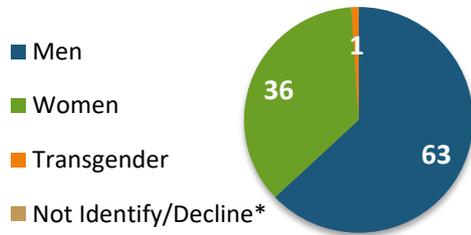
A Portrait of the Self-Employed

A Portrait of the Self-Employed

The self-employed represent a diverse population. More than six in 10 are men (63 percent). Fifty-five percent are age 50 and older. Forty-three percent are college graduates and 29 percent have attended some college or trade school. They have been self-employed for 12 years (median).



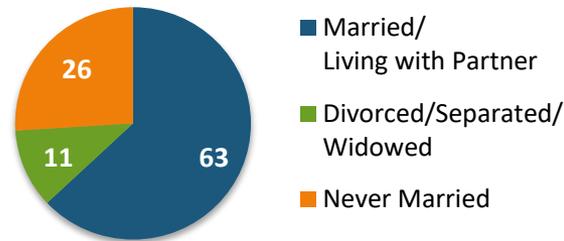
GENDER



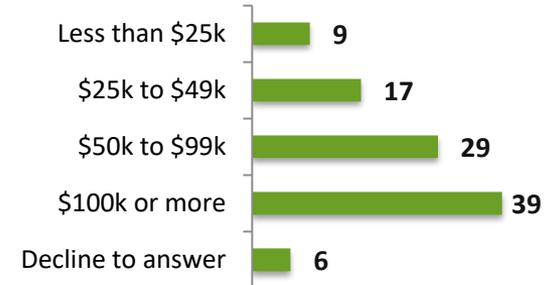
*Excludes "Not Identify/Decline" of <1%



MARITAL STATUS



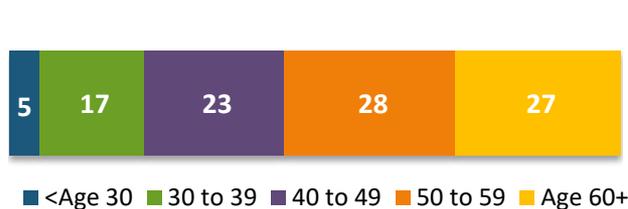
HOUSEHOLD INCOME



Estimated Median: \$ 72,000



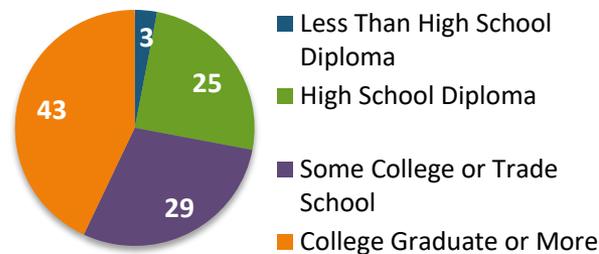
AGE RANGE



Median Age: 51



EDUCATION



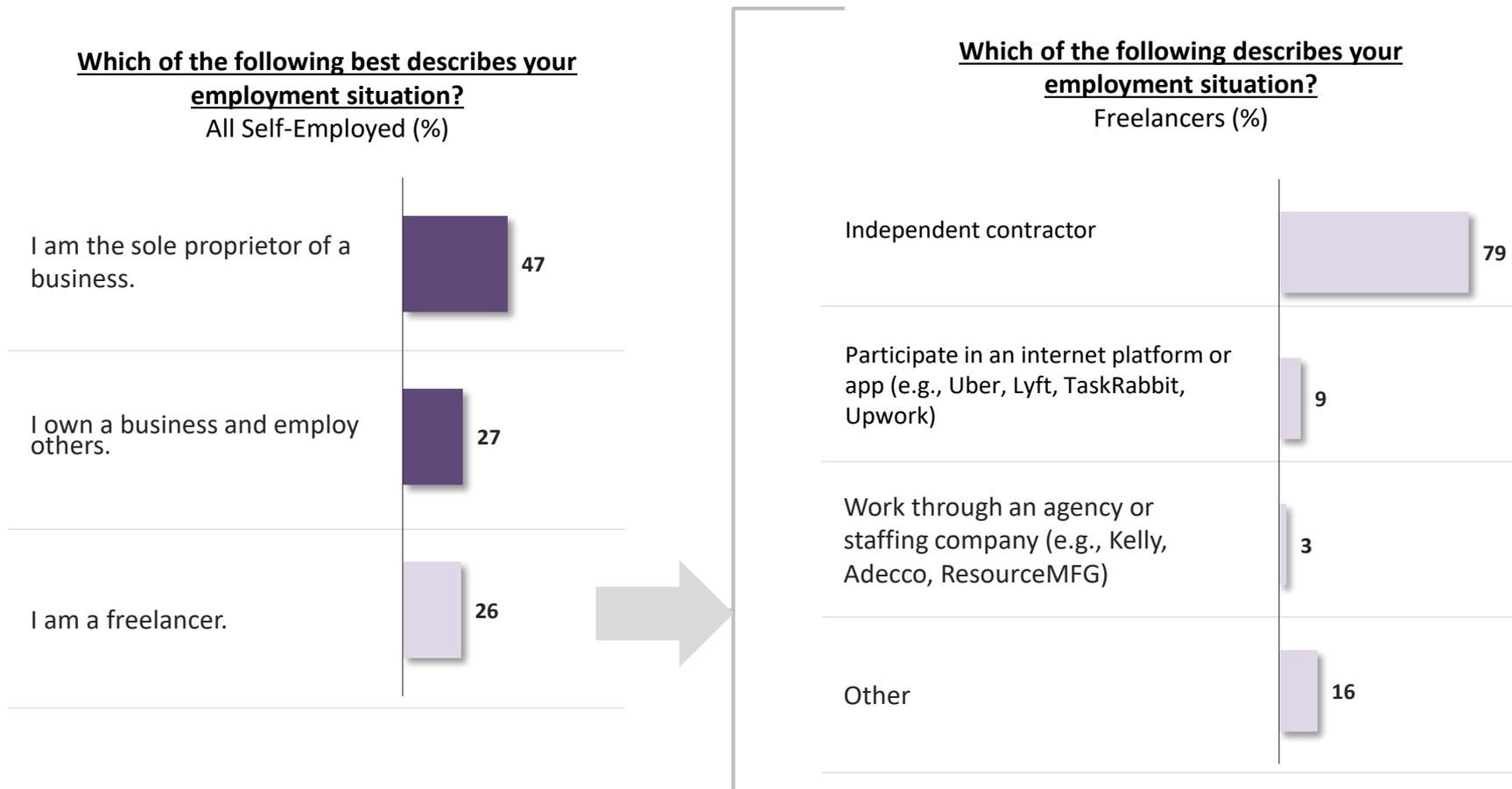
EMPLOYMENT STATUS



Median Years Self-Employed: 12

The Self-Employed Work in a Variety of Situations

Forty-seven percent of the self-employed are sole proprietors, 27 percent own a business and employ others, and 26 percent are freelancers. Among freelancers, almost four in five are independent contractors (79 percent), while nine percent participate in an internet platform (e.g., Uber, Lyft, TaskRabbit, Upwork), and three percent work through an agency or staffing company (e.g., Kelly, Adecco, ResourceMFG).



SELF-EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q1620. You indicated that you are self-employed. Which of the following best describes your employment situation?

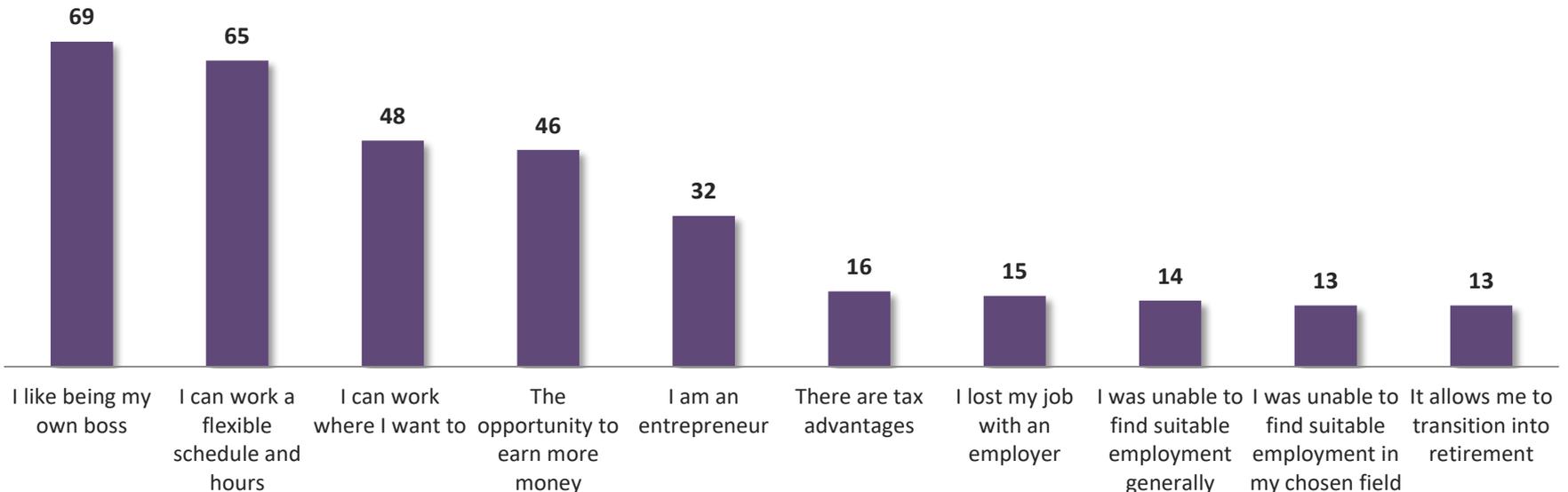
SELF-EMPLOYED BASE: FREELANCER

Q1625. You indicated that you are a self-employed freelancer. Which of the following describes your employment situation? Select all.

Reasons for Becoming Self-Employed

The most often cited important reasons for becoming self-employed are: I like being my own boss (69 percent), I can work a flexible schedule and hours (65 percent), I can work where I want to (48 percent), and the opportunity to earn more money (46 percent). Approximately one in three indicate they are an entrepreneur (32 percent). The self-employed are much less likely to cite reasons such as tax advantages, employment loss, or difficulties in finding employment. A noteworthy 13 percent indicate self-employment allows them to transition into retirement.

Important Reasons for Becoming Self-Employed (%)



Note: This chart excludes responses for "other" (5% self-employed) and "don't know/can't recall" (2% self-employed).

SELF-EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q5110. Which, if any, of the following were important reasons for you becoming self-employed? Select all.

What Is Retirement?

What Does “Retirement” Mean to You?

Retirement to me means being able to cut back or discontinue entirely working secularly, and to have more time to pursue personal interests. In my personal experience, watching my grandmother retire, it meant her spending time doing a volunteer ministry and being able to travel more freely.

Age 23 Woman

Retirement doesn't mean stop working to me. It means working exclusively on ME projects which might include any number of personal passion projects.

Age 35 Man

Retirement is a term applied to W2 wage earning employees. Retirement describes the point where the W2 employee stops working due to age. Retirement is a construct and not a requirement.

Age 46 Man

To me, it just means continuing on with what I already do as an artist (fine arts & illustration) but more so it means that my husband will be able to retire and we'll be able to travel and relax and do all the things we want to together because he is no longer tied down to a stressful job.

Age 50 Woman

I'm not sure it means anything, because I don't plan to do it. If you love what you do, and are physically and mentally capable of doing it, why retire?

Age 60 Woman

I own a factory. I quit working for money years ago. I take great pleasure in designing and engineering new products. I cannot fathom not working.

Age 76 Man

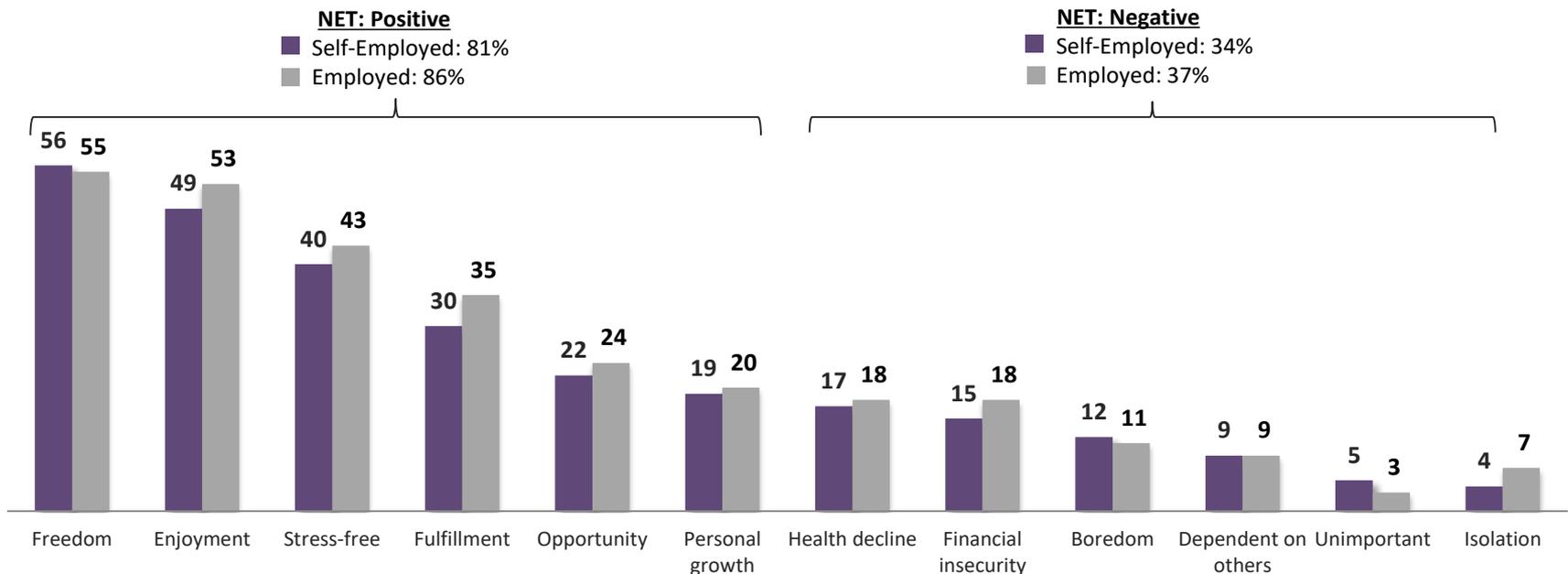
It is a word I do not use when referring to myself. I do not plan to retire as I enjoy working too much. As I own my own business, I can set my working hours. Retirement to me would mean having nothing constructive to do.

Age 89 Woman

Most Cite Positive Word Associations With “Retirement”

Approximately four in five of the self-employed (81 percent) associate one or more positive words with “retirement,” a finding that is somewhat less than employed workers (86 percent). Among both the self-employed and employed, the most often cited word is “freedom” (56 percent, 55 percent respectively). Regarding the second and third most often cited words, the self-employed are less likely than employed workers to mention “enjoyment” (49 percent, 53 percent respectively) and “stress-free” (40 percent, 43 percent respectively).

Which of the following do you personally associate with the word “retirement”? (%)



Note: This chart excludes responses for “other” (4% self-employed, 1% employed).

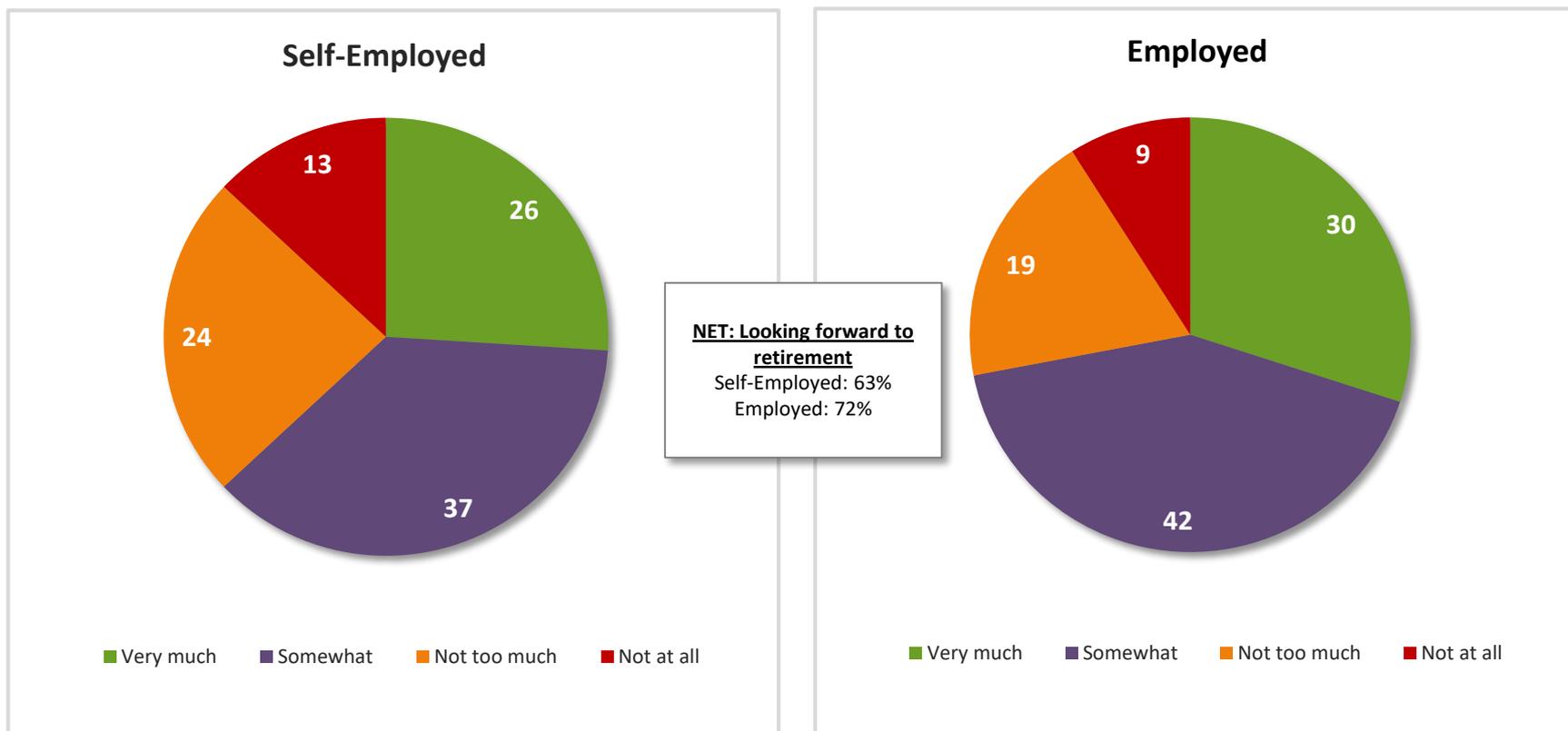
SELF-EMPLOYED AND EMPLOYED BASES: ALL QUALIFIED RESPONDENTS

Q5000. Which of the following do you personally associate with the word “retirement”? Select all.

