

*From the Desk of Veronique de Ruyg*

June 26, 2024

The Honorable Bill Cassidy  
Dirksen Senate Office Building  
Washington, DC 20002

Dear Senator Cassidy:

My name is Veronique de Ruyg. I am the George Gibbs Chair of Political Economy at the Mercatus Center at George Mason University. Thank you for the opportunity to share with you one of the ways that benefits for independent workers can be improved.

The well-documented trend by my colleague Liya Palagashvili towards independent work arrangements and platform work has provided millions of Americans with more flexible ways to earn a living. Unfortunately, our traditional employment-based way of providing benefits to workers, including retirement savings, is inadequate to meet the diverse needs of independent workers. It is thus essential to think about how to better provide benefits for independent workers.

Take tax-deferred savings accounts such as 401(k)s and IRAs. Aspects of these accounts, such as asset limits, deposit and withdrawal restrictions, or penalties, can discourage savings, especially for lower-income, younger, or part-time workers. A better alternative to these savings options would be a more comprehensive savings program, such as universal savings accounts (USAs).<sup>1</sup> USAs, which function similarly to Roth IRA retirement accounts, would allow workers to save in one simple account from which they could withdraw without penalty. Better yet, this account would allow savers to withdraw money when they need it for any event, whether expected (college, childcare, or retirement, for example) or unexpected (such as major car repair or an emergency medical expense) throughout their lifetime. The flexibility of USAs would be particularly beneficial to independent workers.

USAs have successfully increased savings available for retirement and other needs to earners, including those with lower incomes, in the United Kingdom, South Africa, and Canada. It could do the same if implemented here in the United States and would serve as an important first step in improving the provision of benefits for independent workers.

Sincerely,

Veronique de Ruyg  
George Gibbs Chair of Political Economy  
Mercatus Center at George Mason University

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<sup>1</sup> Veronique de Ruyg, "Child Savings Accounts Are Not the Best Way to Help Low-Income Families Save" (Testimony before the Committee on Finance, United States Senate, May 21, 2024).