



The Guardian
Workplace
Benefits StudySM
4th Annual

Guardian[®]

in
sync

Market
Insights

Part-Time Nation

The “Gig Economy” Leaves Some Working Americans Financially Vulnerable



Source for all statistics cited is The Guardian Workplace Benefits StudySM: Fourth Annual, 2016
The Guardian Life Insurance Company of America[®] (Guardian), 7 Hanover Square, New York, NY 10004
File #2017-41731 (exp. 6/19)

Introduction

In recent years, a greater number of working Americans have left the 9-to-5 career path for the “gig economy,” taking on part-time, contingent, or independent contractor positions. According to the Bureau of Labor Statistics, the proportion of the U.S. workforce employed part-time (i.e., less than 35 hours per week at any one employer) has increased gradually for decades, from 13.5% in 1968 to record levels in 2010 during the Great Recession. As of March 2017, the figure is at 18.2%. The number of Americans who are working part-time but would prefer full-time jobs (5.5 million), has been trending downward since the peak of the recession in 2010. Meanwhile, voluntary part-time employment spiked in the years following the passage of the Affordable Care Act (ACA) and has grown to more than 27 million.

Some experts believe this may be a “new normal” for the U.S. economy — a persistently high part-time employment rate.* Yet, the government figures for part-time labor trends do not even include the ranks of freelancers and independent contractors/consultants, which bring the total size of the gig workforce to more than 40 million.

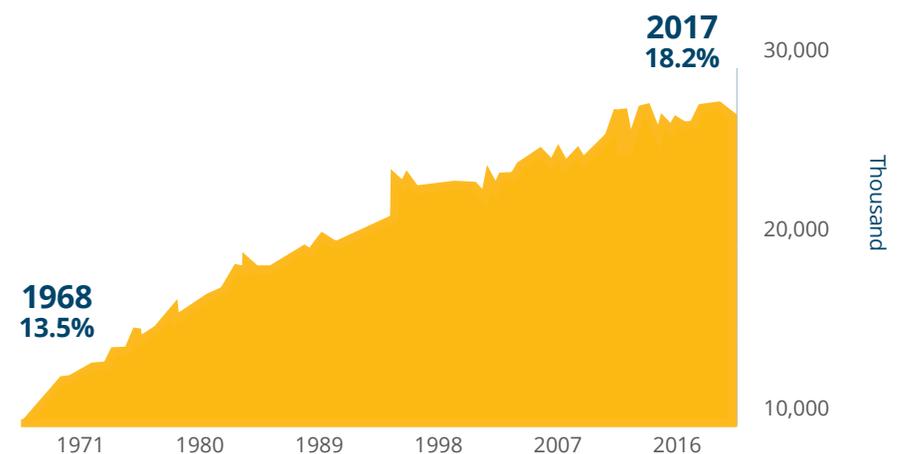
Part-time, contingent, or freelance workers can be found in practically any company, but they are increasingly becoming the cornerstone for many businesses across a variety of industries. Technology and social networking sites have also contributed by making it easy and efficient for companies to locate and recruit the talent they need, especially for “just-in-time” assignments.

*CNN, April 25, 2016

While many Americans desire the advantages of a part-time work schedule, the financial disadvantages can be a deal-breaker. At best, part-timers typically receive reduced employee benefits packages compared to full-timers. Many are ineligible to receive any benefits at all and, therefore, lack valuable medical coverage, retirement savings plans, life insurance, unemployment insurance, and workers’ compensation. Given the important role these benefits play in protecting the financial security of working Americans and their families, it may be time to sound the alarm for America’s growing Part-Time Nation.

Part-Time Employment Trend

Share of Total U.S. Labor Force



Source: U.S. Bureau of Labor Statistics

Part-time labor in the U.S. is on the rise

The American labor force appears to be undergoing a fundamental shift from traditional single employer, 40-hour work weeks to a more flexible, “on demand” model. As more employers embrace the new “gig” or “flex” economy, the ranks of part-timers, including independent contractors, will continue to rise.

In Guardian’s latest research, employers reported that just over 82% of their workforce are full-time, permanent employees, while 13% are part-time employees (or work fewer than 35 hours) and 5% are independent contract workers. These proportions are consistent with U.S. Bureau of Labor Statistics for the past few years, where the annual average for part-time/contract workers ranges from 17.5% to 18.5%.