Only 26 Percent Are “Very Much” Looking Forward to Retirement

Sixty-three percent of the self-employed are looking forward to retirement, including 26 percent who are “very much” and 37 percent who are “somewhat” looking forward to it. The self-employed are less likely than employed workers (72 percent) to be looking forward to retirement.

How much are you looking forward to retirement? (%)

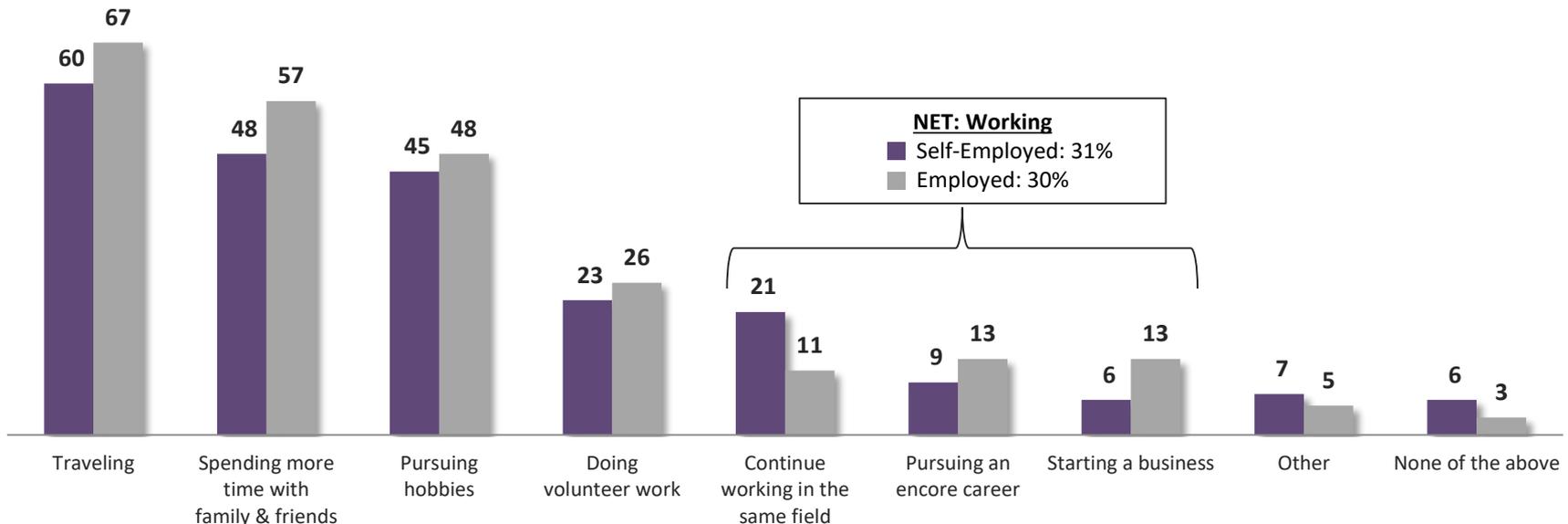


Dreaming of an Active Retirement That Includes Work

Traveling is the most often cited retirement dream among the self-employed (60 percent), followed by spending more time with family and friends (48 percent), pursuing hobbies (45 percent), and doing volunteer work (23 percent). The self-employed are somewhat less likely than employed workers to mention these as dreams.

The self-employed and employed workers are similarly likely to dream of doing paid work (31 percent, 30 percent respectively). However, the self-employed (21 percent) are more likely than employed workers to dream of continuing to work in the same field, while employed workers are more likely to dream of pursuing an encore career or starting a business (13 percent both).

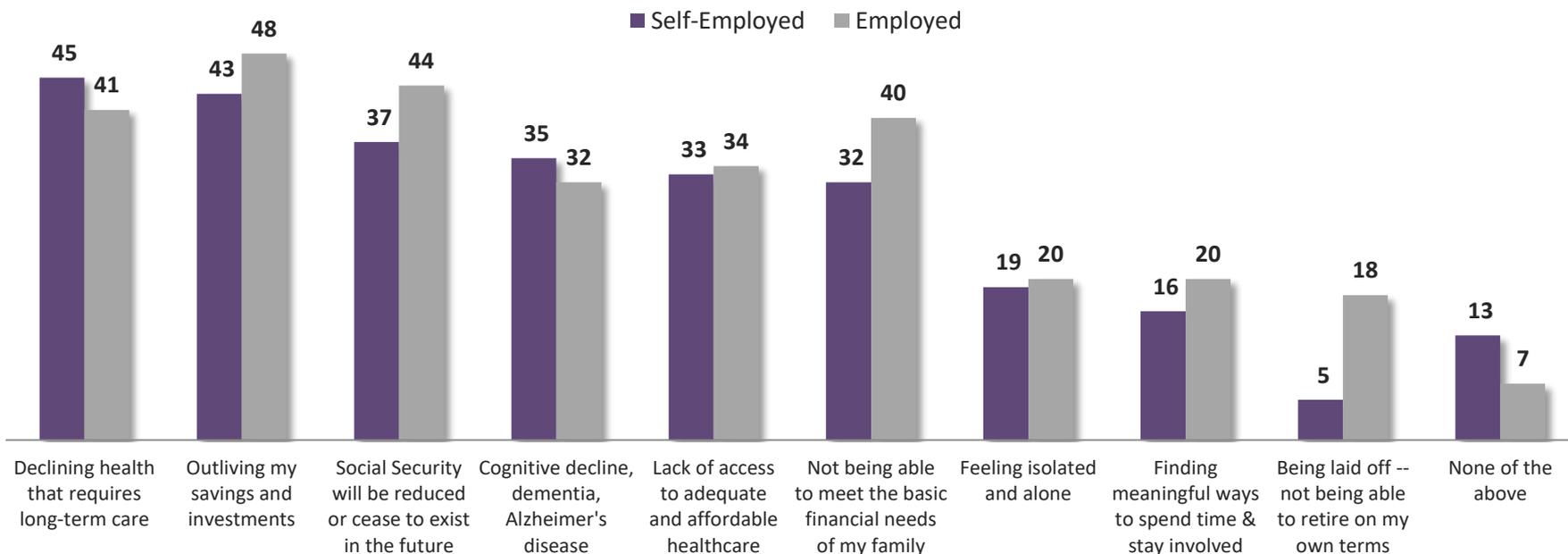
How do you dream of spending your retirement? (%)



Retirement Fears Are Health- and Financial-Related

The self-employed and employed workers share similar health- and financial-related retirement fears. However, the self-employed tend to be less fearful about retirement, especially as it relates to finances. The most often cited retirement fears include: declining health that requires long-term care (45 percent self-employed, 41 percent employed); outliving savings and investments (43 percent self-employed, 48 percent employed); Social Security will be reduced or cease to exist in the future (37 percent self-employed, 44 percent employed); cognitive decline, dementia, Alzheimer’s disease (35 percent self-employed, 32 percent employed); lack of access to adequate and affordable healthcare (33 percent self-employed, 34 percent employed); and not being able to meet the basic financial needs of my family (32 percent self-employed, 40 percent employed).

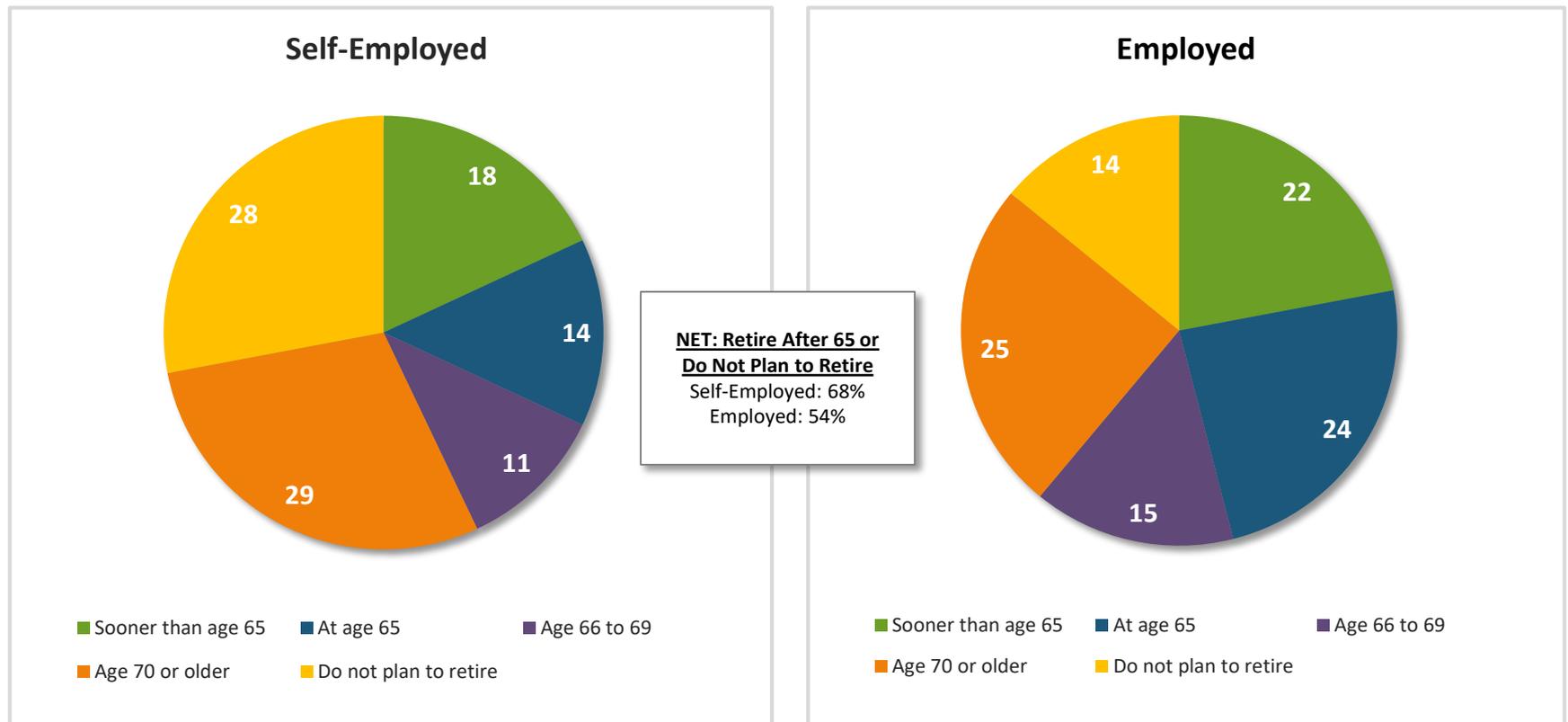
What are your greatest fears about retirement? (%)



Almost Seven in 10 Expect to Retire After Age 65 or Not at All

Sixty-eight percent of the self-employed expect to retire after age 65, including 11 percent who expect to retire between age 66 and 69, 29 percent who expect to retire at age 70 or older, and 28 percent who do not plan to retire. Only 54 percent of employed workers expect to retire after age 65 or do not plan to retire.

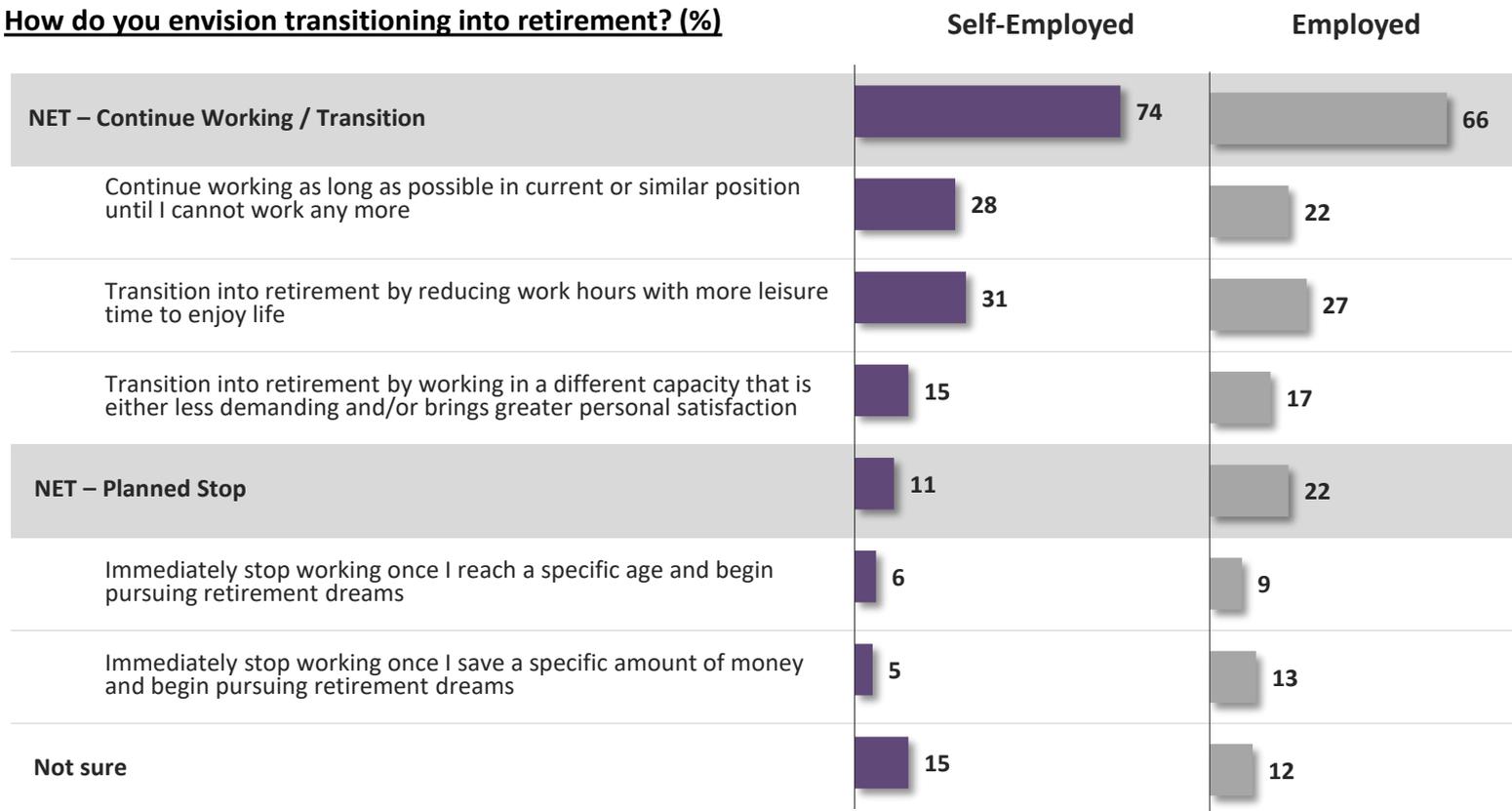
Age Expected to Retire (%)



Only One in 10 Plans to Immediately Stop Working and Retire

Eleven percent of the self-employed plan to immediately stop working when they reach a certain age or savings amount. Seventy-four percent envision either continued work or a gradual transition into retirement, including 28 percent who will continue working as long as possible, 31 percent who will reduce their work hours with more leisure time to enjoy life, and 15 percent who will work in a different capacity that is either less demanding and/or brings greater personal satisfaction. In contrast, 66 percent of employed workers envision continued work or a gradual transition and 22 percent plan to immediately stop working when they retire.

