Understanding the Impact of Alternative Work Arrangements on Future Social Security Benefits

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Focal Area: This project addresses Focal Area 1 by studying nonstandard types of work and the implications on racial wage gaps and disparities in future Social Security benefits.

Abstract: The amount that individuals report as earned income in their tax filings has significant implications for the Social Security benefits they will receive. There is evidence that workers are unaware of these implications, particularly individuals who receive multiple streams of income from part-time positions and nonstandard work, such as gig-work or self-employment (Bruckner & Hungerford 2019). Given the increasing share of nonstandard work arrangements in the labor market (Jackson 2020, Figure 1), it is critical to understand how income misreporting varies among full-time, part-time, and non-standard workers, and by demographic characteristics of workers, such as by race/ethnicity, age, and gender.

To examine income misreporting across workers, we will survey approximately 2,000 individuals from Upwork, a platform for independent work. The survey will ask participants a series of questions about their jobs, the income from each of these jobs, questions to assess the income they reported from each of these jobs, and their understanding of the implications of underreporting for future Social Security benefits. This design is novel in that we will be able to make comparisons *across* groups of workers as well as *within* workers, as a share of our sample will report wage data for *both* their non-standard job and traditional job. Understanding this within-individual variation is important given recent data showing that nearly 50% of gig workers had full-time jobs and 22% had part-time jobs (Federal Reserve 2021). To address selection into the survey, we will vary compensation level offers for completing the survey across possible participants. We will also use survey methods which are robust to concerns about participants truthfully responding due to fear of reporting private information.