



June 25, 2024

The Honorable Bill Cassidy
Ranking Member
Committee on Health, Education, Labor, and Pensions
U.S. Senate
Washington, DC 20510

Dear Ranking Member Cassidy and Members of the Committee:

My name is Adam Michel, and I am the director of tax policy studies at the Cato Institute. Thank you for seeking input on improving benefits for independent workers.

The increasing shift to independent work arrangements and gig-work has provided millions of Americans with more flexible ways to earn a living. Unfortunately, policies designed for traditional employer-employee relationships create unnecessary barriers for contract-based and platform workers. One example is retirement savings accounts—such as 401(k)s and IRAs—which are poorly suited for the diverse needs of gig workers. Universal savings accounts (USA) offer a more flexible, independent, and non-distortionary solution to help independent workers save in a simpler way for their own priorities.

USAs could function similarly to Roth IRA retirement accounts but without restrictions on who can contribute, when funds can be withdrawn, or on what they can be spent. Creating USAs would allow all workers—especially independent workers—to access a simpler and more effective way to save.

Current single-purpose qualified accounts make it harder for independent workers to save. These workers are often younger, lower-income, or part-time and choose not to use existing accounts for fear of the complex rules and withdraw penalties for misuse of funds. This complexity leaves millions of Americans without access to qualified accounts, subjecting their savings to double taxation.

USAs would allow greater savings and investment by Americans in all types of occupations, especially gig work and independent contracting. Opting for a more flexible and simplified savings system would reduce existing impediments for independent workers to save for whatever life may bring.

Additional resources:

- Adam N. Michel, "[Universal Savings Accounts: A Flexible Financial Tool to Support the Gig Economy](#)," The Center for Growth and Opportunity Policy Paper 2020.007, July 2020.
- Adam N. Michel, "[Less Government, More Savings](#)," Testimony, Committee on Finance, United States Senate, May 21, 2024.

Sincerely,

Adam N. Michel
Director of Tax Policy Studies
Cato Institute