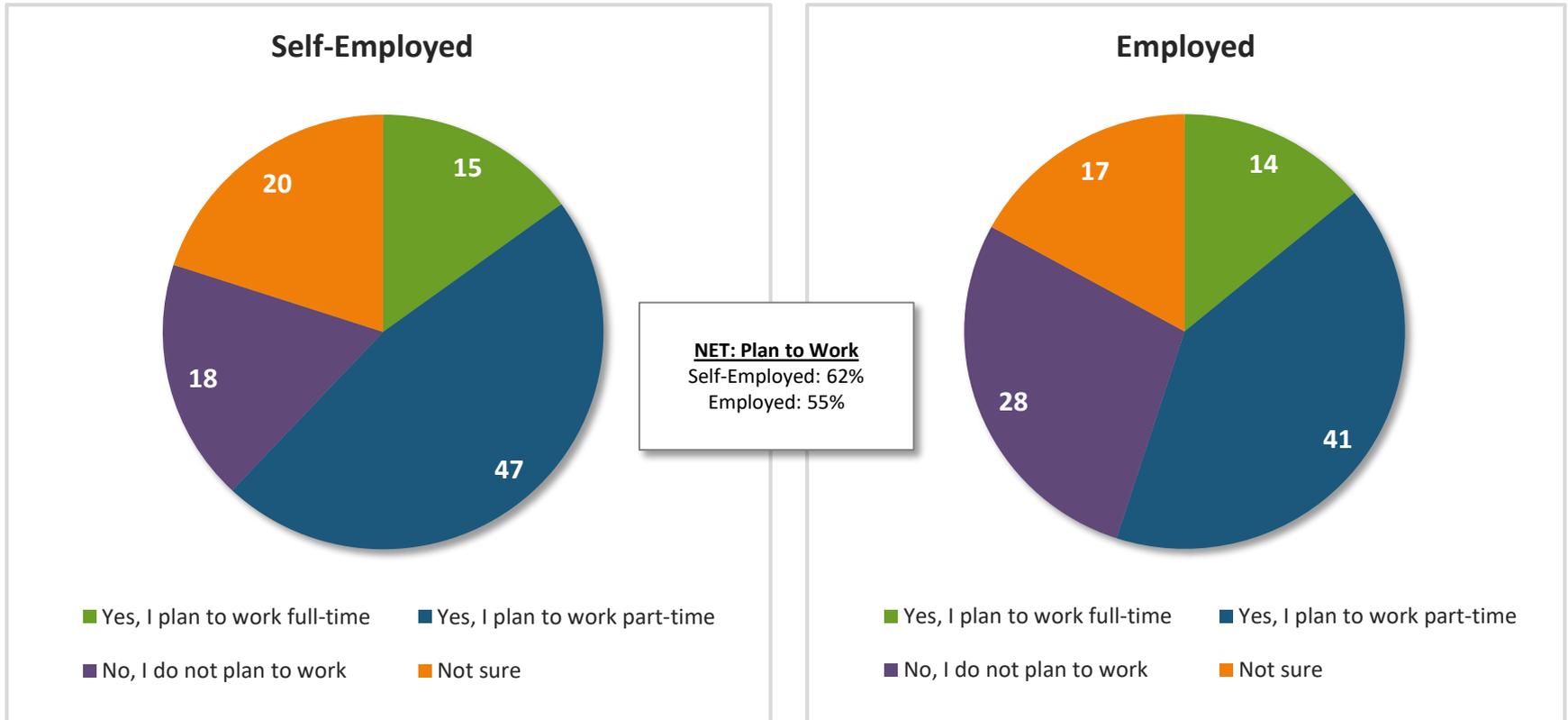
How do you envision transitioning into retirement? (%)



Six in 10 Plan to Work in Retirement

Sixty-two percent of the self-employed plan to work after they retire, including 15 percent who plan to work full-time and 47 percent who plan to work part-time. Fewer employed workers (55 percent) plan to work after they retire.

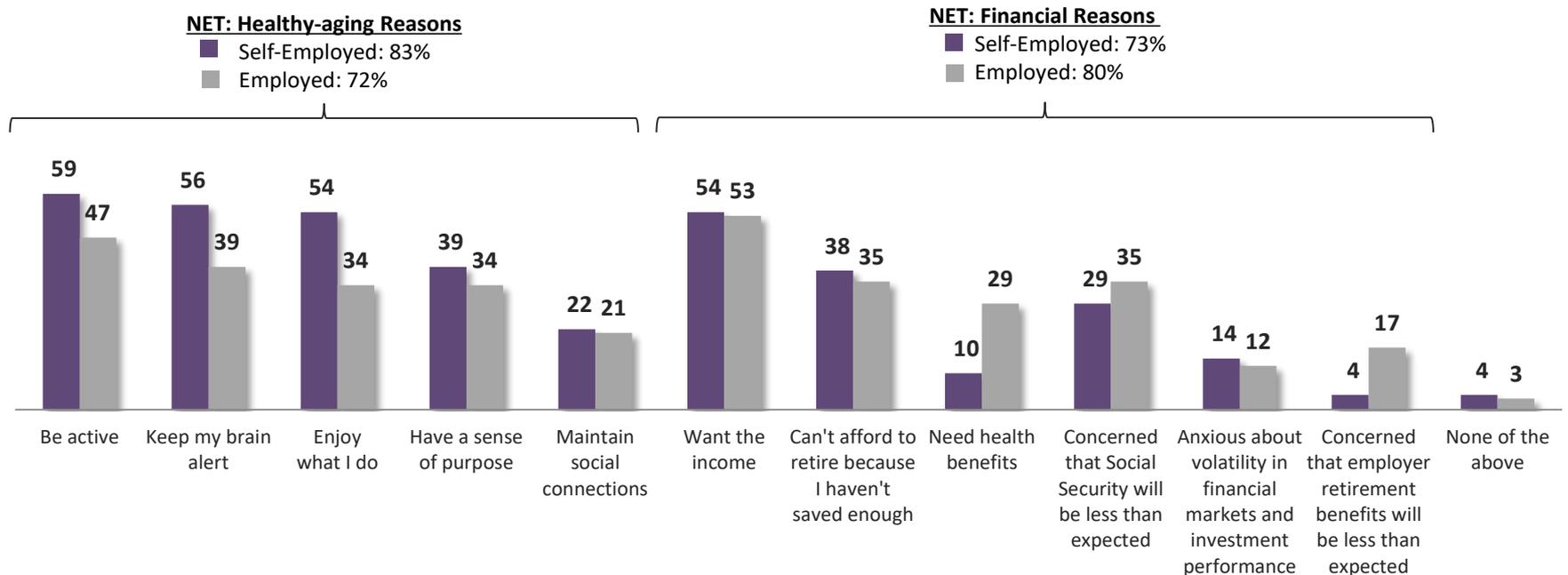
Working After Retirement (%)



Reasons for Working in Retirement Are Health and Financial

Among the self-employed who plan to work in retirement and/or past age 65, their reasons for doing so are more often healthy-aging related (83 percent) than financial (73 percent). The most often cited reasons for doing so are to “be active” (59 percent), “keep my brain alert” (56 percent), “enjoy what I do” (54 percent), and “want the income” (54 percent). The self-employed (73 percent) are less likely than employed workers (80 percent) to cite financial reasons for working in retirement.

What are your reason(s) for working in retirement or past age 65? (%)



Steps Taken to Be Able to Continue Working Past Age 65

The majority of the self-employed have taken one or more proactive steps to help ensure they can continue working past age 65. Fifty-six percent are staying healthy, followed by 37 percent who are focused on keeping their job skills up to date and 30 percent who are performing well at their current job. However, their responses are lower for networking (21 percent), scoping out the employment market (11 percent), and going back to school (8 percent). Twenty-four percent of the self-employed have not taken any steps, a survey finding that is slightly lower than employed workers (27 percent).

Proactive Steps to Remain Employed (%)

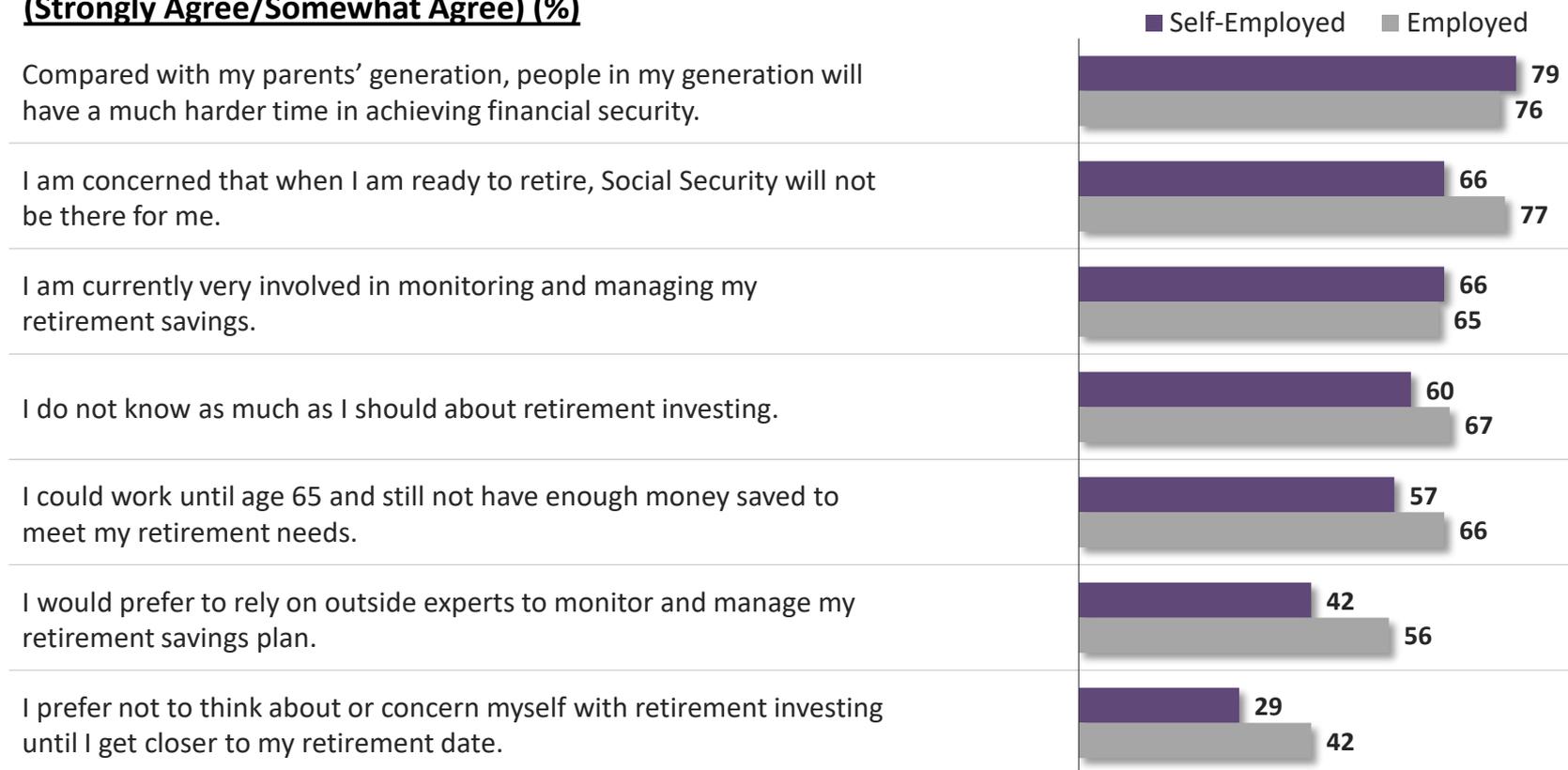


Retirement Preparations and Financial Situation

Attitudes and Beliefs About Retirement

The self-employed and employed workers similarly believe that their generation will have a much harder time achieving financial security in retirement than their parents' generation (79 percent, 76 percent respectively). They are also similarly likely to be very involved in monitoring and managing their retirement savings (66 percent, 65 percent). However, the self-employed are less likely to share other perspectives about retirement. For example, only 29 percent of the self-employed prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date, compared with 42 percent of employed workers.

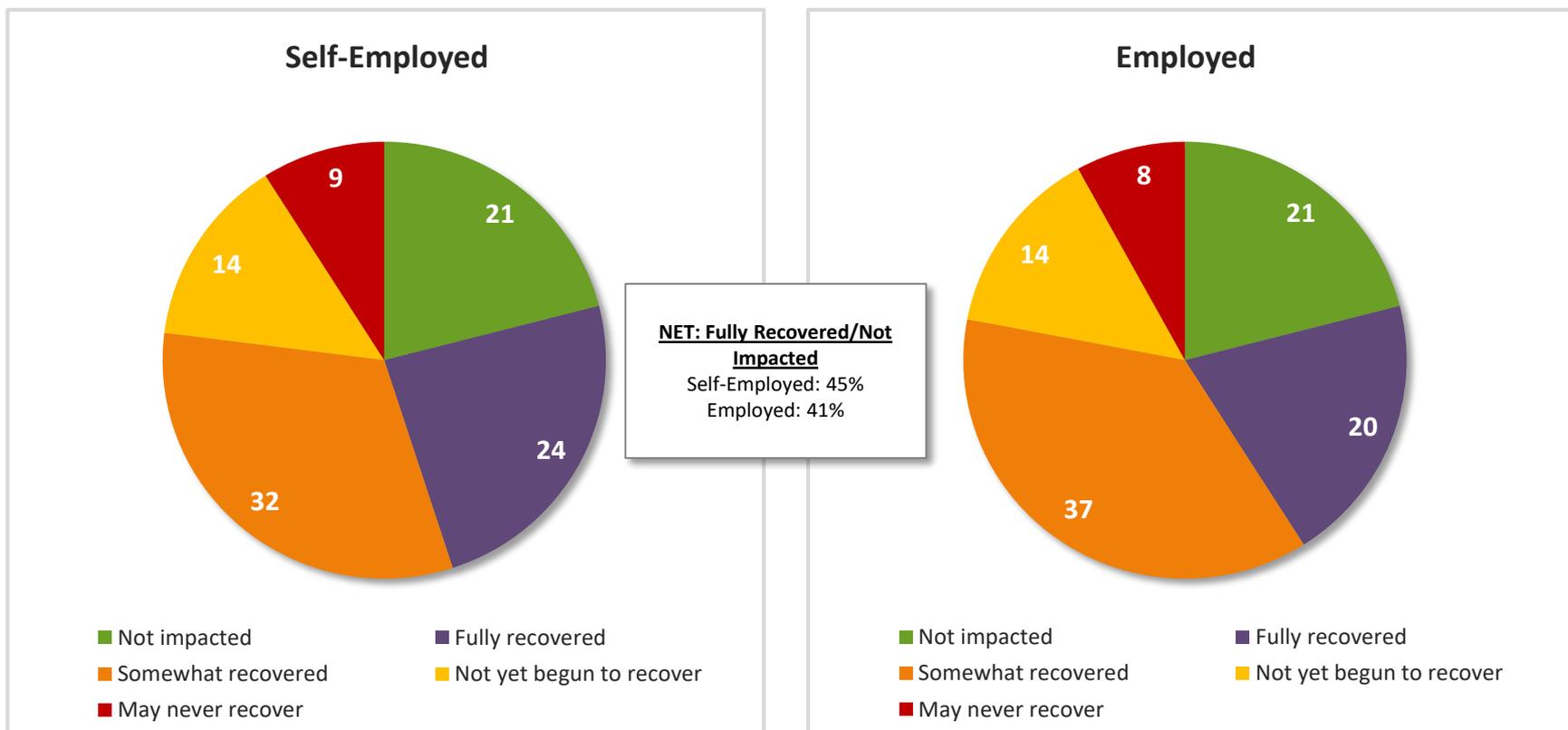
Attitudes and Beliefs About Retirement (Strongly Agree/Somewhat Agree) (%)



Most Are Still Recovering From the Great Recession

Fewer than half of the self-employed (45 percent) say they have either fully recovered (24 percent) or were not impacted (21 percent) by the Great Recession. Thirty-two percent have somewhat recovered, 14 percent have not yet begun to recover, and nine percent feel they may never recover. The status of their recovery is generally similar to that of employed workers.

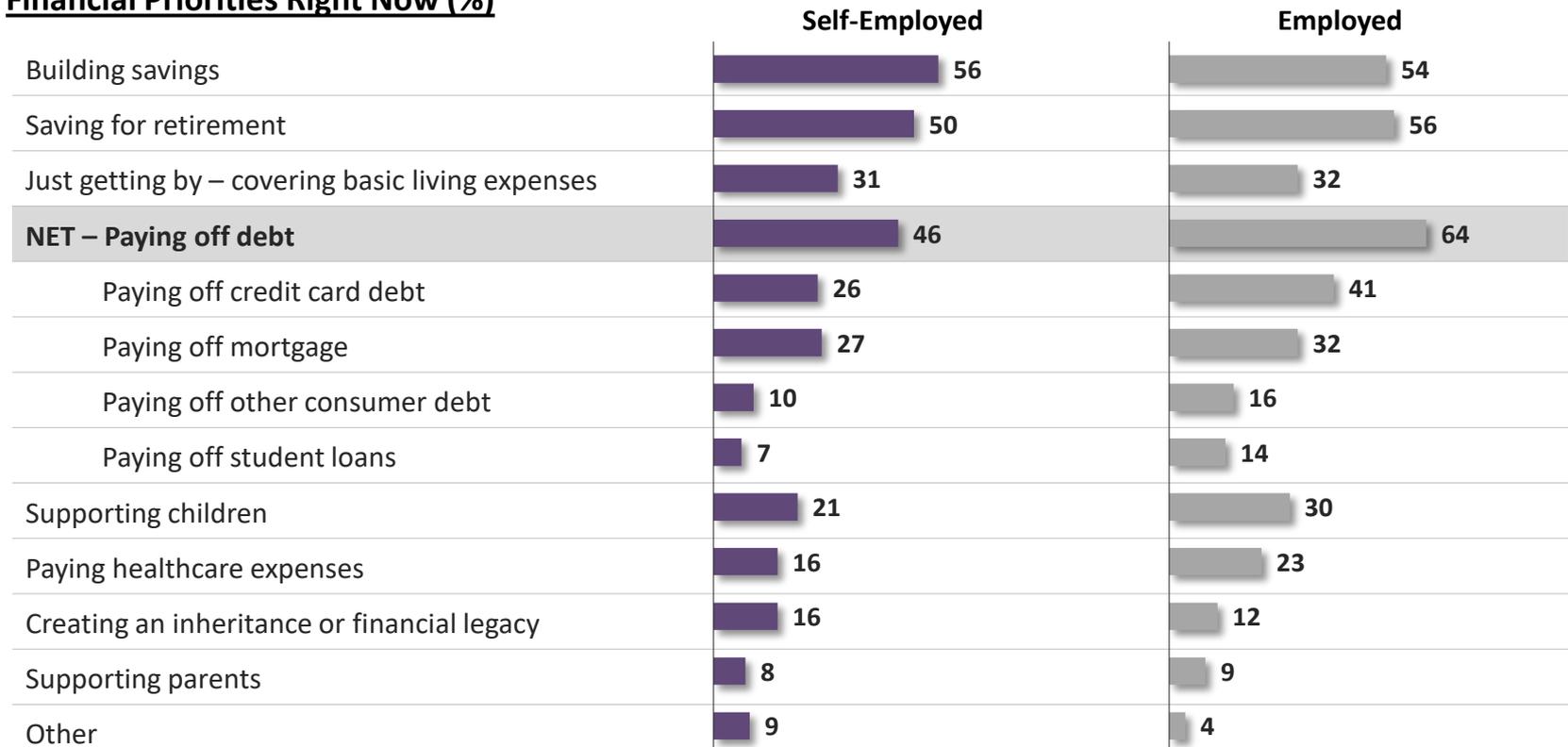
Status of Recovery From Great Recession (%)



Saving Tops the List of Financial Priorities

Building savings (56 percent) and saving for retirement (50 percent) are the two most often cited financial priorities among the self-employed. Forty-six percent of the self-employed cite paying off some form of debt as priority, a finding that is significantly lower than found among employed workers (64 percent). Approximately three in 10 of the self-employed and employed workers indicate they are just getting by to cover basic living expenses (31 percent, 32 percent respectively).

