ECONOMIC SECURITY OF RIDESHARE DRIVERS: A CROSS-COUNTRY PERSPECTIVE

JIAHUI LIN

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This paper presents findings from interviews with 68 Uber/Grab drivers in Singapore and 70 Uber/Lyft drivers in the Washington Metropolitan Area, revolving around the topic of retirement security, adequacy of health insurance coverage, and union representation. This paper first compares the coverage of and accessibility to social security provisions for independent contractors in Singapore and United States using secondary research. This paper then presents and analyzes the demographics of interviewed drivers, including their ages, savings behavior, and employment history etc. It goes on to argue that social security is a real concern to independent contractors for ridesharing apps, so much as to drive some to exit from working on the platform. This paper shows that while there is a more comprehensive social security system in place in Singapore compared to the United States, more flexible retirement savings options need to be offered to drivers to facilitate savings. In the United States on the other hand, greater attention needs to be paid to ensure adequate health insurance coverage for independent contractors working on ridesharing apps.

INTRODUCTION

In recent years, commercial transport apps have come to be seen as a potent manifestation of the “gig economy”. More attention has been paid to driving for commercial transport apps as “gig work” and the associated risks to drivers, given the lack of retirement benefits and fringe benefits such as sick leave. With widely diffused connecting technology and the perceived low barriers to entry of working on digital platforms, there are concerns that increasing numbers of workers will join digital platforms. Will the implication of such movements be more gaps in social protection for workers? What is needed to minimize frictions in such movements so that workers are able to pursue different occupations with the least costs to their economic and social security?

Despite greater rhetoric around ridesharing app drivers, there have been few studies done to address these questions. The Bureau of Labor Statistics (BLS), which defines gig workers as workers who are in contingent or alternative employment arrangements or both, is planning to start collecting data on gig workers again in May 2017, 12 years after conducting its last supplemental survey on contingent and alternative employment arrangements. Existing studies mostly took stock of trends in alternative work arrangements, such as research done by Katz and Krueger. They found out that in America, 15.8% of workers were in alternative work arrangements in 2015, with 8.9% working as independent contractors.¹ Chase Institute’s study in 2016 on whether participants in the platform economy are able to mitigate income volatility comes close to addressing the stated questions, but it only looked at how such apps can affect short term economic security. The Human-Computer Interaction Institute at Carnegie Mellon University interviewed 12 Uber/Lyft drivers to study how drivers respond to “algorithm management”, and how that affects their work experience.² Researchers at Data Society interviewed 85 drivers in the U.S. and Canada to examine worker motivations between and within regions.³ Such studies are important in illuminating the more nuanced challenges drivers face on a daily basis, but come up short when considering the longer-term implications of working on online platforms.

This study aims to plug the gap in current literature to discuss how driving on ridesharing apps can affect long-term health and retirement outcomes, and what kind of social protection is needed to ensure free labor market mobility. Free labor market mobility enables workers to be employed where they are most productive, and
immobility due to disparities in the availability or scope of social insurance across occupations can eliminate potential gains in productivity and income, adversely affect worker satisfaction, and alter volume and quality of goods and services produced. As Jacob Hacker frames it—“if we want people to feel comfortable moving from job to job in a very flexible, decentralized economy, they need to have some basic protections that allow them to do that.” Recognizing the differences in social security institutions, this paper will discuss how drivers behave differently in two metropolitan areas—Singapore and the District of Columbia, Maryland, and Virginia area in the United States, to ensure their health and retirement security. By engaging in such discussions, this study hopes to shed light on what can be done to offer greater protection to independent contractors and what is impeding the mobility of workers within the existing social security frameworks of both countries.

I. Why the District of Columbia, Maryland, and Virginia Area?

Since first launching in San Francisco in 2010, Uber has over the years accumulated many drivers who have had years of driving experience in the United States. Based primarily in the United States, Uber also tests its beta products in the country first before rolling them out internationally. Washington DC, as one of the ten United States cities with the highest numbers of drivers, is also an ideal site to conduct this study. Uber drivers in Washington DC also earn an average hourly wage of 17.79 USD (from trips completed within an hour) that matches the national average Uber market hourly wage of 19.19 USD, according to a study by Benenson Strategy Group (BSG). As Uber/Lyft drivers who drive in District of Columbia also drive in Virginia and Maryland, the community where the sample of drivers was taken from for this study will be referred to as the DMV area, which is the District of Columbia, Maryland, and Virginia area.

II. Why Singapore?

Small and agile, Singapore throughout the years has demonstrated its ability to adapt to emerging technologies and sectors in a bid to remain competitive internationally. It is ranked second on the Global Talent Competitiveness Index in 2017, which measures how countries continue to grow, attract and retain talent even in the face of technological disruptions. The “smart nation” strategy spearheaded by the Singapore government seeks to “support better living using technology”, with “smartness” a measure of “how well a society uses technology to solve its problems and address existential challenges.” To this extent, Singapore has considerably embraced the value that new technologies bring, including that of commercial transport apps. Uber itself sees Singapore as an entry point to the Asian market, with Singapore being the first country in Asia where Uber and UberEATS were launched.

In addition, Singaporean leadership also recognizes that there are hidden risks to workers operating in this tech-driven new economy. Singapore deputy Prime Minister Tharman Shanmugaratnam in a dialogue at the 2016 McKinsey Innovation Forum observed, “Some in the gig economy are those who’ve got no choice because they can’t get a full-time job.”

In Singapore, the Manpower Minister in March 2017 announced that a workgroup would be formed to study and protect the well being of “freelancers” in Singapore. According to the recent labor force survey in Singapore, there
are about 167,000 primary freelancers, with around 8–10% of the overall workforce performing freelancing as their main job. There are 200,000 primary and secondary freelancers, out of whom 10,500 work for ridesharing apps.

