

Contract Work at Older Ages

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Key Findings and Policy Implications

This paper examines the scope of self-employment arrangements among older Americans. It uses data from a survey module fielded on an ongoing Gallup telephone survey. The paper finds that:

- Especially after accounting for individuals who are miscoded as employees, self-employment is even more prevalent at older ages than suggested by traditional surveys. Moreover, many of the older self-employed work few hours and their work activity may not be fully captured by standard household survey questions.
- The employment rate estimated for the Gallup sample is close to 80 percent at ages 18 to 49, drops to 69.1 percent among those age 55 to 59, 55.6 percent among those age 60 to 64, 37.1 percent of those age 65 to 69, 26.0 percent of those age 70 to 74 and 18.6 percent of those age 75 to 79.
- Conditional on being employed, the share of workers whose main job is self-employment rises sharply with age, especially after age 65. The self-employment share hovers around 20 percent for those from age 18 to 49; it rises to 25.2 percent for those age 55 to 59, 45.5 percent for those age 65 to 69, and 67.5 percent for those age 75 to 79.
- Work as an independent contractor is the most common type of self-employment. Roughly one-quarter of independent contractors age 50 and older work for a former employer. Among the older population, self-employment generally—and work as an independent contractor specifically—is substantially more common among highly educated individuals. Most of those past age 65 who are working as independent contractors say that earning money is not their primary motivation.

Research and policy discussions typically have treated self-employment as a homogeneous category. Yet, self-employment may take a variety of forms, including owning a business, working as an independent contractor, independent consultant, or freelancer, and doing occasional informal tasks or work through a mobile app or online platform. Given the relevance of work at older ages to Social Security policy, it is important to understand the role that self-employment arrangements may play in facilitating work among seniors.

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