And more employers expect their part-time workforce (including contractors) to grow over the next three years. About 1 in 3 employers anticipate growth in part-time workers, while 13% expect a decrease — a net of more than 20% of employers projecting growth in their part-time workforce.

Larger companies are even more likely to expect growth in their part-time workforce. Just over half of firms with at least 1,000 employees anticipate increases in part-time workers with just 9% foreseeing declines, or a net of 44% of employers expecting at least some growth in their part-time workforce.

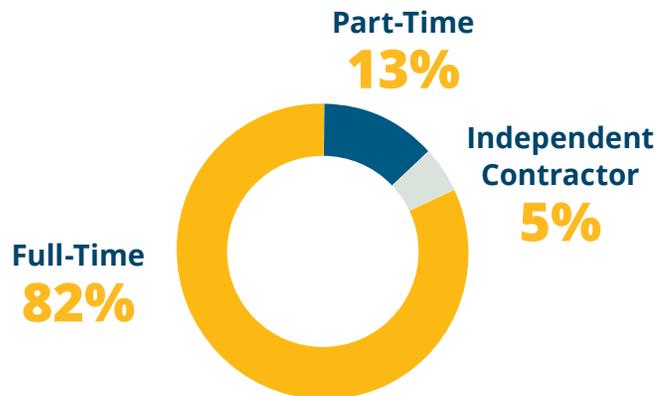
Employers Expecting an Increase in Part-Time Employment in the Next Three Years by Company Size



Total
35%

Composition of U.S. Labor Force

Employer Breakdown of Workforce by Employment Status



Profile of the part-time working American: Demographic differences vs. full-timers

Part-time workers share a number of demographic characteristics. For example, a higher percentage of part-timers are at the two ends of the career spectrum: younger millennials (age 22 to 29) who are just starting their careers and pre-retiree baby boomers

Characteristics of Part-Time vs. Full-Time Workers

Young millennials (Age 22-29)



Early baby boomers (Age 60+)



Have no financial dependents



Annual household income: <\$50k



Work for smaller firms (5-99 employees)



Education: Less than a bachelor's degree

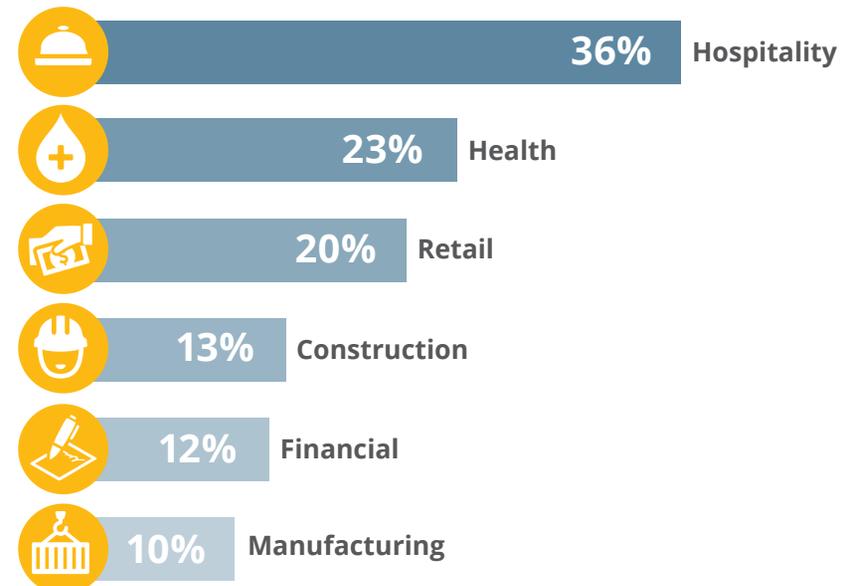


(age 60 and older) who are winding down. And about 1 in 4 part-timers consider themselves retired from their primary career.

A majority of part-time workers do not have financially dependent children and earn less than \$50,000 a year in household income. They are also more likely to work for companies with 5 to 99 employees and most have not received a four-year college degree.

Among part-timers surveyed, 1 in 3 work in the hospitality industry (e.g., waiter/waitress, hotel front desk, tour guide, amusement park attendant), and roughly 1 in 5 are employed in health care (e.g., nurse, technician, home health aide, therapist) and retail (cashier, sales associate, customer service) sectors. And another 35% combined work in the construction, financial services, and manufacturing industries.