This recognition of increased risk for the average worker in a changing workplace and subsequently for their later life phases was translated into concrete policies earlier in 2015, as announced during Tharman Shanmugaratnam’s budget speech, themed “Building our Futures, Strengthening Social Security.” These schemes to help “Singaporeans supplement their incomes in retirement” include changes to the salary ceiling as well as interest rates of the Central Provident Fund, a comprehensive national savings scheme that will be described later in this paper. With this recognition of risk in gig economy at the highest policy making levels, and changes being instituted to offer greater economic protection to workers, will drivers of commercial transport apps in Singapore fare better in terms of securing a sustainable form of livelihood? This is a key question that is motivating the comparison made in this paper across the two cities.
DIFFERENCES IN SOCIAL SECURITY SYSTEMS

In the discussion that follows, social security schemes and policies as it relates to workers in the DMV area are very similar to what can be observed elsewhere in the United States. Such social security architecture is a result of movements and campaigns by various public and private stakeholders nationwide over a long historical period. For example, prior to 1945, with the growing popularity of group insurance, the employment group became a locus of administration—American employers became “repositories of tiny social insurance systems that spread risks and benefits within, and only within, the universe of their workers”\(^\text{10}\). The continued reliance on private employment-based health insurance is also a reflection of the status quo bias of American political institutions, which made it harder to draw back on an existing program like old-age insurance than to block a prospective one like national health insurance.\(^\text{11}\)

However, it should be noted that depending on the legislators and politicians in different states, there are varying levels of attention on the social protection of independent contractors like Uber/Lyft drivers. In New York for example, a more forceful push towards ensuring the portability of worker benefits, representation of independent contractors and protection of independent contractors’ rights can be observed. On the other hand, some states in America have banned ride-hailing services such as Uber and Lyft. Thus while the social security pillars remain the same nation-wide in the United States, the values and political leanings of state legislators and politicians do affect the benefits and rights that can be enjoyed and exercised by Uber and Lyft drivers from state to state.

I. RETIREMENT

Singapore

The Central Provident Fund (CPF) is a comprehensive social security system that enables working Singapore Citizens and Permanent Residents to set aside funds for retirement. It is portable (can be used with different employers) and attached to individual workers. It is also universal in that the benefits can be applied to all workers and all forms of employment. Employed workers who earn more than 750 SGD (540 USD) contribute 20% of their wages to CPF every month, and in addition employers contribute 17% of their employees’ wages to CPF. The contribution rates decrease with increasing age.

Once the CPF board receives the CPF contributions from employers, the amount is distributed to the three CPF accounts of employees, namely the Ordinary Account (OA), the Special Account (SA) and Medisave Account (MA), according to the CPF allocation rates. The OA can be used for future expenses in housing, insurance, investment and education; the SA can be used for old age and investment in retirement-related financial products. The MA can be used for hospitalization expenses and approved medical insurance. These funds also earn different rates of interests over time. For the self-employed, CPF contributions to the Ordinary or Special Account is voluntary.

A Retirement Account (RA) will be created on the 55th birthday of CPF members. Funds from the OA and SA will then be transferred into this account. During retirement, members’ monthly payouts will be dependent on the
savings they have in their retirement accounts. There are three different levels of retirement savings that will ensure varying levels of payouts during retirement. Assuming a person’s 55th birthday is after 1 January 2017, his options would look like Table 1:

**Table 1: Tiers of Retirement Sums**

<table>
<thead>
<tr>
<th>Retirement Account savings required at 55</th>
<th>Monthly payout for life from 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Retirement Sum (BRS) 83,000 SGD</td>
<td>700–750 SGD</td>
</tr>
<tr>
<td>Full Retirement Sum (FRS) 166,000 SGD</td>
<td>1280–1380 SGD</td>
</tr>
<tr>
<td>Enhanced Retirement Sum (ERS) 249,000 SGD</td>
<td>1860–2000 SGD</td>
</tr>
</tbody>
</table>

**DMV area/United States**

In the United States, while non-employer-sponsored retirement solutions are available, less than 14% of all individuals contribute to an Individual Retirement Account (IRA) in a given year, and fewer than 10% make the consistent contributions necessary to build retirement security. Other employer-sponsored pensions like 401 (K) accounts are not portable and cannot be used after a change of employers. The only public retirement old-age insurance program is Social Security Benefits. Social Security is a federal Old-Age, Survivors and Disability Insurance program that can be used by persons from all states. Social security, which is not designed to be the sole source of retirement income, has an income replacement rate of 40%, measured relative to a wage-indexed average of lifetime earnings (as opposed to earnings immediately preceding retirement). Most financial advisors recommend a replacement rate of around 70% for retirement income from all sources.

However, online platforms have created partnerships that allow for workers to enjoy some extent of old-age insurance coverage. Lyft in 2015 partnered with a robo-advisor, Honest Dollar, to give drivers the opportunity to put some of their earnings away from retirement. Robo-advisors are digital platforms that provide automated, algorithm-driven financial planning services. The individual retirement account-based program cost as little as 8 USD per employee per month. Honest Dollar also serve other self-employed persons who lack access to a retirement plan or 401(K). In 2016, Uber also announced a new partnership with Betterment, the first robo-advisor created, which allows drivers in select cities to use the Uber app to open flexible retirement accounts—a Betterment IRA or Roth IRA for free in the first year. Uber also stated that they are planning to “work with Betterment to roll it out

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nationwide soon as part of our Driver Rewards program of rewards and discounts, available exclusively to people who drive with the Uber platform.” Such partnerships do not exist in Singapore, and while similar financial technology platforms exist, neither Uber nor Grab in Singapore has rolled out similar programs for their drivers.

II. UNION REPRESENTATION

Unions play a significant role in ensuring legislated labor protections and rights such as safety and health, and in enforcing those rights on the job. As a key intermediary institution complementing legislated benefits and protections, unions are an important component in the social security framework.

Singapore

In Singapore, the National Private Hire Vehicles Association (NPHVA) was registered in May 2016 and represents the interests of drivers of private hire vehicles such as limousines, cars and combi-buses. The NPHVA is an affiliate of the National Trades Union Congress. The National Trades Union Congress (NTUC) is the only national trade union center (federation of trade unions in a country) in Singapore. As of December 2016, the NPHVA has around 450 drivers as members. The NPHVA signed a memorandum-of-understanding with Grab that established regular dialogues between NPHVA, Grab, and drivers to “facilitate operational and driver-related issues on the ground.” Part of NPHVA’s work involves developing benefits that ease members’ daily expenses and better protect their livelihoods, such as merchant discounts for members, including deals on mobile plans, fuel, in-vehicle cameras, and medical check-ups.