Financial Priorities Right Now (%)



Are Emergency Savings Adequate?

Having emergency savings to cover unexpected major financial setbacks, such as unemployment, medical bills, home repairs, auto repairs and other setbacks, is especially important for the self-employed because their income is typically less predictable and less consistent than that of employed workers. The self-employed have saved \$10,000 (median) in emergency savings, with 22 percent reporting having less than \$5,000. In comparison, employed workers have saved even less for emergencies at \$5,000 (median).

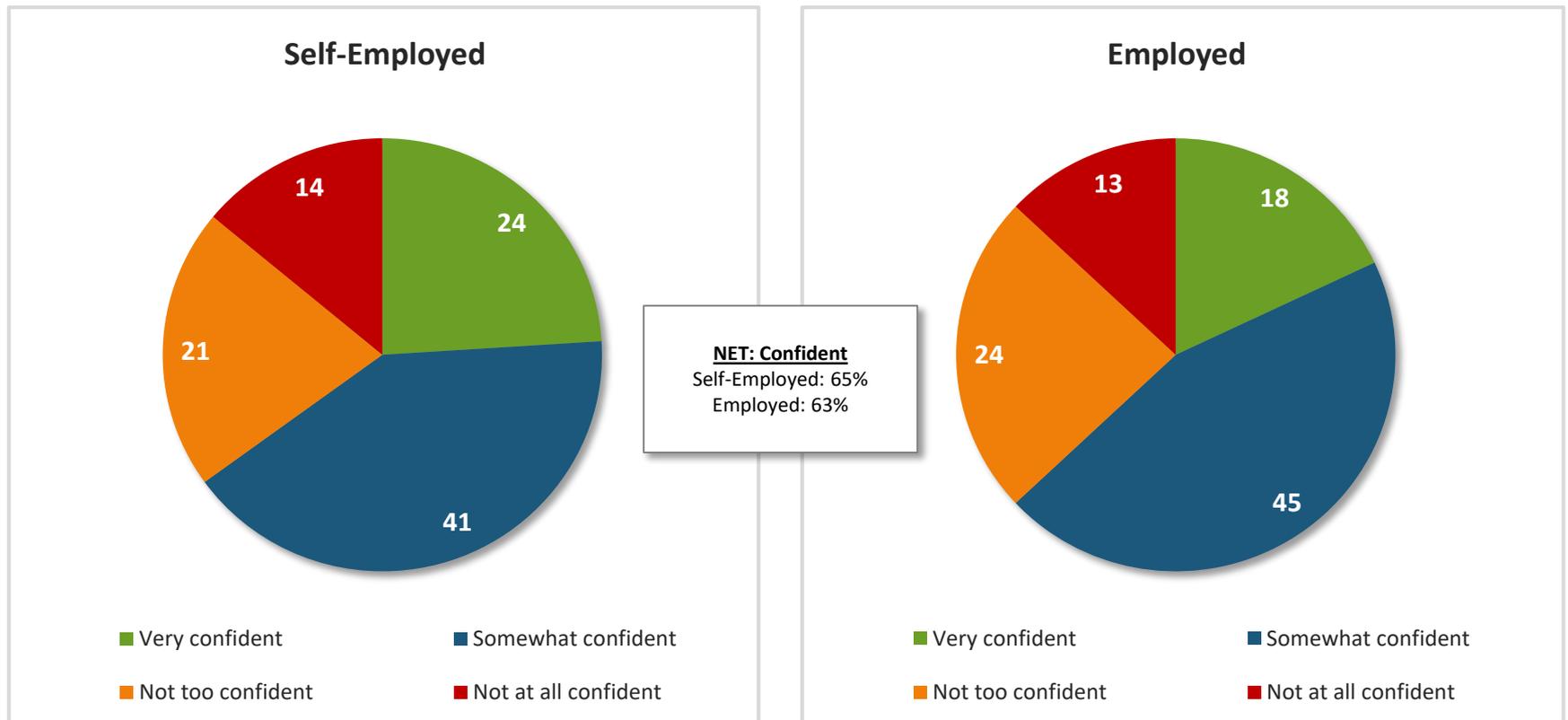
Total Household Emergency Savings (%)



Almost Two-Thirds Are Confident About Retirement

Sixty-five percent of the self-employed are confident that they will be able to fully retire with a comfortable lifestyle, including 24 percent who are “very” confident and 41 percent who are “somewhat” confident. While 63 percent of employed workers are confident, only 18 percent are “very” confident and 45 percent are “somewhat” confident.

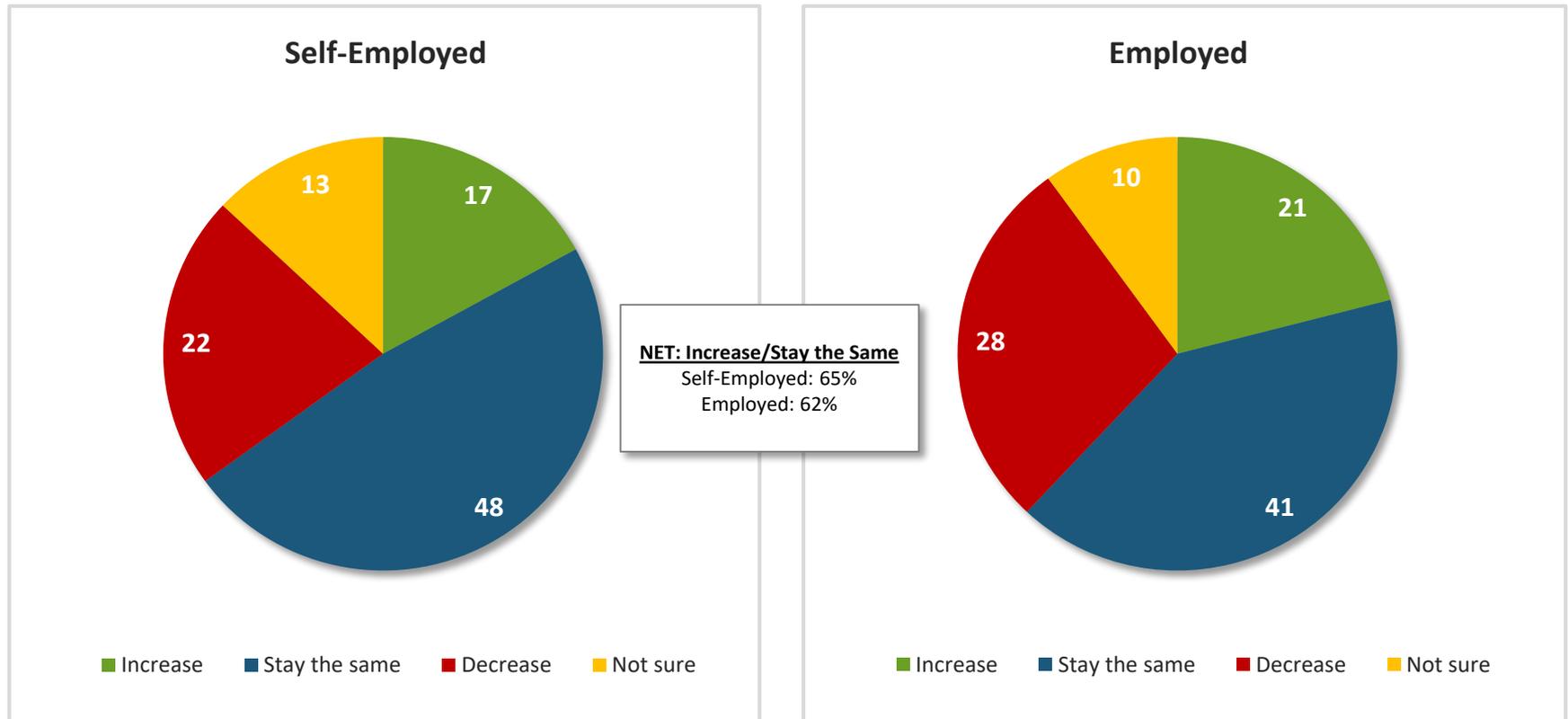
Confidence in Ability to Retire Comfortably (%)



Almost Two-Thirds Expect Standard of Living to Stay the Same or Improve

Almost two-thirds (65 percent) of the self-employed expect their standard of living to either improve (17 percent) or stay the same (48 percent) when they retire. Twenty-two percent expect their standard of living to decrease and 13 percent are “not sure.” While employed workers (21 percent) are more likely than the self-employed to expect their standard of living to increase when they retire, they are also more likely to expect it to decrease (28 percent).

Expected Standard of Living in Retirement (%)

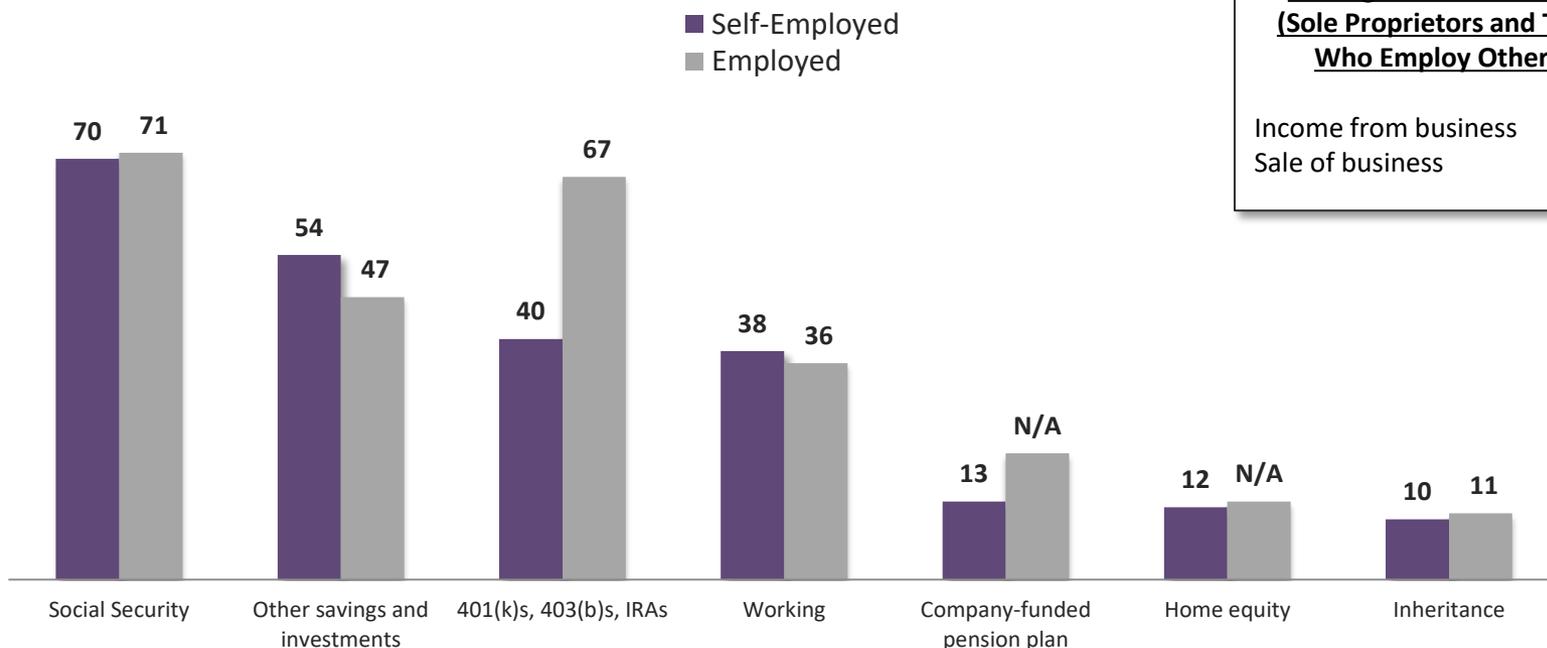


Expectations of Diverse Sources of Retirement Income

The self-employed are expecting diverse sources of income when they retire. Seventy percent expect income from Social Security. Only 40 percent expect retirement income from 401(k)s, 403(b)s, or IRAs, while 54 percent expect income from other savings and investments, and 38 percent expect income from working. Only 13 percent expect income from a company-funded pension plan. Because they are self-employed, it is hardly surprising that they are far less likely than employed workers to expect retirement income from employer-sponsored retirement plans.

Among business owners (sole proprietors and those who employ others), 47 percent expect income from their business, and 17 percent expect income from the sale of their business as sources of retirement income.

Expected Sources of Retirement Income (%)



**Among Business Owners*
(Sole Proprietors and Those
Who Employ Others):**

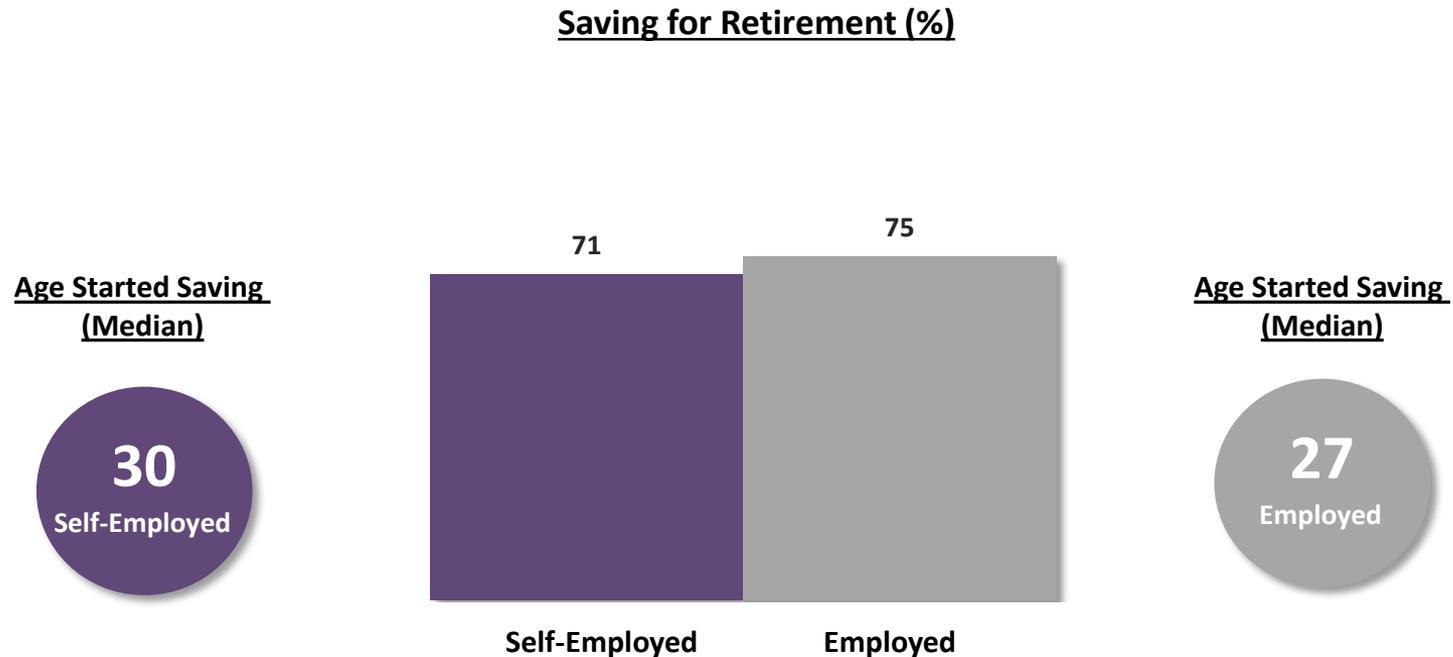
Income from business	47%
Sale of business	17%

* "Income from business" and "sale of business" was only asked of business owners [sole proprietors (n= 378) and those who employ others (n=157)] and were not asked of freelancers (n=220).

Note: This chart excludes responses for "other" (4% self-employed, 3% employed).

Approximately Seven in 10 Are Saving for Retirement

Seventy-one percent of the self-employed are saving for retirement. They started saving at age 30 (median). In comparison, they are somewhat less likely than employed workers (75 percent) to be saving, and they started at an older age. Employed workers started saving at age 27 (median).



SELF-EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q1180B. Are you currently saving for retirement?