Industries With the Greatest Share of Part-Time Workers



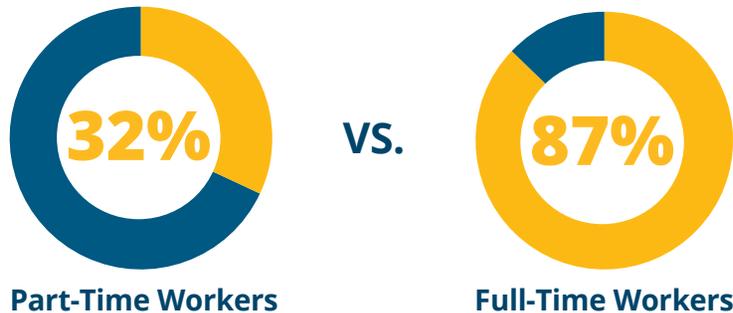
Flexibility? Yes. Good benefits? Not so much.

The most talked about benefit of working part-time is flexibility, such as Uber and Lyft drivers who can decide to work where and when they want. Part-time work also allows people to try a few different jobs before deciding what career they want to pursue full-time, and gives those having trouble finding full-time work an opportunity to make a positive impression.

The downside is that most part-time jobs in the U.S. come with no insurance or retirement savings benefits: Only 32% of part-timers say they receive such benefits compared to 87% of full-time workers.

- Larger companies are more likely to offer benefits to full-time and part-time workers, with nearly half of firms with 1,000+ employees providing benefits for their part-time workforce.

Workers Receiving Insurance and Retirement Savings Benefits

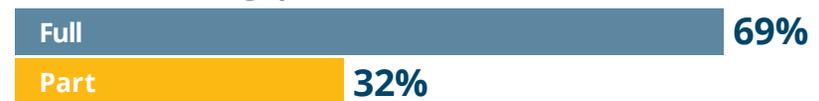


Access to different kinds of workplace benefits (e.g., retirement savings plans, medical coverage, other forms of insurance) varies and is consistently much lower for part-timers compared to those in full-time positions.

1 in 3 have an employer-sponsored retirement plan (vs. 69% of full-timers), only 1 in 4 part-timers have an employer-sponsored medical plan (vs. 80%), and fewer than 20% have dental, disability, or life insurance benefits at work (compared to more than 50% of full-timers).

Insurance & Retirement Benefits Through Employer *Part-Time vs. Full-Time Workers*

Retirement savings plan



Medical insurance



Dental insurance



Disability insurance



Life insurance



With limited options at work, part-timers turn to other channels for insurance and retirement products

Most part-timers own medical insurance (87%) but nearly half obtained the coverage not from their employer but rather on their own (e.g., through health insurance exchange, an association/affinity group, or direct from an insurance company). And they typically pay higher out-of-pocket costs for their coverage compared to full-time workers with an employer-sponsored plan.

1 in 3 part-timers belong to a trade association or affinity group and are three times more likely than full-timers to have purchased medical, supplemental health, and dental coverage through an association to address gaps in their workplace benefits.

Ownership of Insurance & Retirement Products *Part-Time vs. Full-Time Workers*

Product	Full-Time	Part-Time
Medical insurance	95%	87%
Dental insurance	82%	61%
Life insurance	73%	56%
Retirement savings plan	77%	55%
Disability insurance	57%	26%

Just over half of part-timers (56%) own any life insurance at all, with a majority of the coverage purchased on an individual basis outside of work. And those part-timers who have life insurance, are often under-protected: One-third own coverage that would barely cover their annual household income.

Roughly half have a retirement savings plan, with 16% buying annuities or individual retirement accounts outside the workplace. And only 1 in 4 (26%) own any disability insurance with few obtaining an individual disability policy.

Insurance & Retirement Products Obtained Outside the Workplace *Part-Time vs. Full-Time Workers*

Medical insurance



Life insurance



Dental insurance



Retirement savings plan



Disability insurance



Part-timers are falling behind financially, especially Gen X and single parents

On average, 25% of part-time workers live in poverty compared to just 5% of those working full-time.* Part-timers often face financial obstacles such as: being paid less per hour than full-timers for doing the same job, being required to pay their own Social Security and Medicare taxes, being ineligible to claim unemployment benefits, overtime pay, and rest breaks, *in addition* to having less access to employer-based benefits.