Trade unions have had great political significance in Singapore. At least half of the founders of the People’s Action Party (PAP), the ruling party in Singapore since 1959, were active trade unionists. Even though key officials of the party were non-unionists, such as Lee Kuan Yew, the PAP represented itself during the first few years of its existence as a party of the workers. After coming into power, the PAP believed that unification and modernization of the union movement was considered an important pre-condition for rapid economic progress and expansion, an ostensibly key national objective. Prior to independence, the split between non-communists and pro-communists within the trade-union movement allowed for the consolidation of the non-communist trade-union movement, controlled by the non-communist PAP, building a relationship of trust and co-operation. Subsequent bills passed after independence changed the nature of industrial relations in Singapore, restricting the role of unions to negotiations of wages and other benefits and with some aspects of conditions of work and employment. However, a seminar on the “Modernization of the Labor Movement” laid the foundation for a variety of workers’ co-operatives under the control of the NTUC that catered to the needs of lower income Singaporeans. One of these cooperatives is the NTUC Income Insurance Co-operative Limited, the only insurance cooperative in Singapore. It brings insurance coverage to the lower income groups and provides unions with working capital for new ventures. Members of NTUC affiliated unions/associations, including members of the National Private Hire Vehicle Association (NPHVA), are covered under a group term life insurance policy. This means that members who have less than ten years of continuous membership will get a payout of 20,000 SGD (14,400 USD) in the event of Total and Permanent
Disability due to accident outside working hours, and 6,000 SGD (4320 USD) due to accident during working hours. There are also conditional payouts for death and permanent and partial disability.

In recent years, the NTUC has taken on mandates that go beyond representing existing unionized workers. It now describes itself as the “unusual labor movement”, which seeks to “provide training and development opportunities for the entire workforce so as to uplift an entire generation of people.” The labor movement is now also seeking to expand its “scope of protection to include workers such as freelancers and contract workers”.

Falling short of the one million union member target it set in 2005 for year 2015, the NTUC has pledged to recruit more members amongst the ranks of contract workers, freelancers and professionals, managers and executives. Constitutionally, NTUC functions as an organization with the ultimate objective of securing the effective and complete unionization of all workers.

It should be recognized at this point that the additional benefits and protections Uber/Grab drivers are able to access in Singapore through NPHVA and NTUC is not necessarily a direct result of mere union representation, but rather the result of an organized national labor movement that has political clout and has had successes in institutionalizing benefits for affiliated union/associated members. In this respect there is a greater semblance of safety net for Uber/Grab drivers in Singapore as compared to Uber/Lyft drivers in United States.

DMV area/United States

Under the National Labor Relations Act in the United States, employers have no obligation to bargain with independent contractors, even when they form a union. It has been difficult to advance union representation for ridesharing app drivers, as they are legally classified as independent contractors.

Various lawsuits have been brought against Uber on the “misclassification” of drivers as independent contractors, instead of employees, and so far rulings have been in the favor of Uber—in September 2016 a federal appeals court in California held that the arbitration agreements drivers sign before joining the service as enforceable, making it difficult for class actions on the misclassification of Uber drivers to proceed. Earlier in 2016 state regulators (New York and California) ruled that former Uber drivers were eligible for unemployment payments, but as such rulings are based on case-by-case considerations, they did not prompt Uber to recast its relationship with drivers. However, on July 12th, a ruling by a North Carolina Federal Court allowed Uber drivers to advance the class-action case on their misclassification. While this signals a stronger pushback against Uber’s insistence for drivers to be classified as independent contractors, the campaign remains state-specific. No such lawsuits have been brought up in the DMV area.

It should be noted that diversity in drivers has also made identifying concerns relevant to all drivers difficult. For example, there are not only full-time drivers, but also part-time drivers who may care less about the work conditions of driving for ridesharing apps.
The availability of part-time earners reduces pressure on employers to create more sustainable earning opportunities. However, as will be shown in this paper, the turnover rate is not as high as people may assume it to be on such platforms—there are drivers who plan to be driving for 10 years and more. Similarly, it may not be as easy for drivers to exit the market due to the unexpectedly high costs of car rental and car payment for large luxury vehicles to drive on these platforms (Uber SUV). As such, the concerns of such drivers will remain important for ride-sharing companies to address.

Regardless, unsanctioned groups of Uber drivers have formed in cities across the United States. In May 2016, Uber came to an agreement with a union (International Association of Machinists and Aerospace Workers Union) to create an association for drivers in New York that would establish a forum for regular dialogue and afford them some limited benefits and protections—the Independent Drivers Guild. Drivers are, however, still unable to bargain over a contract with the company that would stipulate fares, benefits and protections—Uber will continue to set these unilaterally. A petition from the Independent Drivers Guild did prompt New York City’s Taxi and Limousine Commission to announce a proposal requiring car services that accept only credit cards to allow passengers to tip the driver using their card. However, there is wide regional variation when it comes to union representation, and drivers in the DMV area do not enjoy any representations.

III. HEALTH COVERAGE

Singapore

For the self-employed in Singapore, contribution to a Medisave account in Central Provident Fund (CPF) is mandatory for those who earn an annual net trade income of more than 6000 SGD (4320 USD). Uber/Grab drivers are also required to have up-to-date Medisave contributions to be able to renew their Private Hire Car Driver’s Vocational License (PDVL). Self-employed persons earning above 18,000 SGD (12,960 USD) in their net trade income pay a contribution rate of 8% for those below 35 years, 9% for those between 35 to below 45 years, 10% for those between 45 to below 50 years, and 10.5% for those aged 50 years and above. In Singapore, Grab, along with the NPHVA launched a Grabcar Driver Medisave Program whereby self-employed drivers who completed a minimum of 80 rides per week and contributed to their Medisave account are matched up to 200 SGD per month by Grab.

The MediShield Life, a national health insurance scheme, guarantees coverage for large hospital bills and selected costly outpatient treatments. Since 2015, contributors to Medisave can also use Medisave to pay for their MediShield Life premiums. The Singaporean government has also pledged support in the form of subsidies to citizens and permanent residents with their MediShield Life premiums.

Given the portable nature of this health savings account (Medisave), as well as mandated contributions to this account that will guarantee MediShield Life coverage for independent workers, concerns about inadequate health coverage should not be an impediment to individuals wishing to work for online platforms in Singapore.
**DMV area/United States**

In the United States, according to census data, private health insurance coverage in 2015 is at 67.2 percent of the population while public health insurance coverage is at 37.1 percent of the population. Employer-based insurance only covered 55.7 percent of the population.\(^{28}\) In the DMV area, uninsured rate is lower than the national rate, because of the high rates of employer-sponsored coverage in the area and high rates of Medicaid coverage in DC and Maryland.\(^{29}\) Most Uber and Lyft drivers however, as will be discussed in the findings later, do not have employer-sponsored coverage, and only one interviewed driver is applying to Medicaid.