EMPLOYED BASE: CURRENTLY OFFERED QUALIFIED PLAN

Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

SELF-EMPLOYED AND EMPLOYED BASES: SAVING FOR RETIREMENT

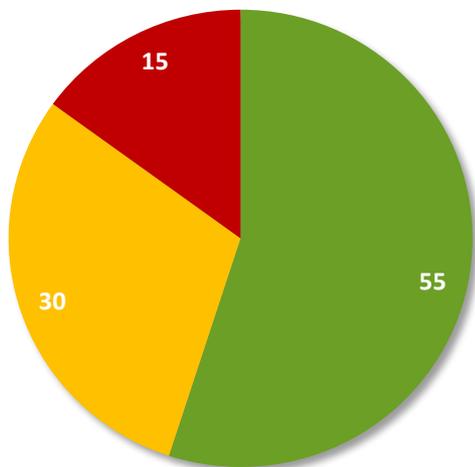
Q790. At what age did you first start saving for retirement?

More Than Half Consistently Save for Retirement

Fifty-five percent of the self-employed indicate they consistently save for retirement, while 30 percent save from time to time, and 15 percent say they never save. Among those currently saving for retirement, they are saving 15 percent (median) of their annual income.

Approach to Saving for Retirement

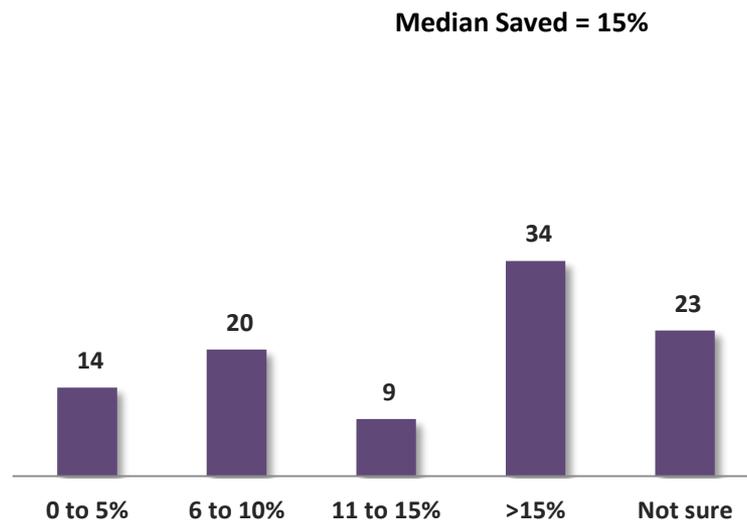
Self-Employed (%)



■ Consistently save ■ Save from time to time ■ Never save

Percentage of Annual Income Saved

Self-Employed (%)



Note: Both survey questions, Q5230 and Q5130, were not asked of employed workers.

SELF-EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q5120. Which of the following best explains your approach to saving for retirement?

SELF-EMPLOYED BASE: CURRENTLY SAVING FOR RETIREMENT

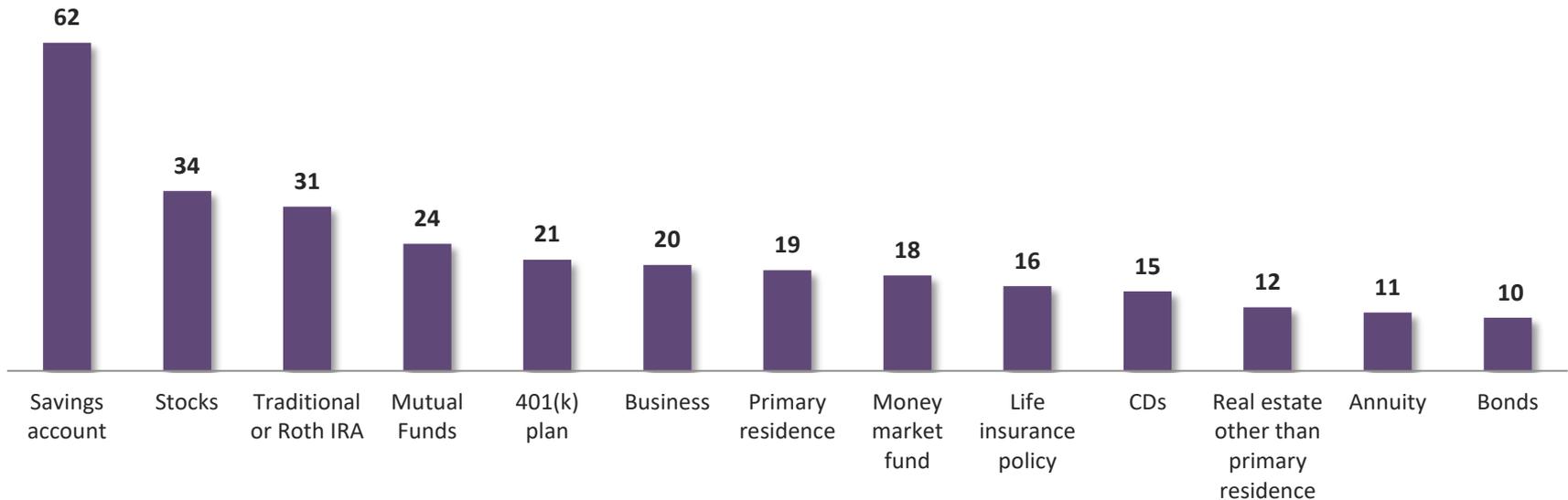
Q5130. How much are you saving for retirement as a percentage of your annual income?

Types of Savings and Investments Used to Save for Retirement

The self-employed reference using a variety of types of savings and investments for retirement. Savings accounts (62 percent) are the most often cited, followed by stocks (34 percent), Traditional or Roth IRA (31 percent), mutual funds (24 percent), and 401(k) (21 percent). One in five reference their business (20 percent). Fewer than one in five mention their primary residence (19 percent), money market funds (18 percent), life insurance (16 percent), CDs (15 percent), real estate other than primary residence (12 percent), annuities (11 percent), or bonds (10 percent).

Which of the following are you using to save for retirement?

Self-Employed (%)



Note: This chart excludes types of savings and investments with responses of less than 10% (i.e., Solo 401(k)/Individual 401(k), SEP IRA, SIMPLE IRA, and SARSEP) and excludes "other" with response of 3%. This survey question was only asked of employed workers.

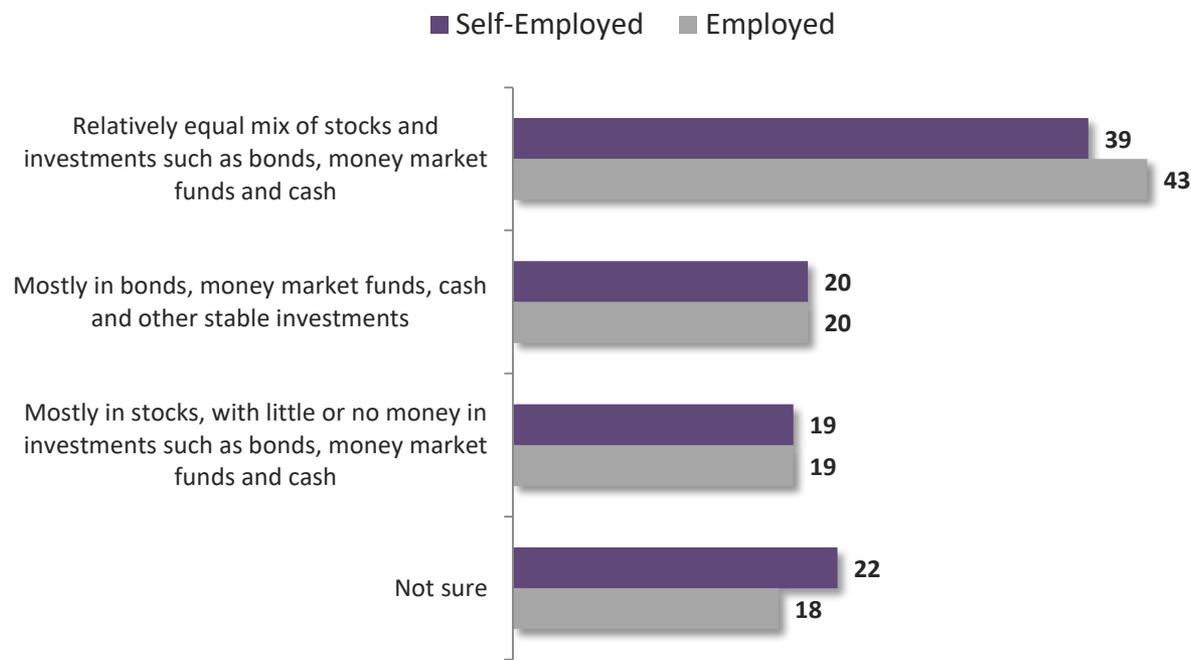
SELF-EMPLOYED BASE: ALL QUALIFIED RESPONDENTS

Q5135. Which of the following are you using to save for retirement? Select all.

How Retirement Savings Are Invested

Of those who are investing for retirement, almost one in four of the self-employed (22 percent) are “not sure” how their retirement savings are invested, compared with 18 percent of employed workers. The self-employed (39 percent) and employed workers (43 percent) most frequently cite a relatively equal mix of stocks and conservative investments. The self-employed (39 percent) and employed workers (43 percent) most frequently cite a relatively equal mix of stocks and conservative investments. The self-employed and employed workers are similarly likely to mostly invest in bonds, money market funds, cash, and other stable investments (both 20 percent). They are also similarly likely to mostly invest in stocks (both 19 percent). They are also similarly likely to mostly invest in stocks (both 19 percent).

How are your retirement savings invested? (%)



Are Retirement Savings Adequate?

Total household retirement savings among the self-employed is \$71,000 (estimated median). Self-employed Baby Boomer workers, the generation nearing and entering retirement, have saved \$173,000 (estimated median). In comparison, employed workers have saved \$50,000 (estimated median) while employed Baby Boomers have saved \$152,000 (estimated median). Self-employed Baby Boomers are similarly likely to employed Baby Boomers to have saved more than \$250,000 (38 percent, 39 percent respectively).

2018 Total Household Retirement Savings (%)



Not sure	12	10	9	7
Decline to answer	12	15	5	8
Estimated Median	\$71,000	\$173,000	\$50,000	\$152,000

Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

Many Are Guessing Their Retirement Savings Needs

Both the self-employed and employed workers believe they will need to have saved \$500,000 (median) by the time they retire in order to feel financially secure, although the self-employed are more likely to believe they will need \$2 million or more. Both most often arrived at this amount by guessing (48 percent self-employed, 46 percent employed). Only 10 percent of the self-employed used a retirement calculator or completed a worksheet, a response which is slightly lower than that of employed workers (12 percent).

Estimated Retirement Savings Needs	Self-Employed	Employed
Less than \$100k	16%	21%
\$100k to \$499k	24%	24%
\$500k to \$999k	21%	21%
\$1m to \$1.99m	17%	19%
\$2m or more	22%	15%
Median	\$500,000	\$500,000

Basis of Estimated Retirement Savings Needs (%)



SELF-EMPLOYED AND EMPLOYED BASES: ALL QUALIFIED RESPONDENTS

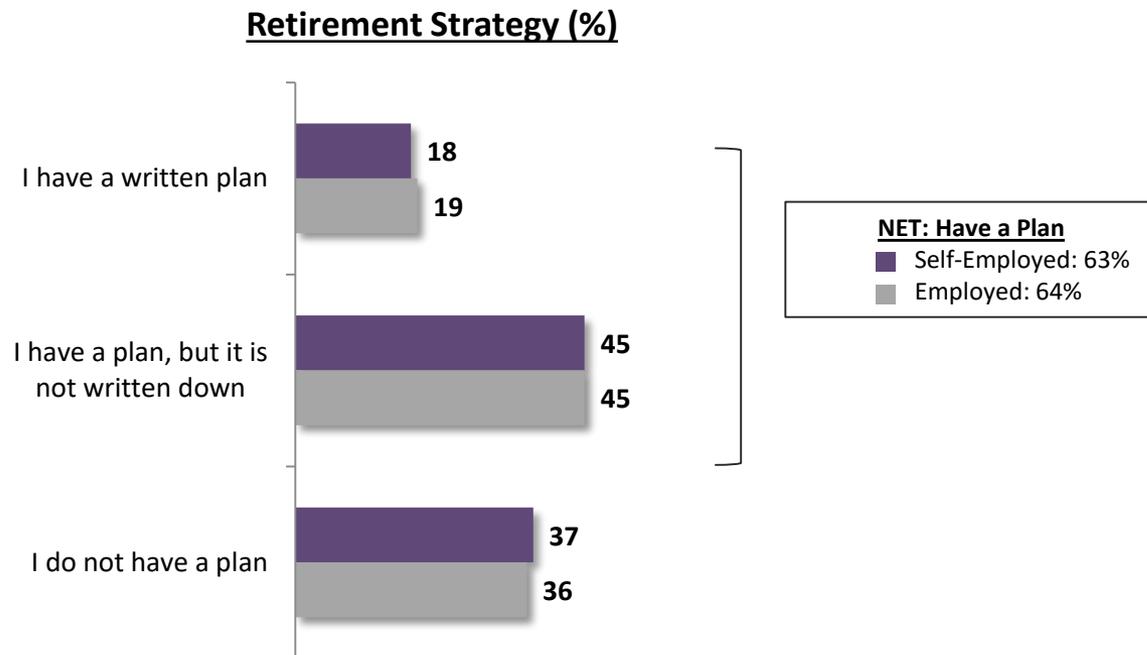
Q890. Thinking in terms of what money can buy today, how much money do you believe you will need to have saved by the time you retire in order to feel financially secure?

SELF-EMPLOYED AND EMPLOYED BASES: PROVIDED ESTIMATE OF MONEY NEEDED FOR RETIREMENT

Q900. How did you arrive at that number? (Select all.)

Fewer Than One in Five Have a Written Retirement Strategy

Approximately three in five of the self-employed and employed workers have a retirement strategy (63 percent, 64 percent respectively). However, only 18 percent of the self-employed and 19 percent of employed workers have a written retirement strategy. Forty-five percent of both the self-employed and employed workers have a plan but it is not written down. More than one-third of the self-employed and employed workers do not have a plan at all (37 percent, 36 percent respectively).



Retirement Strategies Are Missing Important Factors

A robust retirement strategy should consider a broad range of factors that could impact one’s retirement savings, ability to generate income in retirement, and protection of savings. Many of the self-employed with a retirement strategy have factored in basic living expenses (71 percent), Social Security and Medicare benefits (60 percent), total retirement savings and income needs (54 percent), and a retirement budget (50 percent). However, few have factored in long-term care needs (34 percent), tax planning (25 percent), estate planning (24 percent) and contingency plans (19 percent). Among business owners*, 26 percent have factored in a business exit strategy.

Components of Strategy	Self-Employed	Employed
Basic living expenses	71%	58%
Social Security and Medicare benefits	60%	51%
Total retirement savings and income needs	54%	39%
A retirement budget that includes basic living expenses	50%	42%
Investment returns	45%	35%
A plan to help ensure my savings last throughout my retirement	45%	35%
Inflation	38%	27%
Ongoing healthcare costs	36%	32%
Long-term care needs	34%	26%
Paying off mortgage	30%	34%
Pursuing retirement dreams	30%	24%
Tax planning	25%	20%
Estate planning	24%	17%
Paying off non-mortgage debt	23%	20%
Exit strategy for my business (e.g., selling, transferring, or closing)*	26%*	N/A
Contingency plans for retiring sooner than expected and/or savings shortfalls	19%	12%
Not sure	2%	4%

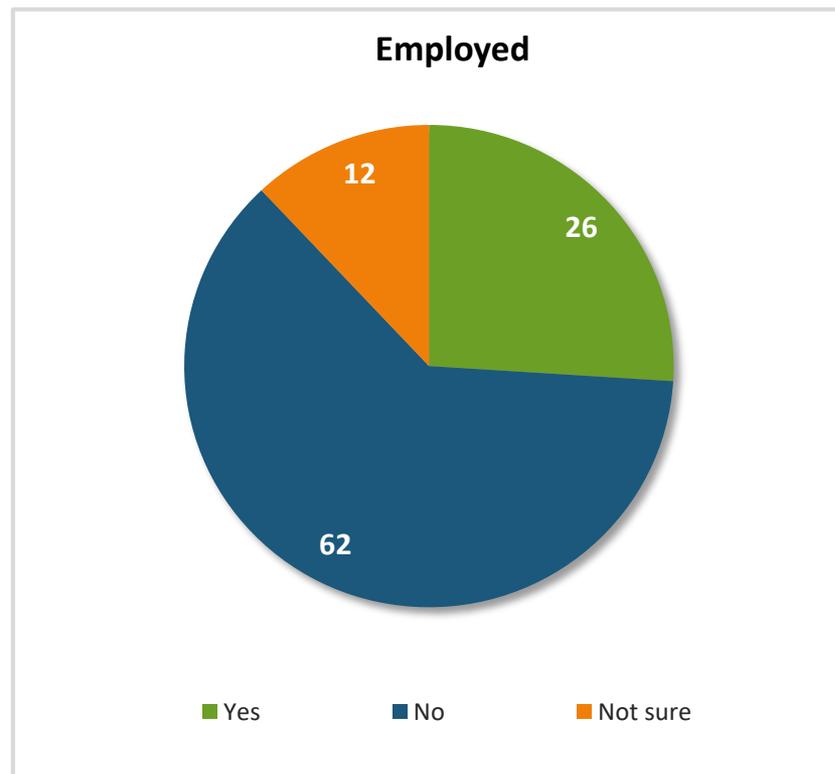
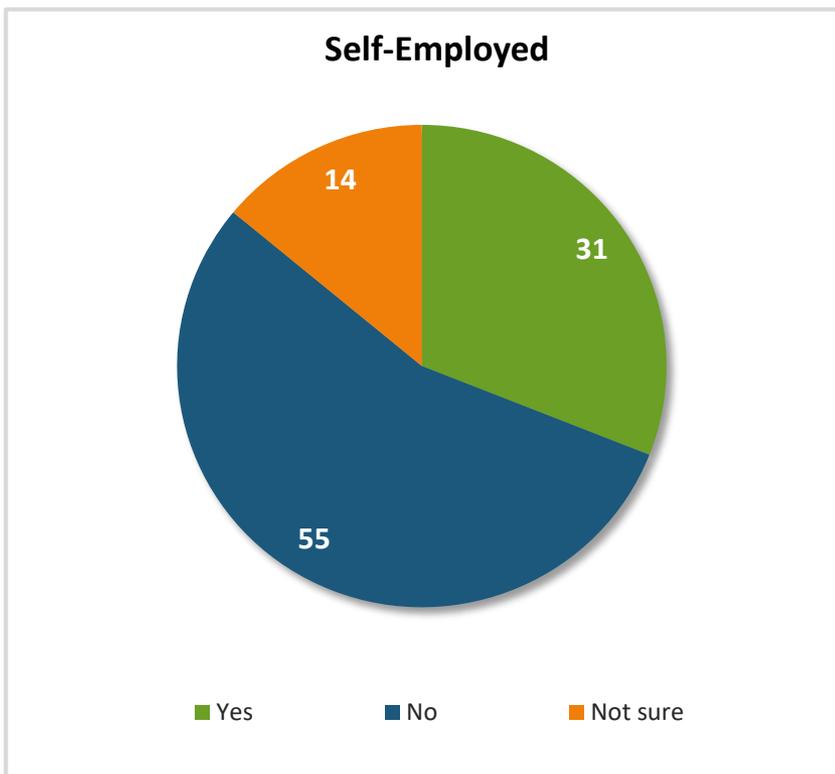
* “Exit strategy for business” was only asked of business owners [sole proprietors (n=378) and those who employ others (n=157)] and was not asked of freelancers (n=220).

