



The Financial Well-Being of Independent Workers

Independent workers report similar levels of financial well-being as those with traditional jobs.

The media, policy makers, and researchers alike have long debated whether independent work (freelancing, self-employment, independent contracting, etc.) helps or hinders an individual's ability to reach financial freedom. As part of that discussion, there's a recurring theme: Just how does the financial well-being of independent workers compare to the well-being of those with traditional jobs?

To better understand how one's sense of financial health and security may differ based on the way a person works, MBO Partners added financial security and well-being survey questions to the [2019 MBO Partners State of Independence study \(SOI\)](#). These survey questions were asked of three groups: independent workers, those with traditional jobs, and those not in the workforce. This augmented survey included questions developed by the [U.S. Consumer Financial Protection Bureau \(CFPB\)](#), which the CFPB uses to create an individual's financial well-being score. This score provides a common metric that allows comparisons of financial well-being across individuals or groups.

Financial well-being scores in MBO Partners' 2019 SOI study show that independent workers report similar levels of financial well-being to those with traditional jobs. The average score for independent workers is 54, while the average score for those with traditional jobs is 53. These scores are quite similar to the scores reported by the CFPB in their 2017 study [Financial Well-Being in America](#). In that study, the average score for adult Americans was 54. The average score for self-employed adult Americans was also 54.

Interpreting Financial Wellness Scores:

The CFPB scores range from 1-100. Consumer Financial Protection Bureau (CFPB) financial wellness scores range from 1-100. CFPB research indicates that people with scores of 40 or less are experiencing significant financial insecurity, while those with scores in the 42-50 range are doing better but still struggling to make ends meet. Scores in the 51-60 range indicate financial stability for the most part, while scores greater than 60 are associated with secure financial circumstances. See [Measuring Financial Well-Being - A guide to using the CFPB Financial Well-Being Scale](#) for more details.

AVERAGE CFPB SCORES IN AMERICA



Independent workers also report similar scores to those with traditional jobs on a key financial well-being question: Overall, which one of the following best describes how well you are managing financially these days?

There is little difference in how independent workers and traditional job holders are managing financially.

As the chart below shows, there is little difference in how independent workers and traditional job holders are managing financially. Seventy-seven percent of independent workers say they are doing okay or living comfortably compared to 78 percent of traditional job holders.

SURVEY QUESTION: Overall, which one of the following best describes how well you are managing financially these days?

	2019 Federal Reserve SHED Survey (all adults)	2019 SOI Total Population (all adults)	2019 SOI Independent Workers	2019 SOI Traditional Job Holders	2019 SOI Those Not in the Workforce
Living comfortably	34%	32%	30%	29%	36%
Doing OK	41%	43%	47%	49%	34%
Just getting by	18%	17%	15%	17%	19%
Finding it difficult to get by	7%	8%	8%	5%	11%

The Federal Reserve asks the same question on financial well-being in their annual [Survey of Households and Decision Making \(SHED survey\)](#). While the SHED survey does not break down the results by type of employment, the most recent SHED data for “all adults” is consistent with the “all adults” results from the 2019 SOI study. This consistency provides confidence in the SOI data comparing independent workers with traditional job holders.

AVERAGE SCORES DON'T TELL THE WHOLE STORY

Although the average CFPB well-being scores for independent workers and traditional workers are roughly the same, independent worker scores have a wider variation of results. Compared to the scores of traditional job holders, a higher percentage of independent workers report both high and low scores. Twenty-seven percent of independent workers reported scores of 60-plus, versus 22 percent of traditional job-holders. Sixteen percent of independent workers reported scores of 40 or less versus 13 percent of traditional job-holders.

Not surprisingly, financial well-being scores correlate with income, and independent workers have a wider variation



in income than those with traditional jobs. For example, the percentage of both higher earning (those with incomes above \$100k) and lower earning (those with incomes of \$25k or less) independent workers is greater than that of traditional job holders. This explains much of the well-being score variation differences between independent workers and traditional job holders.

Also, Reluctant Independents—those who would prefer a traditional job if they had the choice—had a low average well-being score of 48. This indicates that the average reluctant independent struggles to make ends meet. Twenty-two percent of Reluctant Independents report scores of 40 or less, indicating significant financial insecurity. This is also reflected in the fact that one in three (34 percent) Reluctants agree with the survey agree/disagree question “I’m just getting by financially”, a much higher share than found with independent workers overall (27 percent) and traditional job holders (24 percent) who agreed with this statement.

Reluctant Independents also, on average, report having less risk tolerance than the average independent worker (see the full SOI report for more details on Reluctant Independents).

One of the broader findings of the [MBO Partners SOI study series](#) is that independent workers with in-demand skills and a tolerance for the risks associated with independent work are thriving. The well-being scores from this study reinforce this.

But the scores also reinforce the study findings that independent workers without these attributes—like most Reluctant Independents—often struggle financially.

This research shows working independently is as financially viable as traditional employment for most independent workers.



ABOUT MBO PARTNERS®

MBO Partners delivers solutions that make it safer and easier for enterprise organizations and top independent professionals to work together. Through its proprietary platform, MBO has built a comprehensive workforce ecosystem that fuels both sides of the independent economy. MBO strengthens relationships, minimizes risk, and maximizes value for its clients. Its unmatched experience and industry leadership enable it to operate on the forefront of the independent economy and consistently advance the next way of working.

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ABOUT THE STUDY

The 2019 MBO Partners State of Independence in America is the 9th consecutive year this study has been conducted. Since 2011, independent workers have completed over 22,000 in-depth surveys and over 1,400 independent workers have been interviewed in-person as part of this study series.

For the 2019 study, Emergent Research and Rockbridge Associates conducted an online survey in March of 2019. This survey had responses from 3,985 residents of the U.S. (aged 21 and older), including 1,046 independent workers; the results were used to size the independent workforce and profile motivations among independent and traditional workers. The survey results were weighted to reflect the demographics of the U.S. The data related to the general population has a margin of error of +1.7% and the data specific to independent workers has a margin of error of +2.7%. The 2019 results are generally statistically consistent with the survey results from the prior 8 years.