Uninsured Americans historically face difficulties in pushing their agenda given their “diffuse, protean and unorganized” nature, as described by Hacker.\(^{30}\) In recent years, there has been a movement to consolidate concerns of uninsured Americans in the form of freelance workers by the Freelancers Union. Aiming to achieve meaningful independence for freelancers, the Freelancers Union has provided affordable health insurance to these workers since 2009. In 2013, its health insurance company covered 23,000 workers in New York State and has 105 million USD in annual revenue. The Obama administration awarded the Freelancers Union 340 million USD in low-interest loans to establish cooperatives in New York, New Jersey, and Oregon that would provide health coverage to freelancers and other workers.\(^ {31}\) Premiums on the new insurance plans were 40 percent less than individual plans available in New York in 2013, and when health insurance premiums rose by 5 percent on average for Americans in 2013, the Freelancers Insurance Company did not raise premiums at all for its policyholders.\(^ {32}\)

In 2014, the Freelancer’s Union stopped providing health insurance to its members, as it was difficult to offer insurance at levels required by the Affordable Care Act. Instead, freelancers who belonged to the union plans will be automatically enrolled in Empire BlueCross BlueShield plans with benefits. With higher co-payments and fewer doctors on Empire plans, many freelancers chose to shop for their own plan. The Freelancers Union then focused on building up the National Benefits Platform, a new tool that allows freelancers to search by zipcode for benefits such as a 401 (K) plan, dental insurance, disability insurance, life insurance, liability insurance and health insurance that are available in their area.

Similar to how innovative retirement savings options are being offered in partnership with online platforms in the United States, the same trend can be observed in health insurance provision. Lyft partnered with eHealth, a health insurance marketplace that offers the largest number of plans in the industry to help Lyft drivers find healthcare options.

Overall, will a government consolidated and coordinated social security system such as that in Singapore be more effective in smoothing out frictions in social security provisions as workers move to online platform work, or will technology enabled social security options provided by the online platforms one is working on, as observed in the United States, be more effective? The discussion of the findings in this study will hopefully shed some light on this question.
**METHODOLOGY**

Structured interviews were conducted in person in the two metropolitan areas regarding drivers’ retirement plans, insurance coverage and employment concerns. In Singapore, these structured interviews took place outside the offices of Uber and Grab, and drivers walking out of the compounds were asked if they were willing to participate in the interview. Some interviews also took place during Uber/Grab rides, with the consent of drivers. No names or personal identifying information were collected in the process. A total of 68 structured interviews were conducted this way. In the United States, 70 Uber and Lyft drivers were interviewed at the Ronald Reagan Transport Network Companies (TNC) Parking lot, an area designated for private hire vehicle drivers to wait for passengers.

To observe the demographics amongst drivers, each driver was coded according to his/her age group, gender, employment status, experience in transportation services, and source of retirement income. In addition, drivers in Singapore were also coded for self-employment/free-lancing/part-time jobs history. Certain data such as income level were not possible to be analyzed, as not all respondents were willing to reveal such details. All results will use the US Dollar as unit of measure for income and savings, as of 5th March 2017, 1 SGD equals 0.72 USD.

Only drivers driving for Uber and/or Grab were targeted for interviews and surveys in Singapore as they are the two most popular ridesharing apps. Grab is a technology company that offers a wide range of ride-hailing and logistics services through its app in Southeast Asia. It started as GrabTaxi in 2011, a mobile application that assigns available taxis to commuters using mapping and location-sharing technology. Grabcar, the equivalent of UberX was launched in Malaysia and Singapore in May 2014. Grab has four vehicle options in Singapore—GrabCar, GrabCar Premium, 6-seater economy, and 6-seater premium. Uber has three vehicle options in Singapore—UberX, Uber XL, and Uber Select (a mid-tier luxury sedan option). All of the Uber drivers in Singapore interviewed drove UberX. Only one had experience driving Uber Select and Grabcar Premium in the past, but changed to driving for UberX after observing a decline in income for those vehicle options.

Only drivers driving for Uber and/or Lyft were targeted for interviews and surveys in the United States. There are four Uber options in the DMV area—UberX, UberXL, Uber SUV (a high-end vehicle service compared to UberXL), and Uber Black. In the DMV area, Lyft has three options—Lyft, Lyft Plus, a 6-seater, and Lyft Premier, a high-end ride option. In the DMV area, three Uber XL drivers, three Uber Black drivers, five Uber SUV drivers and one Lyft Plus driver were interviewed, to collect more diverse perspectives.
I. WHO ARE THE DRIVERS?

As can be observed from the results, a significant portion of drivers interviewed for this study were full time drivers (drivers who drive 40 hours or more in a week)—41% in the Singapore pool and 56% in the DMV pool. Given the small sample size, it may not be representative of distributions in reality. The sample may also be biased due to the timing of interviews—in Singapore interviews were conducted during weekday and weekend afternoons to evenings.

Interestingly, there were more drivers in Singapore who belong to the part time drivers with other part time/freelancing job category, and this suggests that in Singapore, workers who are attracted to the platform may already have a history of self-employment, freelancing, or working in part time positions. The “Part time drivers with other jobs” category refers to drivers who drive for less than 40 hours a week, and also work another job with irregular hours. Examples of such workers in Singapore include drivers who also work as property agents; a driver who also work as tourist guide and is paid at an hourly rate as a tourist guide; a driver who owns a restaurant business, a driver who is a sales agent, and one who does bar-tending at night. Examples of such workers in the DMV area include a driver who also works as a video game graphics designer, a driver who also works as a pastor, and a driver who is also a language translator for the Marine Corps.

It should be noted that for drivers who are classified as retired, not all have reached retirement age—the youngest of such drivers in Singapore was 45 years old, and self-identified as retired as he can comfortably rely on the earnings he had after selling off his own business. In the DMV area, the youngest of drivers classified as retired was 47 years old, he had been a UPS worker for 20 years, and is already receiving his pension from UPS. He is driving Uber, Lyft, and Via but said that he was only driving to keep active. Student drivers in Singapore were mostly on their holiday breaks at the time of interviews, and some spoke of friends who drive even during school time to “rent a free car”, that is, they drive for Uber/Grab just enough to pay for the rental car cost. Student drivers in the DMV area included international students in masters and undergraduate programs.
As can be seen from the breakdown in Table 2, 29 out of 68—around 43% of Uber/Grab drivers interviewed in Singapore explicitly self-identified as having a history of self-employment, freelancing, or part-time jobs. Seven of these drivers belong to the part time drivers with other part time/freelancing job category. Three drivers belong to
the retired category, and 13 belong to the full-time drivers’ job category. The category of “multiple” in Table 2 refers to drivers who have two or more jobs in the past that are freelancing in nature. The one driver who belongs to such a category has worked as a private tutor, a freelance software program writer, and set up a car rental business. For future research, it may be interesting to observe if having a history of self-employment/freelancing/part-time jobs will increase the likelihood of one working on online platforms, and how that affects one’s pattern of saving across a lifetime.

