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POLICY SPOTLIGHT

Bringing Portable Benefits to America's Independent Workforce: Overview

Modernizing benefit laws could empower about 30 million American workers

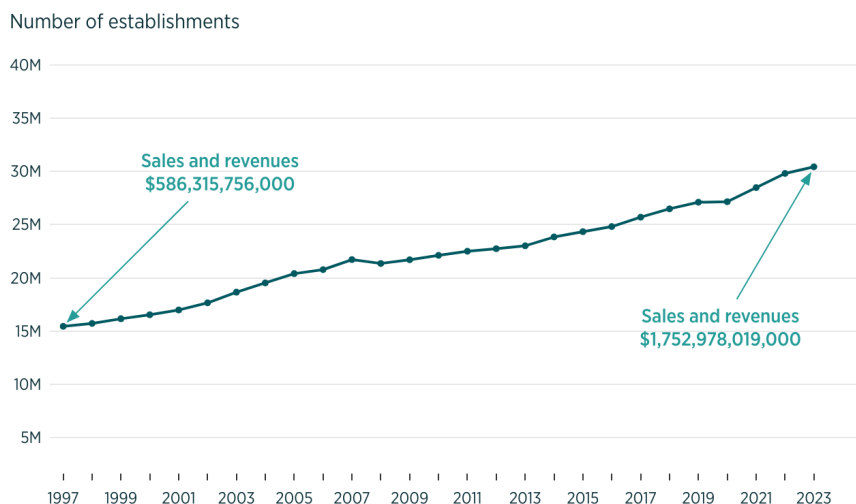
LIYA PALAGASHVILI | AUGUST 2025 (UPDATED OCTOBER 2025)

In today's economy, about 30 million Americans are freelancers, contractors, or self-employed workers. They include rideshare and delivery drivers, truckers, freelance creatives, real estate agents, hairstylists, childcare providers, professional consultants, and countless other occupations. US Census Bureau data show that this is a growing workforce, generating approximately \$1.5 trillion annually in revenue or sales for the country (figure 1).

Yet because these workers operate outside traditional employment, they often lack job-based benefits such as health insurance, retirement plans, and paid leave—not because companies are unwilling to offer the benefits, but because outdated laws make it risky to provide them to non-employees. Under federal law, providing benefits can trigger reclassification as an “employee.”

Many self-employed workers could gain access to benefits if companies were legally allowed to contribute to portable benefit plans on their behalf.

FIGURE 1. Growth in self-employment in the USA, 1997 to 2023



Source: US Census Bureau, *Nonemployer Statistics (NES)*, last modified May 9, 2024, <https://www.census.gov/programs-surveys/nonemployer-statistics.html>.



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What Are Portable Benefits?

Portable benefits are a solution designed for today's flexible workforce. Tied to the individual worker—not a job or employer—portable benefits allow independent workers to receive contributions from multiple companies into a single worker-owned account managed by a bank or third-party platform. These accounts can support health insurance premiums, paid time off, retirement savings, and more.¹

Momentum Across the States

Several states are leading the way:

- **Maryland, Pennsylvania, and Georgia:** Governors in these states have supported a DoorDash program that gives Dashers support for paid time off and health insurance. In Pennsylvania, the program delivered over \$1.3 million benefits to previously ineligible workers. Of the participants, 77% felt more financially secure with the benefits, and 91% said they would feel even more secure if the pilot became permanent. Portable benefits legislation would provide a lasting solution.
- **Utah:** Passed the first voluntary portable benefits law in 2023; Target and Lyft launched a pilot program
- **Alabama and Tennessee:** Enacted laws in April 2025 similar to Utah's 2023 portable benefits law, removing legal barriers for companies to offer benefits to independent workers

The Worker's Case for Portable Benefits

- **Preference for independent work:** According to the Bureau of Labor Statistics, 80.3 percent of independent workers prefer to stay independent; only 8.2 percent prefer W-2 work.
- **Support for benefits:** 80.1 percent of self-employed workers want access to portable benefits.
- **Desire for balance:** Workers want security without sacrificing flexibility and independence.

In the US, independent workers in these top 10 industries would benefit from portable benefits laws:

- | | |
|---|--------------------------------------|
| 1. Professional, Scientific, & Technical Services | 6. Retail Trade |
| 2. Real Estate & Rental Leasing | 7. Administrative & Support Services |
| 3. Transportation & Warehousing | 8. Health Care & Social Assistance |
| 4. Construction | 9. Arts, Entertainment, Recreation |
| 5. Other Services (e.g., repair, personal care) | 10. Finance & Insurance |

The Business Case for Portable Benefits

- **Workforce stability:** Helps attract and retain a more reliable and engaged independent workforce
- **Legal clarity:** Enables companies to offer benefits without fearing legal backlash
- **Operational flexibility:** The voluntary, opt-in model avoids mandates for resource-constrained businesses, while empowering better-resourced companies to support their independent workers

Policy Recommendation

Congress should allow workers to create portable benefits accounts and companies to contribute to portable benefits funds without triggering worker reclassification rules. In doing so, Congress would support a modern, inclusive economy that aligns with how people actually work today—empowering businesses to innovate and enabling workers to thrive.

¹ See <https://www.mercatus.org/research/policy-briefs/flexible-and-portable-benefits-independent-workers-state-policy-guide>.