And even when benefits are made available to part-time workers, they are generally sparse and include just a medical plan with fairly limited coverage. Most part-timers are not

Percent Feeling Good About Financial Preparedness On...

Ability to pay a \$3,000 medical bill



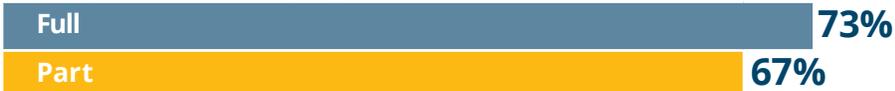
Saving for retirement



Having a financial plan



Making ends meet/paying bills



working with a financial advisor and are not purchasing insurance outside the workplace for themselves and their families, nor are many saving money in a retirement account.

Despite the lack of access to employee benefits, part-time workers believe they are faring well financially relative to full-timers. Unfortunately, many part-timers and their families may be financially vulnerable or have a false sense of security.

But not all part-timers are equally confident about their financial situation. Much like full-time workers, **Generation X** and **single parents** are more likely to cite money and personal finances as the primary source of stress in their life. They are struggling to make progress on saving for retirement and reducing debt, and often lack confidence in their ability to pay a \$3,000 medical bill, especially when compared to baby boomers or married workers.

Part-Time Workers Citing Financial Situation as Their Top Source of Stress

By generation



By life stage



*CNN, April 25, 2016

Financial stress contributes to even lower well-being among part-time workers

Based on Guardian’s 2016 Workforce Well-Being Index, part-timers appear to be struggling to a greater extent than full-timers on each component of well-being, but especially on the financial measure. More part-timers rated their financial situation as “fair or poor” than “excellent or very good” when compared to full-time workers.

Consistent with other findings in this study, Generation X and single parents tend to have lower well-being scores, particularly on financial health.

Clearly, having access to insurance and retirement benefits at the workplace has a positive effect on one’s level of financial preparedness. Among full-time and part-time workers who receive benefits from their employer, a majority indicate that they rely heavily on their benefits for financial security for themselves and their families, and they would face financial hardship without them.

As might be expected, part-timers who do receive workplace benefits have more favorable attitudes toward their overall health and well-being compared to those part-timers who do not have employer-based insurance or retirement benefits.

Well-Being Mean Scores
Part-Time vs. Full-Time
1-5 scale and 5 is highest

Well-Being	Part-Time	Full-Time
 Well-Being	3.09	3.28
 Financial	2.91	3.19
 Physical	3.16	3.12
 Emotional	3.22	3.46

Part-Timers’ Overall Well-Being Scores
By Whether They Receive Insurance & Retirement Benefits

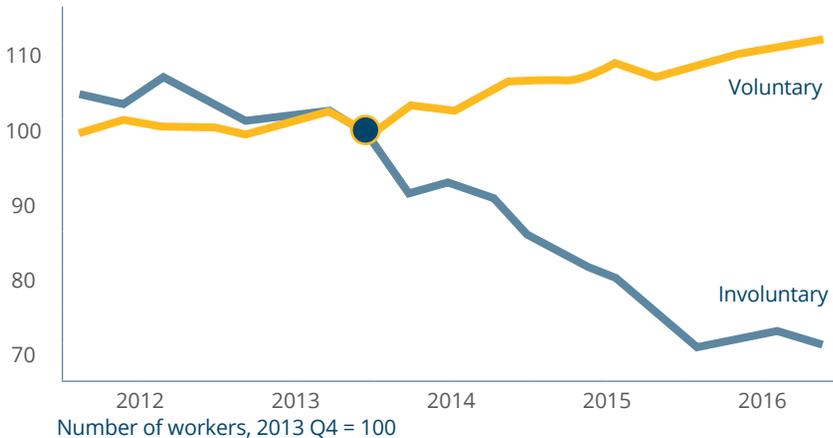
Well-Being	Receive benefits	Do not receive benefits
	3.18	3.04

Greater financial support is needed for America's growing part-time workforce

Working part-time is a choice for many Americans. The U.S. Bureau of Labor Statistics reports that of the more than 27 million part-time workers, three-fourths work part-time voluntarily for “non-economic” reasons. These workers prefer or need the flexibility of part-time jobs for a variety of reasons, including: to provide child or elder care, to address their own health issues, to transition after completing a full-time career, to start a new business, or simply to pursue an avocation.