Table 2: Distribution of drivers with a history of self-employment/freelancing/part-time jobs in Singapore

<table>
<thead>
<tr>
<th>Self-employment/Freelancing/Part time job history</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property agents</td>
<td>3</td>
</tr>
<tr>
<td>Business owners</td>
<td>6</td>
</tr>
<tr>
<td>Sales agents</td>
<td>5</td>
</tr>
<tr>
<td>Retailer</td>
<td>1</td>
</tr>
<tr>
<td>Insurance agents</td>
<td>1</td>
</tr>
<tr>
<td>Tourist guide</td>
<td>1</td>
</tr>
<tr>
<td>Taxi driving</td>
<td>10</td>
</tr>
<tr>
<td>Bar-tending</td>
<td>1</td>
</tr>
<tr>
<td>Multiple</td>
<td>1</td>
</tr>
</tbody>
</table>

The same analysis was not conducted on the DMV drivers’ data, as 20 drivers explicitly stated that they emigrated from a country outside of the United States. At least one driver reported that the rejection of educational degrees earned from their home countries prompted them to look for jobs with lower barriers to entry, like driving for the ridesharing apps. The length of immigration varies from person to person—the longest being 35 years, and the shortest a few months. In comparison, in the Singapore pool of drivers interviewed, only one recently converted from Malaysian citizenship to Singaporean citizenship.

Full time drivers from Singapore are also on average older than drivers in the DMV region, as can be seen from Figure 3. Of 28 full time Uber/Grab drivers, 20 are above the age of 50. This 71% mirrors the age distribution of the employed resident taxi driver in Singapore in 2014, when about 8 in 10 taxi drivers were aged 50 and above. 33 Out of 28 worked in transportation services before. Of the 13 drivers, 11 are above 50 years old. Those with the longest years of experience in transportation services are those who drove taxis. Seven Uber/Grab drivers were once taxi-drivers. That is 25% of all full time drivers interviewed. These trends reaffirm the need to look into whether
individuals who have self-employment/freelancing experiences are more likely to take up online platform jobs in Singapore, and the resulting policy implications.

On the other hand, only 12 out of 39 full time Uber/Lyft drivers in DMV area are above the age of 50 (Figure 4). This 31% is comparable to the finding by Benenson Strategy Group that 24.5% of Uber drivers are age 50 or older (specifically, 39% of UberX drivers who have no previous professional driving experience and now drive UberX for more than 30 hours a week are over the age of 50). This trend mirrors the workforce as a whole rather than taxi drivers or chauffeurs, for whom the average age is 47.9, according to The Census Bureau’s American Census Survey. A total of 44.3% of taxi drivers and chauffeurs are above the age of 50, according to 2012–2013 ACS data. Only nine out of the 70 drivers had experience in transportation before beginning Uber/Lyft, including delivery drivers, truck drivers, school bus drivers, limousine drivers, and taxi drivers.
In terms of gender, only 2 out of 68 Singaporean drivers interviewed were female, while 5 out of 70 DMV drivers interviewed were female.

II. ARE THEY SAVING?

Are drivers saving in Singapore?

It generally seems that if drivers (full-time) used to work in a full-time salaried job with fixed contributions to CPF, there is a concerted effort to set aside an equivalent amount from their Uber/Grab income too. A part-time 37-year-old Grab driver who also works part time as a freelance electrician said that he tries to set aside 380 SGD (274 USD) every month for retirement (the amount of his CPF deductions from his previous full-time job as a salaried electrician). However, more often than not, full-time drivers either save less than before, compared to employment in a salaried job, or not save at all. For example, a 35-year-old full time Uber driver interviewed said that he was able to contribute to CPF 1200 SGD (864 USD) every month when working as an administrator, earning an annual salary of 35,000 SGD (25,200 USD). However, after starting to drive, he was only able to contribute 500 SGD (360 USD) every month to CPF. Only one full-time driver (61-year-old) managed to save up to 1000–2000 SGD (720–1440 USD) a month from his Grab driving income, and he is unmarried with no children.

Drivers who had not saved up in previous occupations generally continued the behavior. This is most evident amongst taxi-drivers. A 60-year-old, 61-year-old and 64-year-old taxi driver who said they have “nothing in CPF” from working as a taxi driver also said that they are unable to save from their Uber/Grab incomes. One 56-year-old full time driver who worked as a lorry driver before said that he was able to save 1000 SGD a month when working as a lorry driver, and is hoping to do that with his Uber income. Another 56-year-old full time driver who worked as a bus driver before said that he sets aside 100 SGD of his Grab income every month for retirement. Beside these 2 drivers, no other drivers who had experience in transportation services had any concrete plans to save. Many, if not all who have drove taxis before said that they were unable to save what they earned.

A total of 9 out of 68 drivers interviewed in Singapore were able to give a specific number or percentage of the amount they are saving from their Uber/Grab incomes. This amount ranges from 100 SGD (72 USD) a week to 100 SGD a month, to 15% of monthly earnings. These amounts may include earnings from other part time jobs for part-time drivers with other part-time/freelancing jobs. Out of these nine drivers, only four are full time drivers, and one is a full-time driver with other part-time jobs.

Age again matters in this discussion, as younger drivers tended to contribute to CPF/save for housing purchase, and not for retirement. For example, a 37-year-old full time driver who had been driving since 2013 said that he would contribute 500 SGD every month to CPF “for housing”. His income from Uber varies from 500 to 4000 SGD. Five full-time drivers stated that they depleted their CPF funds when purchasing a house. Their ages ranged from 44 to 63. Another 36-year-old full time Grab driver said that he was saving 10% of his Grab income for retirement every month, and the rest of his savings is going to a new food and beverage business he hopes to start. For those who drive to save up capital for setting up a business, they intend to use business income to support themselves during retirement.
The Singaporean government has historically pursued public housing policies that enable home ownership for the majority of Singaporeans. The Housing and Development Board (HDB) sought to “encourage a property-owning democracy in Singapore and to enable Singapore citizens in the lower and middle income group to own their own homes”. In the 1980s, CPF savings were allowed to be used to finance house purchases. Home ownership has thus been seen as an important source of financial and social security for lower and middle class Singaporeans. Given the limited amount drivers can save, the dilemma between home ownership, long-term retirement savings and short-term income security becomes even starker. Should such drivers channel their savings mostly to house purchase, or an account specifically for retirement may be a question for policymakers to consider.