Note: Components of a retirement strategy selected by 50% or more are highlighted. Responses for “other” (4% self-employed, 2% employed).

One in Three Have a Backup Plan for Retirement Income

Relatively few of the self-employed (31 percent) and few employed workers (26 percent) have a backup plan for retirement income if forced into retirement sooner than expected. With so many people planning to extend their working lives beyond traditional retirement age, it has become increasingly important to have a backup plan if retirement happens unexpectedly (e.g., health issues, job loss, caregiving obligations).

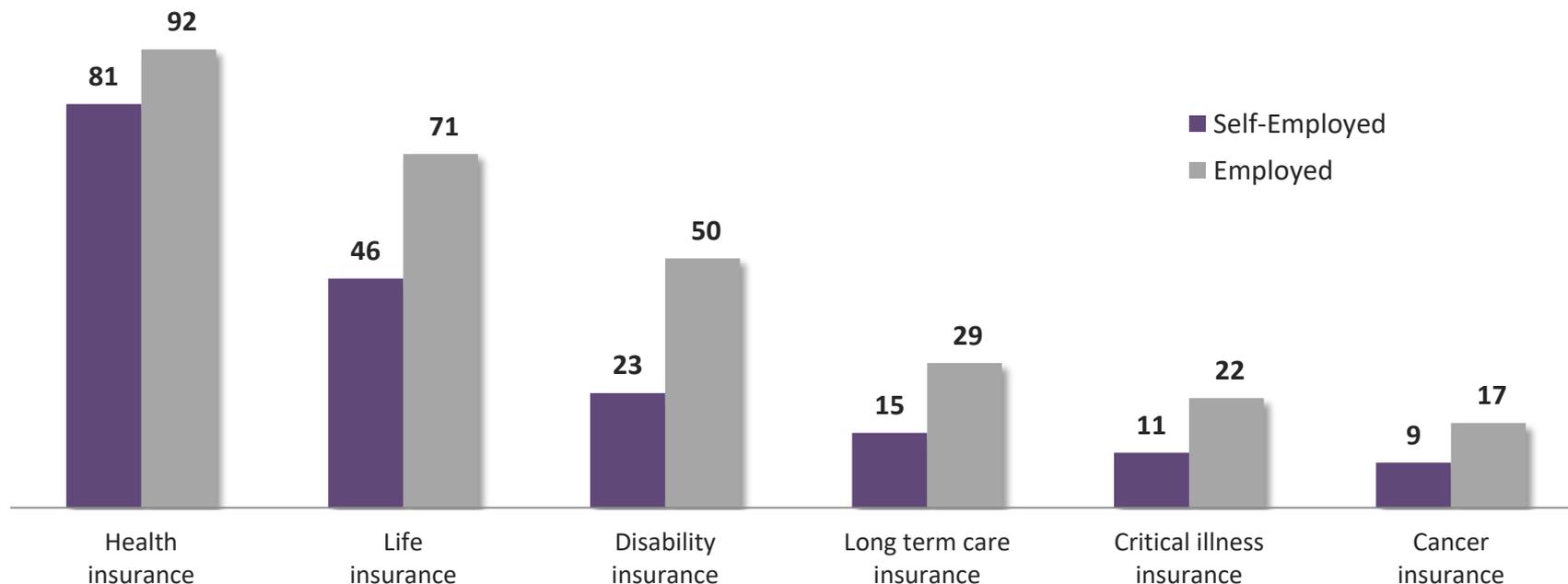
Have a Backup Plan If Retire Sooner Than Expected (%)



Is Insurance Coverage Adequate?

The self-employed may be lacking insurance which can financially protect them from health-related issues and expenses. Only 81 percent indicate they have health insurance. Even fewer have life insurance (46 percent). Of great concern, only 23 percent have disability insurance which could help protect their income if they are unable to work for any extended period of time. Employed workers are more likely to have access to these types of insurance through their employers, and are more likely to be covered.

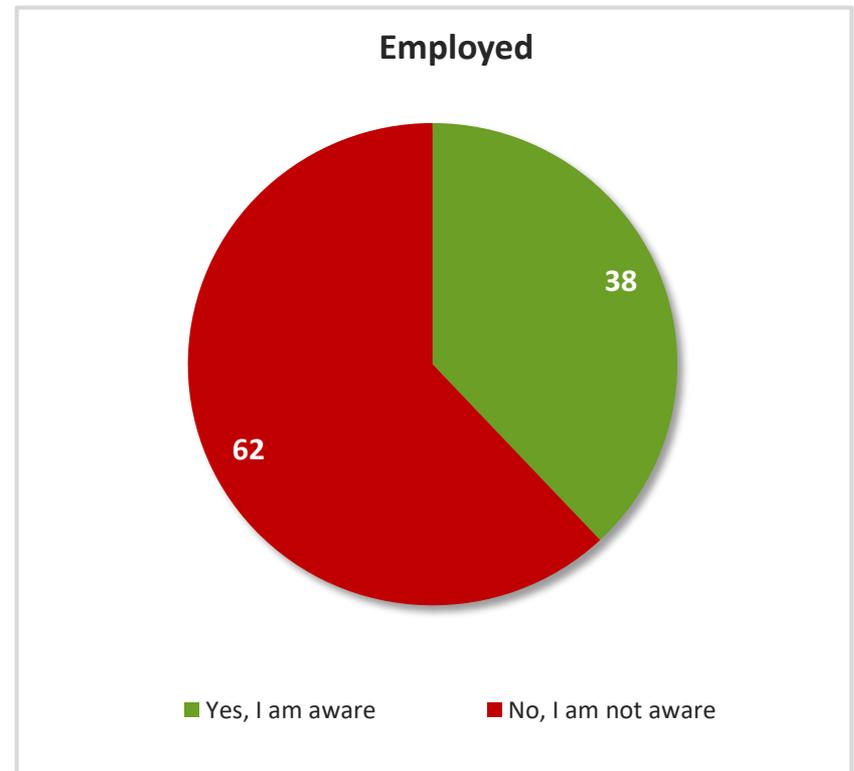
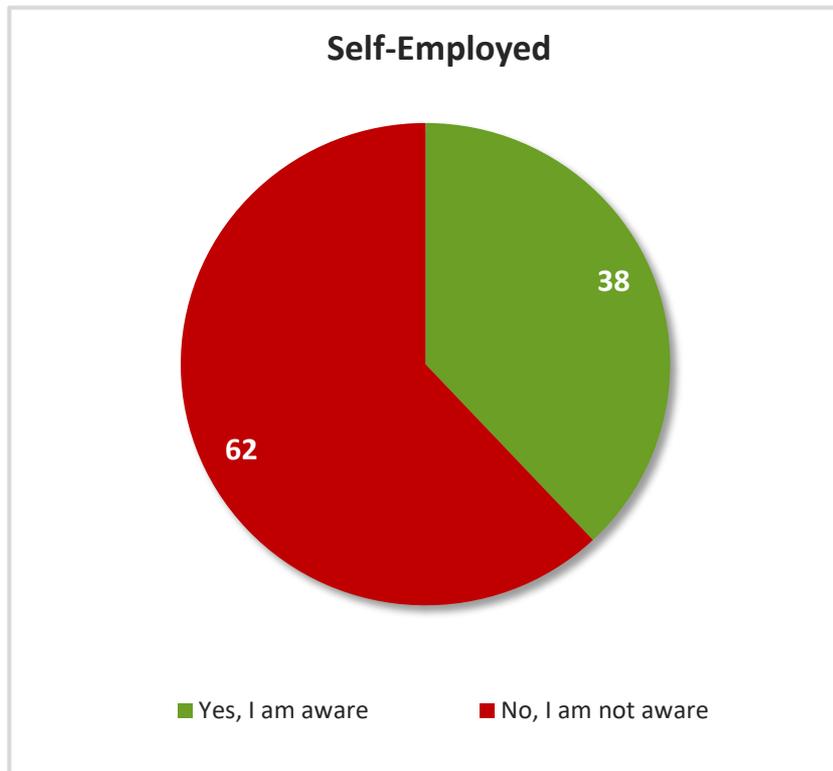
Types of Insurance Coverage Held (%)



Six in 10 Don't Know About the Saver's Credit

The Saver's Credit is a tax credit for eligible taxpayers who are saving for retirement in a qualified retirement plan at work or an IRA. It might just be the nudge many need to get started on saving for retirement but, unfortunately, too many are unaware of it. Only 38 percent of both the self-employed and employed workers are aware of it.

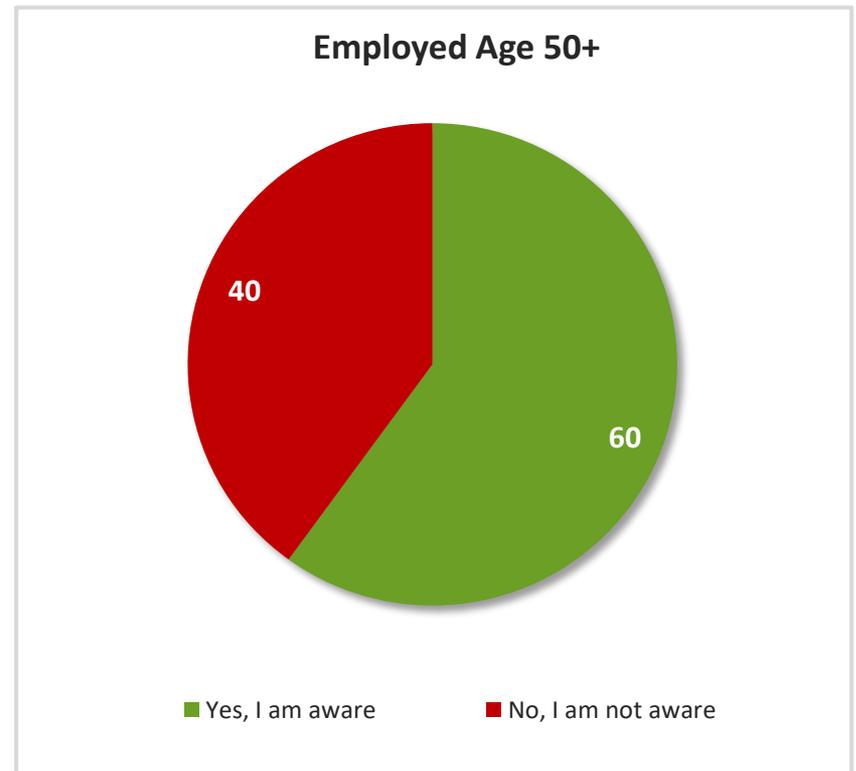
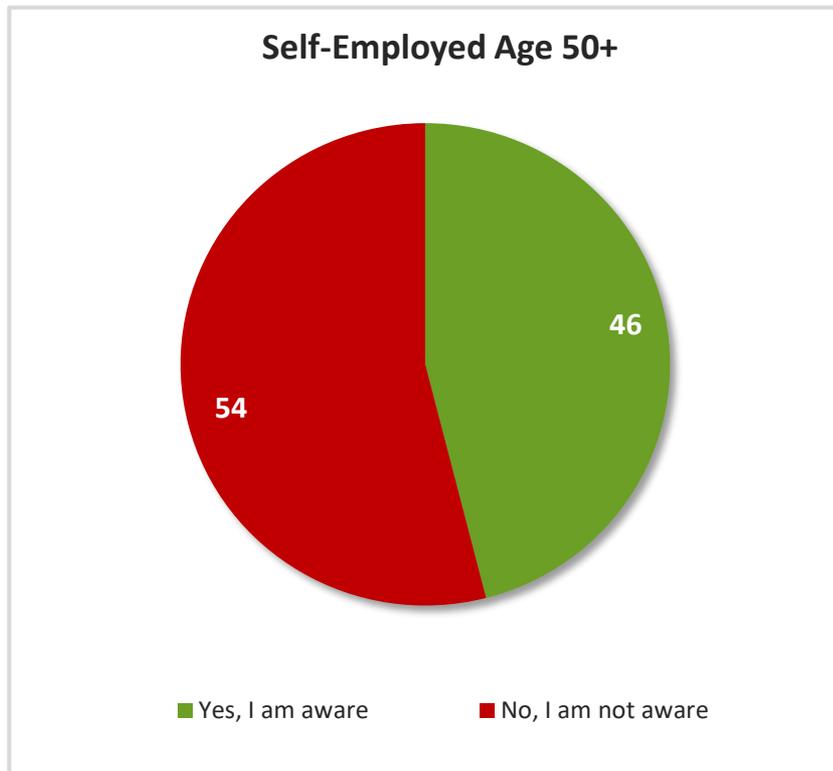
Awareness of the Saver's Credit (%)



Less Than Half of Age 50+ Know About Catch-Up Contributions

The IRS offers the opportunity for those who are age 50 and older to make Catch-Up Contributions to a qualified retirement account of an additional amount over and above the plan- or IRA-contribution limit. Fewer than half of the self-employed who are age 50+ are aware of Catch-Up Contributions (46 percent), a finding that is lower than their employed counterparts (60 percent).

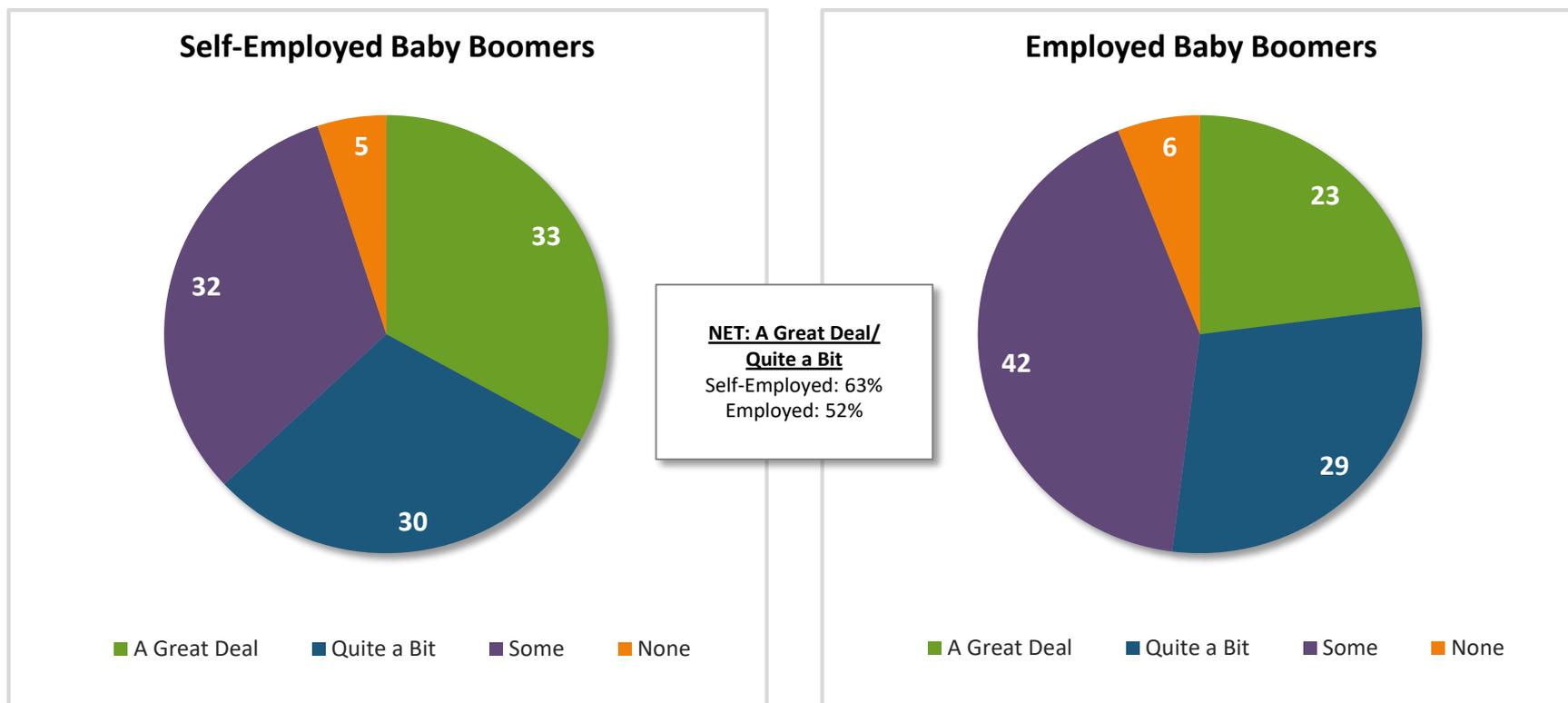
Awareness of Catch-Up Contributions (%)



Few Baby Boomers Know a Great Deal About Social Security

Having a strong knowledge of government benefits is important for all future retirees, especially for those nearing retirement. However, among Baby Boomers – the generation that is nearing and entering retirement – only 33 percent of self-employed and 23 percent of employed workers indicate they know “a great deal” about Social Security.