Since the height of the Great Recession in 2010 and the advent of the ACA, voluntary part-time employment is up more than 10%, while the number of involuntary part-timers (e.g., those seeking full-time work) has declined by 40% since peaking at 9.2 million in March 2010.

Voluntary & Involuntary Part-Time Employment



Source: U.S. Bureau of Labor Statistics; Center for Economic & Policy Research

Notably, job and employer satisfaction are essentially the same among part-time and full-time workers. More than half of both groups are highly satisfied with their job, and most would prefer to remain with their current employer for at least another three years.

Attitudes of part-timers vary depending on whether they receive insurance and retirement benefits from their employer. Naturally, part-timers who receive benefits at work not only feel more financially secure, but also have more positive attitudes toward their employer and their job compared to those who do not receive such benefits.

Attitudes of Part-Timer Workers

By Whether They Receive Insurance & Retirement Benefits

Prefer to stay with employers 3+ years



Highly satisfied with job



My employee benefits make me feel more financially secure



Ways to address part-time worker well-being

The burgeoning ranks of part-time workers are causing U.S. employers to reconsider their staffing strategies. If the part-time employment trend continues in an upward direction, more companies may feel competitive pressure to use employee benefits as a differentiator to attract and retain their top part-time talent, much like they do today for their full-time workforce.

Some experts and government officials are calling for employers to make financial and wellness benefits more widely available to part-time workers and to increase their portability to better protect part-timers and their families. “Portable benefits will have to be part of the new social contract between U.S. employers and workers as more Americans join the gig economy,” said Senator Mark Warner (D-VA) at the Democratic National Convention in July 2016. The system for health and disability insurance, unemployment, and retirement benefits developed in the 1930s and 1940s “goes out the window” in the 21st century, according to Warner.*

By extending some portion of their health and wellness services, and voluntary insurance benefits to part-time workers, employers can better compete for needed part-time talent while also improving the productivity and well-being of their part-time population.

For the majority of part-time workers who do not have access to employee benefits, important life and health insurance and retirement savings products are increasingly available through individual or direct-to-consumer channels, including insurance company websites and private exchanges.

*Society of Human Resources, July 26, 2016: “Let Gig Workers Take Benefits With Them, Sen. Mark Warner Says,” by Roy Maurer



MIND: Supporting Emotional Wellness

Employee Assistance Programs (EAPs): Counseling services for depression, mental health, relationship issues, substance abuse

Work-life balance benefits: Telecommuting, flexible schedules, paid parental/family leave



BODY: Supporting Physical Wellness

Incentive programs: Fitness, nutrition, annual checkups

Onsite medical centers

Return-to-work accommodations/ Vocational rehabilitation



WALLET: Supporting Financial Wellness

Insurance coverage: Voluntary life, dental, disability and supplemental health

College tuition savings plans: Tuition benefits programs

Financial education: Guidance on tax planning, budgeting, will preparation, and estate planning

Appendix

METHODOLOGY AND SAMPLE CHARACTERISTICS

The 4th Annual Guardian Workplace Benefits Study was conducted in the Spring of 2016 and consisted of two online surveys: One among benefits decision-makers (employers) and another among working Americans (employees), allowing us to examine benefits issues from both perspectives.

The study was administered for Guardian by Greenwald & Associates, an independent market research firm located in Washington, D.C.



Employer Survey Overview

Employer results are based on a national online survey of 1,204 employee benefits decision-makers. Respondents include business executives, business owners, human resource professionals, and financial management professionals. The survey covers all industries and is nationally representative of U.S. businesses with at least five full-time employees.

Data shown in this report are weighted to reflect the actual proportion of U.S. businesses by company size, industry, and region based on data from the U.S. Census Bureau. The margin of error at the 95% confidence level is +/- 2.9%.



Employee Survey Overview

Employee results are based on a survey conducted among 1,439 employees age 22 or older, who work full time for a company with at least five employees.

This year's survey included a sample of 277 part-time permanent employees and contract, non-permanent workers. Results for part-time/contract workers are reported separately from the full-time employee data and are not reflected in the total 2016 results when comparing 2016 to prior years, unless otherwise noted.

The survey sample is nationally representative of U.S. workers at companies of at least five full-time employees. Data shown are weighted to reflect the actual proportion of U.S. workers by gender, region, race, ethnicity, education level, household income, age, and employer size based on data from the Bureau of Labor Statistics and the Census Bureau. The margin of error is +/- 2.4 at the 95% confidence level.