Are drivers saving in DMV area?

A total of 7 out of the 70 drivers in the DMV area gave a concrete number or percentage of their Uber/Lyft income that they are saving. Five out of these seven were full time drivers. The percentage of savings ranges from 10% to 50%. It is not clear how drivers decide on the percentage number as compared to their counterparts in Singapore, where drivers with salaried jobs experience try to match their CPF contributions in the past.

As all drivers are paying social security taxes, perhaps it does not matter as much if they are setting aside an amount for retirement now. As long as they accumulate sufficient social security credits, drivers will be able to receive payouts when they retire. However, not all drivers may accumulate sufficient credits given the recent immigration of some. A 45-year-old driver from Turkey for example has contributed five years to social security. He would need to work for another five years to be eligible for retirement benefits from social security. For an individual who immigrated later in life, he may not be able to work for a full ten years to secure retirement benefits. Furthermore, at least three drivers expressed the concern that social security will most likely not be around by the time they retire. In view of the absence of other channels of savings, saving while working for the platform is more important for such drivers. It is worthy of note that two full time drivers interviewed said they were saving through Uber’s “Individual Retirement Account” service, which most likely refers to Betterment’s platform.

Similar to responses in Singapore, if drivers said they are unable to save, most cite the reason of low earnings on the platform, as well as the payment structure—weekly payments instead of monthly payments from the platform.

III. ARE THEY PREPARED FOR RETIREMENT?

Are drivers in Singapore prepared for retirement?

Monthly retirement expenditures reported by drivers range from 600 SGD to 5000 SGD (432 to 3600 USD), with the greatest number of drivers (8) responding between 2000–3000 SGD (1440 to 2160 USD).

Only two drivers said that they are able to fully rely on CPF, the core pillar of retirement security in Singapore. One was a full-time 60-year-old driver who has been contributing to CPF since 1980s as he had a full time job then, and only stopped contributing in 2012, when he became a full time insurance agent. He has over 200,000 SGD (144,000 USD) in CPF, which makes him eligible for around 1280 SGD (921 USD) payout every month from CPF.
after retirement. He is also a part-time insurance agent now. Another full-time driver was a 56-year-old who said he only require 600 SGD (432 USD) a month after retirement, and that is the amount he could get from CPF. He also sets aside 100 SGD every month for retirement from his Grab income. Most drivers as mentioned before, use CPF for housing purchase, and one said that if he sold his house, he would have 220,000 SGD, which makes him eligible for the Full Retirement Sum payouts, between 1280–1380 SGD (921.6–993.6 USD). However, he said that it would be unlikely for him to sell his house unless he moves to Malaysia, or out of the country for retirement.

When savings are not enough to cover the amount of monthly retirement income, drivers will continue to work beyond the formal retirement age (67) or rely on other external sources. Of the 14 full time drivers who said that they would continue to work/receive money from children/borrow from relatives/rely on government assistance during retirement, 12 are above the age of 50 (Figure 6). As such it can be said that most drivers aged 50 and above face potential insecurity. It may also have to do with the fact that majority of full time drivers interviewed were older than 50.

**Are drivers in DMV area prepared for retirement?**

Reported monthly retirement expenditures by full time drivers in DMV are higher than that in Singapore. The range of reported expenditure is between 1500–6000 USD. This is as most drivers have to factor in monthly rent, which is around 1000–1500 USD for those who mentioned it.

There were two drivers who said they can rely on their 401K, one was a 50-year-old full time driver who had been a train operator for 14 years. He would be receiving 5000 USD a month. Another was a 47-year-old receiving 3000 USD a month from UPS, where he worked for 20 years previously.

The high number of drivers responding “not sure” may possibly be due to their age profiles—most are younger than age 50, as well as their immigration history (Figure 7).
Figure 6: Distribution of retirement income sources amongst full time drivers

Figure 7: Distribution of retirement income sources amongst full time drivers
OTHER IMPORTANT FINDINGS

I. HEALTH RISKS: LONGER WORKING HOURS TO EARN THE SAME AS BEFORE

Regardless of their incomes, most drivers reported a need to drive longer hours to earn the same as before. There were at least 4 full-time drivers who said that while they drove for around 8 hours in the past, they now have to drive around for 11–14 hours. One driver reported her friend saying that he can earn 1700 USD in a week, but “he’s driving sleepy”. While such driving may encompass waiting time and breaks in between, it is uncertain whether some drivers actually drive for 8 hours and more. This is concerning especially if Uber/Lyft do not intervene to stop the driver from driving beyond a certain threshold.

New York City’s Taxi and Limousine Commission (TLC) limited the number of hours a driver can transport passengers to a total of 12 a day, or 72 hours a week. This is to be followed by all drivers who have a TLC license, which includes both taxi drivers and private for-hire vehicle drivers (in order to drive with Uber in New York City, a TLC license is needed). In Los Angeles, for-hire drivers are capped at 10 hours. However, the tradeoff to these regulations is that drivers’ income may be even further suppressed.

II. DRIVING ON RIDESHARING APPS MAY NOT NECESSARILY HAVE LOW BARRIERS TO ENTRY

It should be recognized that a large part of “work” completed on ridesharing applications is actually performed offline—the in-person interfacing with riders, the physical completion of task (driving), and the maintenance of a physical asset (vehicles). To this extent, specialized skills required of working on ridesharing apps are relatively lower than that of other online platforms, such as Upwork and Amazon Mechanical Turk, which requires workers to possess programming skills, administrative support skills, and more to work on them. This creates the impression that “anyone can drive Uber/Lyft/Grab”.

That is not to say no skills are required at all to drive for ridesharing apps. According to Singapore’s Land Transport Authority, one will need to go through a 10 hour Private Hire Car Driver’s Vocational License (PDVL) course to familiarize with “knowledge on private hire car rules and regulations, service quality and safety” in order to receive the license. Other requirements to becoming a private hire car driver include passing medical examination and background checks, possessing a valid Singapore driving license, and “be able to speak and read simple English”.