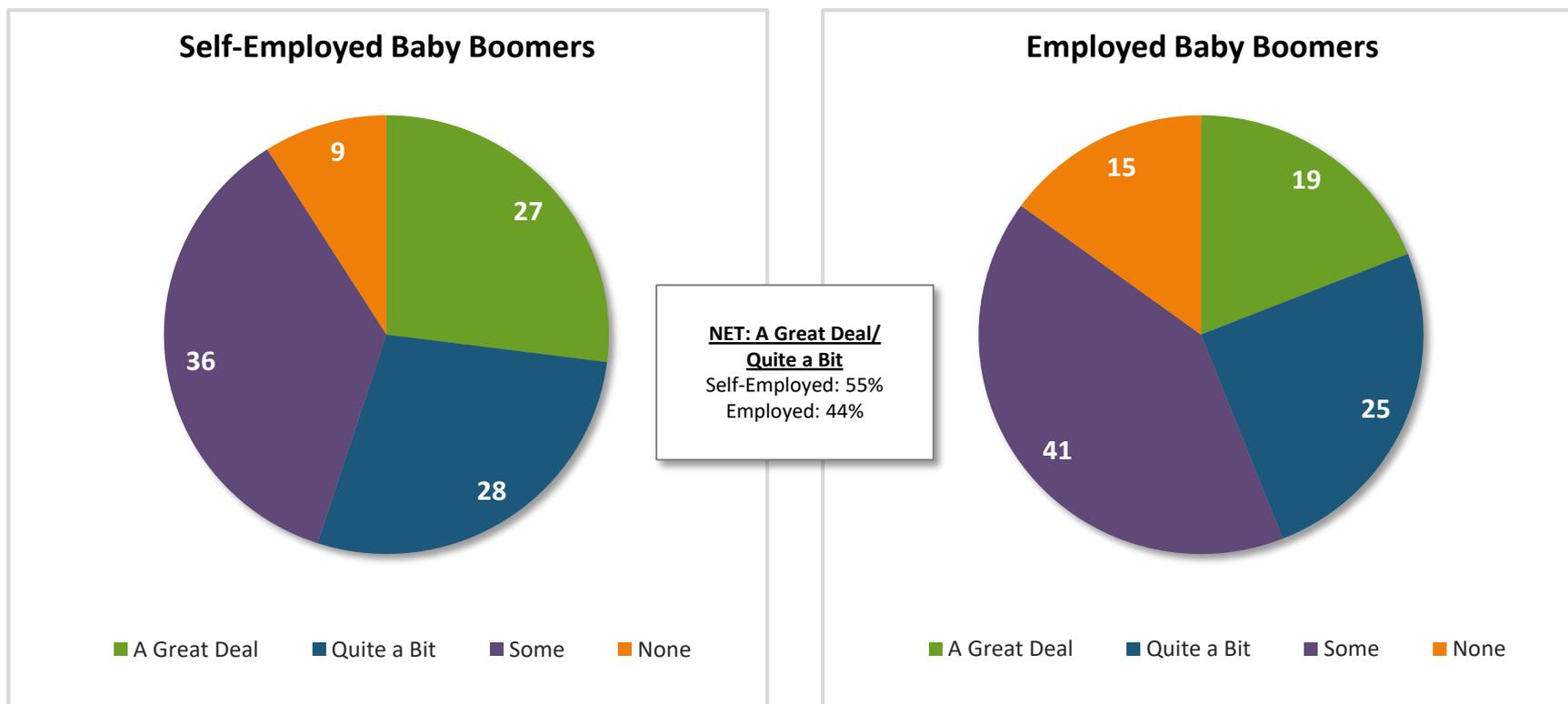
Level of Understanding Re: Social Security (%)



Few Baby Boomers Know a Great Deal About Medicare

Healthcare expenses can deplete a retirement nest egg. Having a strong knowledge of Medicare is important for all future retirees. However, only 27 percent of self-employed Baby Boomers say that they know “a great deal” about it. Even fewer employed Baby Boomers (19 percent) have a great deal of knowledge.

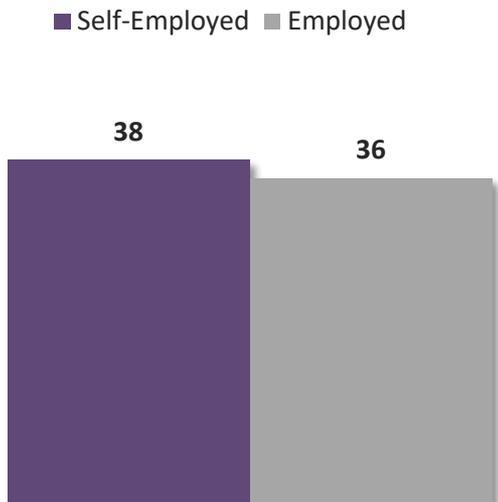
Level of Understanding Re: Medicare (%)



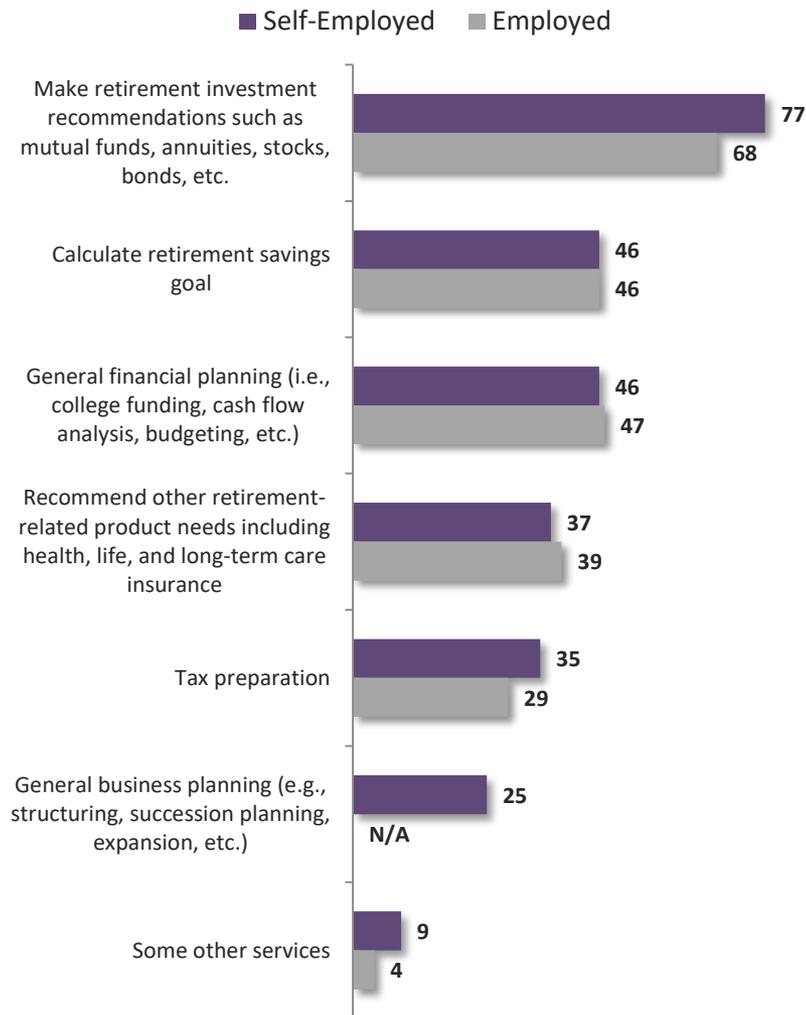
Relatively Few Use a Professional Financial Advisor

Only 38 percent of the self-employed who are saving for retirement use a professional financial advisor to help them manage their retirement savings and investments. Of those who do, most use a financial advisor to make retirement investment recommendations (77 percent), for calculating a retirement savings goal (46 percent), or for general financial planning (46 percent). Professional financial advisor usage is similar among employed workers (36 percent).

Use a Professional Financial Advisor (% Indicate "Yes")



Financial Advisor Services (%)



SELF-EMPLOYED AND EMPLOYED BASES: SAVING FOR RETIREMENT

Q860. Do you use a professional financial advisor to help manage your retirement savings or investments?

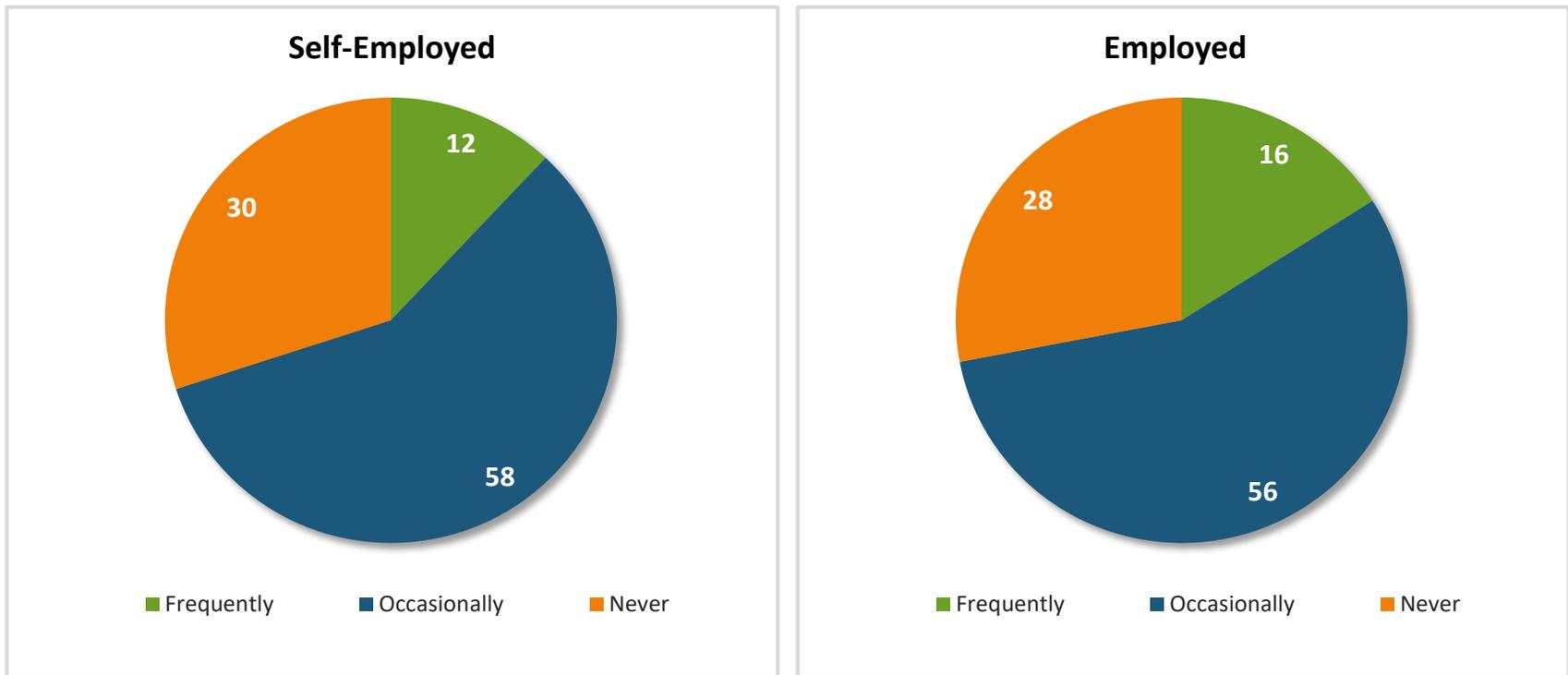
SELF-EMPLOYED AND EMPLOYED BASES: USE A FINANCIAL ADVISOR

Q870. What types of services do you use your professional financial advisor to perform? Select all.

Few Frequently Discuss Retirement With Family and Friends

Retirement impacts families, yet only 12 percent of the self-employed and 16 percent of employed workers “frequently” discuss saving, investing, and planning for retirement with family and friends. While most “occasionally” discuss it (58 percent self-employed, 56 percent employed), approximately one in three “never” discuss it (30 percent self-employed, 28 percent employed). An open dialogue with trusted loved ones can inspire new ideas, identify opportunities, encourage action, and set expectations with regard to any need to provide or receive financial support.

How frequently do you discuss saving, investing and planning for retirement with family and friends? (%)

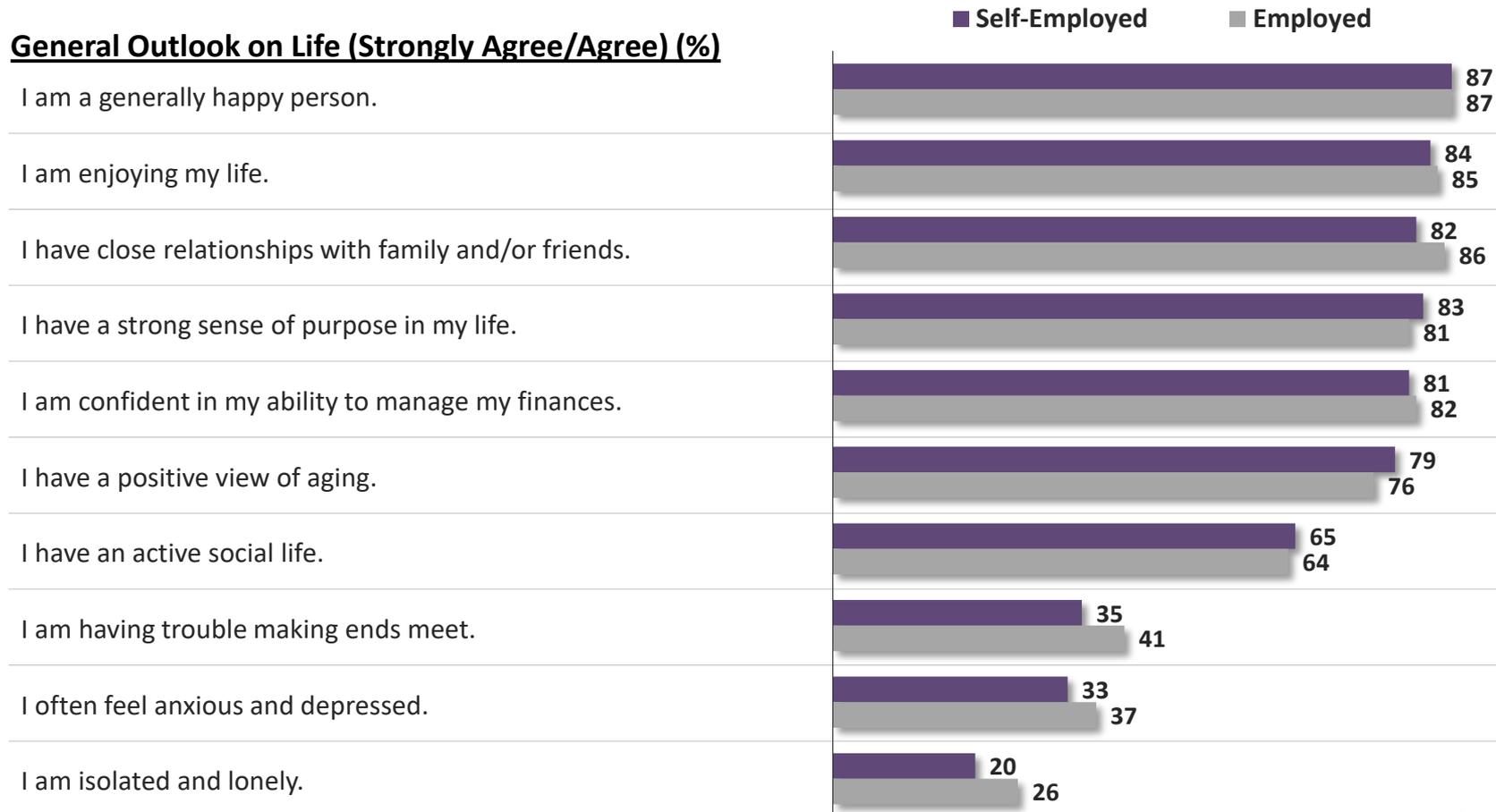


Happiness, Health, and Work-Life Balance

Almost Nine in 10 Are Generally Happy People

The self-employed have a positive outlook on life. More than eight in 10 of the self-employed indicate that they are generally happy (87 percent), enjoying life (84 percent), have close relationships with family and/or friends (82 percent), have a strong sense of purpose in life (83 percent), and are confident in their ability to manage their finances (81 percent). Employed workers similarly share this positive outlook. However, they are more likely than the self-employed to be having trouble making ends meet and to be isolated and lonely.