More importantly, respondents to structured interviews conducted in this study who reported satisfactory incomes claim that one also needs to be familiar with the “hot spot” areas which have high rider demand, be familiar with routes around the city to limit time wastage, to understand peak hours, and have self-discipline in controlling the number of hours one drives each day. Hence it seems that on top of basic credentials that are required to drive for ridesharing apps, which gives the impression of low barriers to entry to this market, there are certain attributes and qualities that are also required for one to successfully work on the platform (to achieve targeted incomes and still maintain a healthy balance of work and non-work activities). This shows that there are discussions that can be had about whether driving for ridesharing apps require certain “fit” too—that individuals who possess such motivations, experiential knowledge and self-discipline are best positioned to enjoy a good working experience on ridesharing applications.
The question of fit taps into the literature on socioemotional skills, which share similarities with “soft skills”, “21st century skills”, “noncognitive skills” or “character skills”, that describe a set of behavioral, attitudinal, social traits etc. enabling an individual to succeed at certain types of jobs. If there really is a “fit” for ridesharing app driving or working on online platforms in general which most people are not aware of, we may expect certain individuals to have negative experiences on the platform for some time, earning little and working long hours. For these individuals, saving on the platform becomes even more of a problem.

III. UNEXPECTED FIXED COSTS
As seen in the earlier section on why drivers drive in DMV, there are drivers driving due to an obligation to return car payment or car loans. These unexpected costs are especially relevant when accidents happen, or the driver is driving the luxury vehicle option. Such instances question the general consensus that it is easy to leave online platform anytime one wants too. These costs to exit is further compounded by the fact that some drivers thought it would be difficult for them to find a salaried job with regular work hours. “Uber makes me lazy”, a driver interviewed in the DMV area said. He drives only at night to make more income, and rest from 11am to evening time, when he gets up and drives again. Transition from working on online platforms to traditional employment in developed economies is not well studied, although there are literature comparing labor movements between informal and formal jobs, as well as employment and unemployment. Studying nine middle-and-low-income countries from Eastern Europe and Latin America, researchers found that the likelihood that an employed worker will transit to unemployment is more than twice as high for an informal wage employee than for the formal counterpart.

Car rental constitute a large part of the unexpected costs for drivers. In Singapore, the car rental costs that drivers report are daily rated, and are around 60–70 SGD (43–50 USD) a day. In the DMV area, drivers mostly pay by week, and renting costs average around 200–250 USD a week. One of the drivers interviewed said that he was sick the week before, but he continued driving, as he had to make enough income to pay the car rental fees for that week.

IV. NOT COMPLETELY “INDEPENDENT”
Arun Sundararajan in analyzing the changing organization of economic activities, found that online platforms are usually a “hybrid” of “hierarchy” where customers and supplies interact with a unit that are made up of many operating units with salaried workers and executives, and “market” where individuals buy and sell from other individuals who produced goods and services using their own equipment. Uber for example have “hierarchy-like features” such as the provision of centralized customer support, the handling of logistics in getting service to customers, and the assignment of providers to customers, the provision of day-to-day operational input to providers, and more. This is evident from how customers with enquiries about Uber services would contact a customer hotline that is managed by Uber staff, and not Uber drivers; Uber drivers have no say in which customers they would like to pick up; and Uber drivers receiving reports about their ratings and daily income through their apps, which are managed by the company.

The term “algorithmic management” used by researchers from Carnegie Mellon University’s Human-Computer Interaction Institute may give more insight into the “hierarchy-like features” that Sundararajan described. Algorithmic management “allows a few human managers in each city to oversee hundreds and thousands of drivers
on a global scale”. Three algorithmic features of Uber and Lyft were studied—driver-passenger assignment algorithms, dynamic pricing algorithm—“surge pricing” when demand outstrips supply, and finally performance evaluation algorithm which use rating systems to track driver performance. The researchers reported that drivers were better able to perform on the platform if they have deeper knowledge of the assignment algorithm. Those who do not may behave in a way that lowered their acceptance rating or unwillingly fulfilled uneconomical rides. Drivers were limited in their autonomy due to the need to maintain a certain level of ratings, conform to the pricing decisions made by the algorithm, and pick up passengers whose destinations may be far from where the drivers intended to head towards at the end of his/her driving shift.

In this research, it is found that even when more transparent algorithms did benefit drivers—for example Grab in Singapore allow drivers to see where their passengers are headed towards and can thus make a more informed decision in rejecting or accepting the passengers—other human managed features may still undermine the agency of the drivers. For example, Grab, like Uber, dishes out “incentives” that allow drivers to claim a bonus after hitting a certain amount of trips. On 29th August 2016, Grab published a list of average fare guarantees for new drivers online, whereby as long as drivers hit the required total unique fares collected and did not earn the guaranteed average fare, Grab will top up the difference. Grab gave the example as follow:

“During 7-1159PM (Wed-Thu) block, if you collect $100 in total unique fares over the two days, you will be guaranteed $15 per trip. If you complete 10 unique trips during this block, your guarantee is $15 x 10 = $150.”

For some drivers, such loss of autonomy may not be concerning at all, as they are compensated via the flexibility of their shifts and the easy access to an additional source of income. However, for drivers who are reliant on Uber/Grab as one of their key income sources or the primary income source, such loss of autonomy could translate into lower than expected or high volatility in incomes.

Ironically, one driver interviewed in DMV area who is currently a full time freelance limousine driver and only drives UberSUV when he wants to, say that he has more freedom after stopping to drive for Uber full time. He said that he felt a lot of pressure from Uber—“we are forced to take calls, we don’t get paid for cancellations, we don’t get compensated when passengers spoil our car—you need to prove to Uber that this actually happened”.
REGULATION NEEDED TO CREATE A SAFETY NET FOR ONLINE PLATFORM WORKERS

I. SINGAPORE: ENHANCING ABILITY TO SAVE ACROSS A LIFETIME OF FREELANCING WORK

Looking at the number of drivers who expressed that they will continue working for retirement income, it does seem that many Uber/Grab drivers face the risk of retirement insecurity. However, for those aged 50 and above who have little to no personal savings to rely on for retirement, this problem did not arise due to them driving for Uber/Grab. Rather, it is due to an accumulative inability to save across their lifetime. For example, a 65-year-old Uber full time driver who drove a taxi for 19 years said that his CPF payout would only be $719 a month, and that is insufficient to sustain his lifestyle, thus prompting him to continue working.