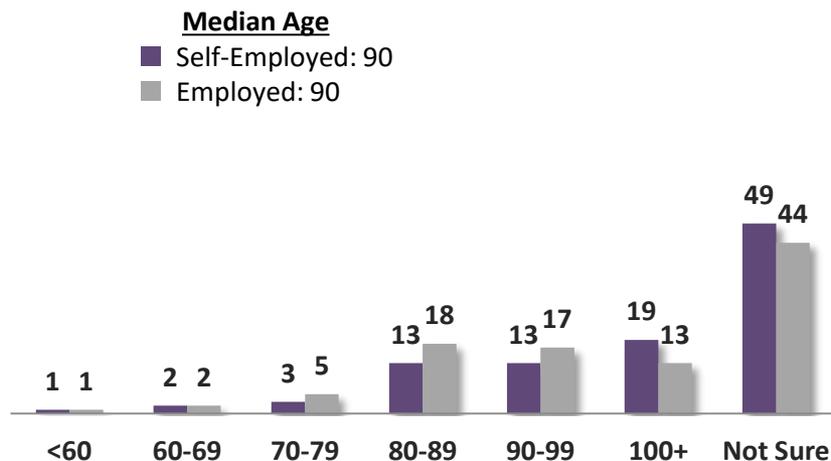
General Outlook on Life (Strongly Agree/Agree) (%)



Many Plan to Live Long Lives

Asking someone what age they plan to live to is a difficult question. Among those who provided an age, the self-employed and employed workers are both planning to live to age 90 (median). Almost one in five of the self-employed (19 percent) are planning to live to age 100 or older, compared with 13 percent of employed workers. Hardly surprising, the survey finds that many indicate they are “not sure,” including 49 percent of the self-employed and 44 percent of employed workers. Interestingly, in recalculating the percentages to include only those who provided an age and exclude the “not sure” responses, the percentage of the self-employed who plan to live to age 100 or older increases to 36 percent, compared with 24 percent of employed workers.

What age are you planning to live to? (%)



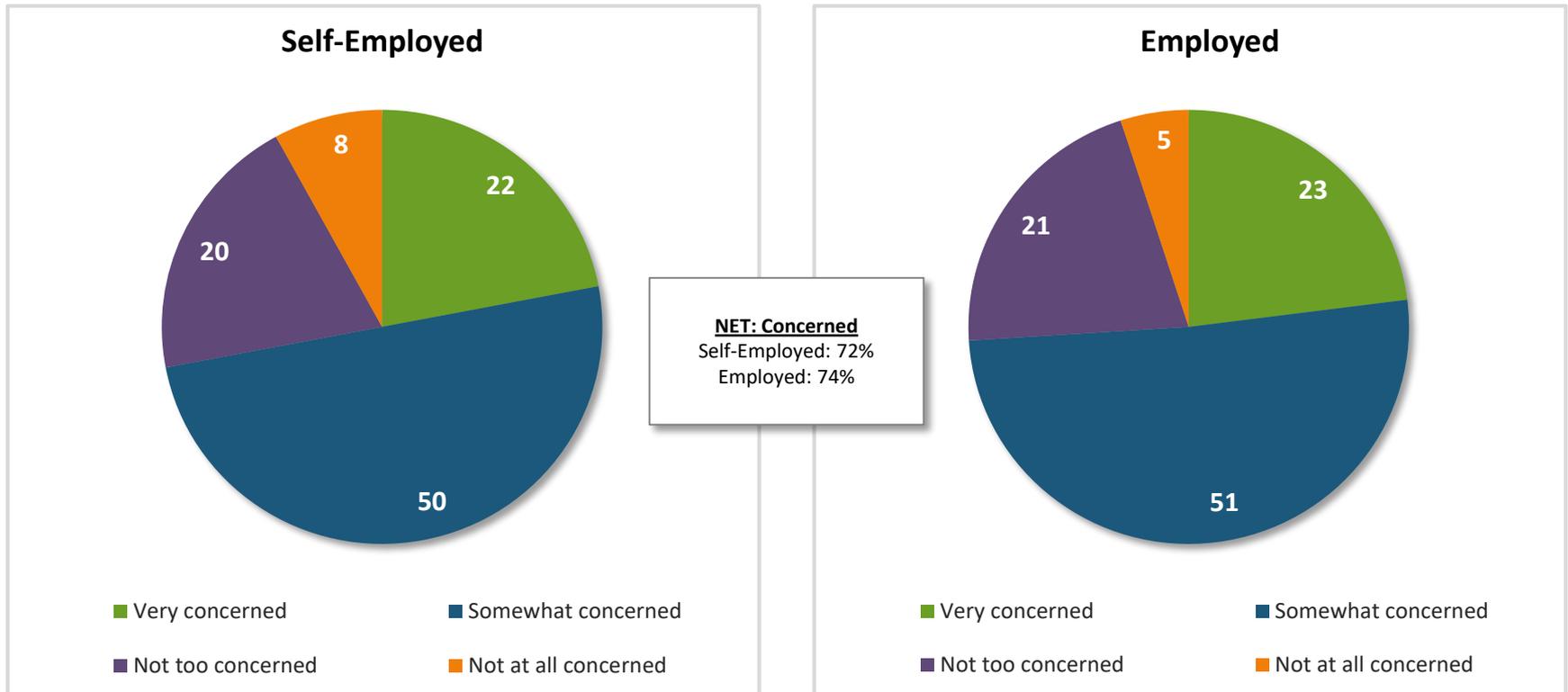
Among those who provided an age and excluding the “not sure” responses, the percentage who plan to live to age 100 or older...



Seven in 10 Are Concerned About Their Health in Older Age

Retirement planning often emphasizes financial preparations such as saving, investing, and achieving the amount of retirement income that is needed for a comfortable lifestyle. However, in order to fully enjoy retirement when the time comes, it's also important to maintain good health. Almost three out of four of the self-employed (72 percent) and employed workers (74 percent) are concerned about their health in older age, including those who are “very” concerned (22 percent self-employed, 23 percent employed) or “somewhat” concerned (50 percent self-employed, 51 percent employed).

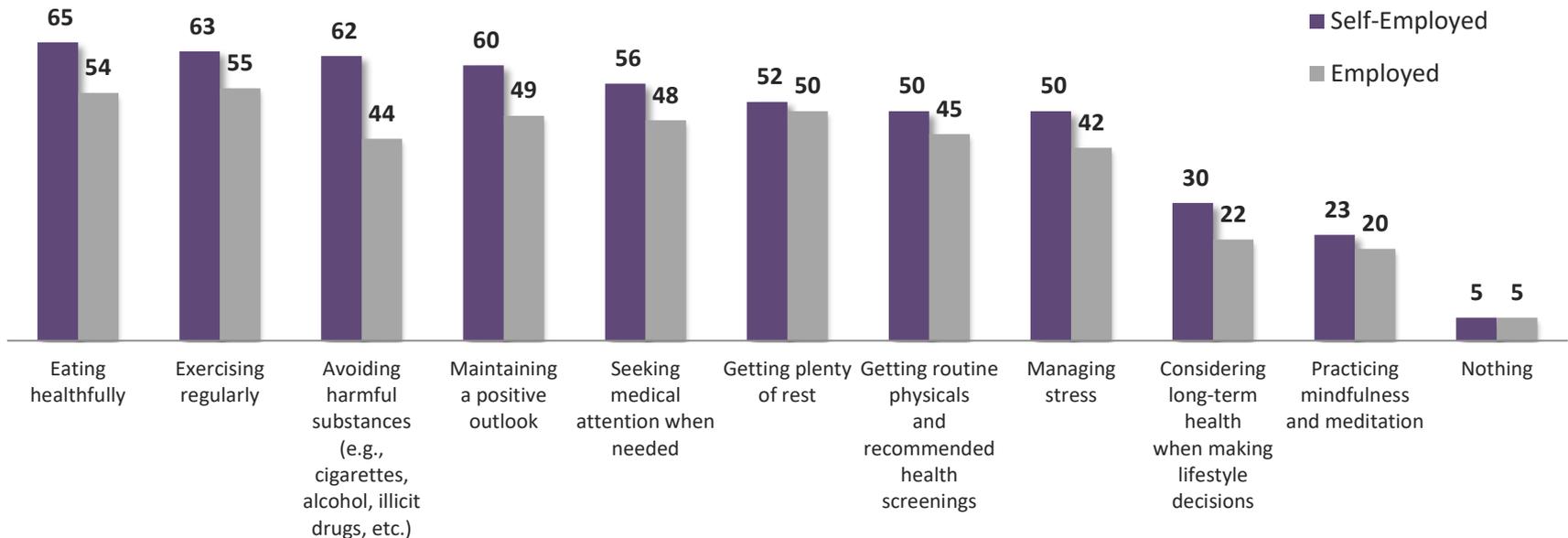
How concerned are you about your health in older age? (%)



Most Are Taking Steps to Safeguard Long-Term Health

When asked about health-related activities they are doing on a consistent basis, the self-employed are more likely to be engaging in them than employed workers. Sixty-five percent of the self-employed eat healthfully (54 percent employed), 63 percent exercise regularly (55 percent employed), 62 percent avoid harmful substances (44 percent employed), 60 percent maintain a positive outlook (49 percent employed), and 56 percent seek medical attention when needed (48 percent employed).

Engaging in Health-Related Activities on a Consistent Basis (%)



Note: This chart excludes "other" with response of 1 percent for both self-employed and employed.

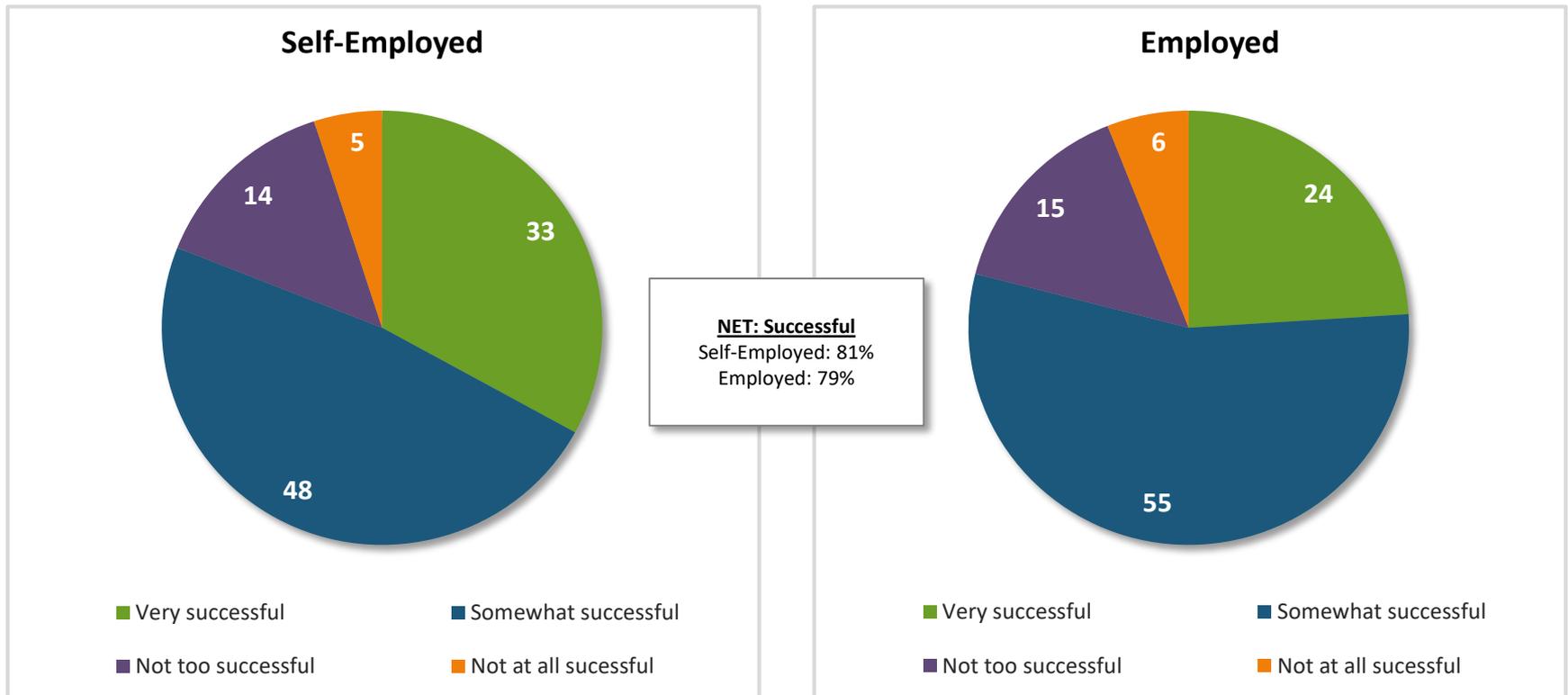
SELF-EMPLOYED AND EMPLOYED BASES: ALL QUALIFIED RESPONDENTS

Q1446. Which of the following health-related activities are you currently doing on a consistent basis? Select all.

Eight in 10 Successfully Manage Work-Life Balance

One of the theoretical advantages of being self-employed is greater control over one’s schedule. While the self-employed (81 percent) and employed workers (79 percent) are similarly likely to indicate they are successful in managing work-life balance, the self-employed (33 percent) are more likely to be “very” successful than employed workers (24 percent).

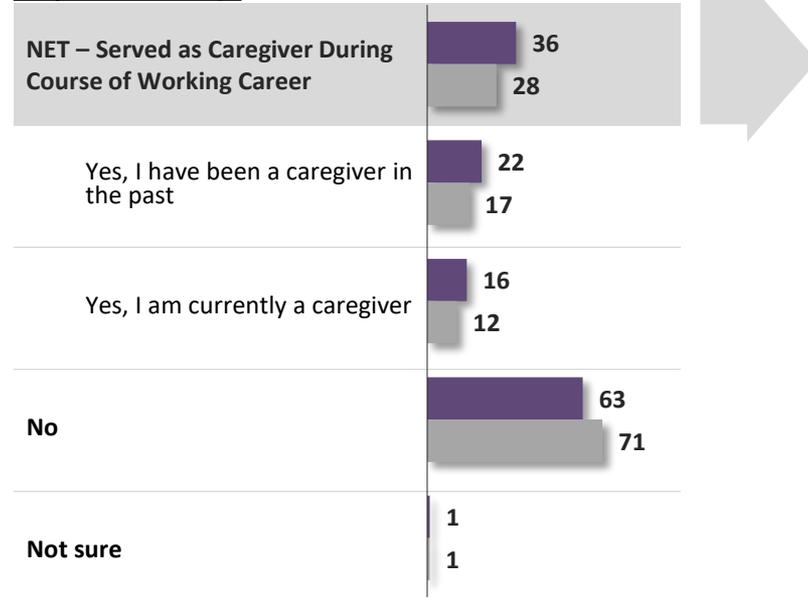
How successful do you feel that you are currently managing your work-life balance? (%)



One in Three Are and/or Have Been Caregivers

Thirty-six percent of the self-employed have served as a caregiver during the course of their working careers, including 22 percent who have been a caregiver in the past and 16 percent who are currently caregivers. Among caregivers, self-employment appears to have given them greater flexibility in balancing their work responsibilities, compared with their employed counterparts.

Are you currently serving or have you served as a caregiver for a relative or friend during the course of your working career (excluding parenting responsibilities)?



<u>Among caregivers, work-related adjustments as a result of becoming a caregiver* (%)</u>	Self-Employed	Employed
NET- Made one or more adjustments	81%	86%
Missed days of work	32%	36%
Reduced my hours	29%	20%
Began working an alternative schedule	27%	15%
Began to work remotely	22%	13%
Used vacation, sick days, and/or personal days off to be caregiver	21%	37%
Quit a job	14%	11%
Started or transitioned to working as a contractor, freelancer, or in the sharing economy	12%	6%
Reduced job responsibilities	12%	14%
Switched to a less demanding job	10%	12%
Took on additional hours to pay for cost of caregiving	7%	13%
Taken an unpaid leave of absence from my employer <u>not covered</u> by the Family and Medical Leave Act (FMLA)	6%	14%
Taken a paid leave of absence from my employer	4%	13%
Taken an unpaid leave of absence from my employer <u>covered</u> by the Family and Medical Leave Act (FMLA)	4%	12%

Note: This table excludes responses for “none,” “I was not working when I started caregiving,” and responses of less than 10% (i.e., forgone a promotion, transferred to a different location, retired early, other).

SELF-EMPLOYED AND EMPLOYED BASES: ALL QUALIFIED RESPONDENTS Q2500. Are you currently serving or have you served as a caregiver for a relative or friend during the course of your working career (excluding parenting responsibilities)? Select all.

SELF-EMPLOYED AND EMPLOYED BASES: CAREGIVERS Q2505x1. Which of the following have you done as a result of becoming a caregiver? Select all.

Appendix

A Portrait of Self-Employed and Employed Workers

Characteristics		Self-Employed (%) n=755	Employed (%) n=5,168
Work Status	Full Time	69	78
	Part Time	31	22
Age Range	< Age 30	5	21
	30 to 39	17	23
	40 to 49	23	21
	50 to 59	28	22
	Age 60+	27	13
	Median Age	51 years old	42 years old
Gender	Male	63	51
	Female	36	48
	Transgender	1	1
	Other	<1	<1
	Prefer not to answer	-	1
Marital Status	Married/ Living with partner	63	65
	Divorced/Separated/Widowed	11	10
	Never married	26	25
Level of Education	Less Than High School Diploma	3	3
	High School Diploma	25	32
	Some College or Trade School	29	33
	College Graduate or More	43	32
Annual Household Income	Less than \$25,000	9	7
	\$25,000 to \$49,999	17	20
	\$50,000 to \$99,999	29	36
	\$100,000+	39	34
	Decline to Answer	6	3
	Estimated Median	\$72,000	\$66,000
General Health (Self-Described)	Excellent	18	21
	Good	62	58
	Fair	18	19
	Poor	2	2
Sexuality	LGBT	10	8
	Did not identify as LGBT	89	90
	Decline to Answer	1	2

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