The respondents in this age range who are relatively unconcerned about being self-sufficient in retirement are either those who have accumulated enough savings in earlier jobs due to a sufficiently high salary, and/or contribute a fixed amount regularly to their CPFs; or who do not require a large amount of income during retirement. One full time 56-year-old driver who is not worried about retirement said 600 SGD per month is sufficient for him during retirement, which is the amount of payouts he would get from CPF. He is also unmarried without children. For another 53-year-old full time Grab driver, he is able to rely on the lump sum payment from an insurance plan he bought when working in the civil service, where he was for 20 years.

Only one full-time driver who is 61 years old expressed an explicit plan to exit the industry soon and work as a security guard to increase his savings. Up until the interview he had 90,000 SGD in his CPF, which is more than the Basic Retirement Sum (61,500 SGD) and will guarantee him a monthly payout of 700–750 SGD per month after retirement. If he is able to continue contributing to CPF up till the Full Retirement Sum of 123,000 SGD, he will be able to secure a monthly payout of 1280–1380 SGD. He also said that he only needs more than 1000 SGD per month after retirement. It thus makes sense for him to work as a security guard for a few years to work towards that goal. However, this was the only driver interviewed who has such a plan.

Part-time drivers with other part-time jobs also face potential problems in inability to save, especially if the other part time jobs they are undertaking are low paying. A 62-year-old part time driver interviewed for this study works the night shift as a part-time food stall worker, as well as a cleaner for public toilets. These other part-time jobs only earn her 1900 SGD (1368 USD) a month. She said she can receive a CPF payout of 200 SGD (144 USD) per month and will work as long as she can.

The predicament of these drivers paints a picture of how retirement may look for younger drivers. A 44-year-old full-time Uber driver, who said that “once your hands stop your mouth will stop”, perhaps best captured this trend.

Drivers mainly face two main dilemmas in trying to save up. First, drivers find it difficult to save from current earnings due to the volatile nature of payment—they are received on a weekly basis if it is a credit card payment, and received at the end of every trip if it is a cash payment. It is difficult to practice discipline to save a percentage of such volatile and/or small amounts for drivers. Inconsistent work hours further contribute to the variations in income, and the lack of a payroll deduction system as with the CPF exacerbates the difficulty in saving. Secondly, drivers prefer not to use existing retirement savings platforms. When asked why they do not contribute to CPF,
drivers said that they are uncomfortable with CPF’s withdrawal requirement, which only allows individuals to withdraw a sum of money after the age of 55. Some also choose not to purchase an income retirement plan issued by insurance company due to the high premiums they perceive such plans to have.

Robo-advisors mentioned earlier in the paper, which deliver low cost automated investing platforms to the public, can potentially offer a solution to these difficulties. Betterment, offered to American Uber drivers for example, have no investment minimum, incur low management fees, with the portfolio constructed to minimize taxes. Uber drivers (and Lyft drivers who use Honest Dollar) can choose to save a pre-set amount each month, save a percentage of each payment, or to only save when a payment is over a certain amount to compensate for irregular payment amounts and schedules. These and other digital applications would allow contingent workers to save routinely without having to take any specific action.\textsuperscript{39} Users are also able to withdraw their contributions to these platforms at any time, and penalties incurred depend on the type of Individual Retirement Account opened on these platforms.

In June, Monetary Authority of Singapore released a consultation paper on proposals to facilitate the provision of robo-advisory services in Singapore. The proposals seek to support innovation in financial services and make it easier for entities offering digital advisory services to operate in Singapore by refining the licensing and business conduct requirements. Currently in Singapore, the three main standalone robo-advisors are Autowealth, Smartly, and StashAway. The minimum investments required by these three robo-advisors are SGD 3000, SGD 50 and SGD 0 respectively.

However, all three reported that a substantially higher Asset Under Management (AUM) is needed before their business is financially viable.\textsuperscript{40} According to calculations of Robo-advisor Honest Dollar, there are 45 million workers in the United States do not have access to a employer-sponsored 401(K) plan, and who are targeted as main customers of Robo-advisors. However, in Singapore, with a resident labor force of 2.16 million workers\textsuperscript{41}, there are 1.97 million active CPF members who are employees and have at least one contribution paid for him/her for the current or any of the preceding three months.\textsuperscript{42} Recalling that the total number of freelancers stands at around 200,000, it seems difficult for robo-advisors to build up their AUM in the near future.

Robo-advisors in United States are integrated with retirement accounts of users, and individual pension funds can be invested with robo-advisors. However, in Singapore, funds within CPF accounts are unable to be invested with robo-advisors. This de-incentivizes older savers who have been contributing to CPF for various purposes to use robo-advisors. Younger savers who are focusing on building up funds in their CPF Ordinary Accounts for housing purchase may consider passive investing in robo-advisors, but will be more cautious in doing so.

For now, more awareness building of what robo-advisors are and what they can offer is still much needed in Singapore, especially for freelancers who may need the easily accessible wealth-management advisory services and a user-centric retirement savings platform that allows them to save volatile incomes in a flexible way. Alternatively, policy-makers can also consider how to make CPF a more flexible savings platform for all, considering how even employees may take on more freelancing jobs in the future, and want to save a portion of that income earned. This
entails, for example, making the voluntary contribution process a much more simple and straightforward one, where workers are able to directly put away a small portion of their freelance earnings (e.g. 10 SGD) on a much more frequent basis.

II. UNITED STATES: BETTER HEALTH COVERAGE

For drivers who are planning to quit driving for Uber/Lyft in the DMV area, other than falling incomes, at least two have cited inadequate health coverage as a reason for leaving the platform. A full-time 51-year-old Uber driver said that he pays 85 USD a week for health insurance on health exchange (around 20% of his weekly pay). He will be quitting Uber for a job as security personnel—the job provides health coverage and he will be making the same as driving for Uber. For another driver, he purchased health insurance for his family that cost around 5000 USD a year on health exchange. He said that he would try to get his previous job in hotel customer service back, in order to regain the health coverage. These instances show that inadequate health coverage impedes drivers from working on online platforms, hindering their mobility. In addition, only one driver said he is in the process of applying to Medicaid, a joint federal and state program that provides health coverage to people with limited income and resources.

It should be kept in mind that benefits increase as a share of compensation as one moves up the wage scale, and better-paid employees are much more likely to be covered by the two most common job-related benefits—health insurance and pension (Hacker, p.36). Hacker argues that private social policies result in less progressive distribution, as they are less able to redistribute income and risk down the income ladder. Publicly supported private benefits cause subsidies to only go to citizens whose employers provide benefits or who themselves have the means to undertake subsidized activities. Government-mandated benefits like Social Security and Medicare on the other hand reduce inequality across the wage scale. According to a Bureau of Labor Statistics report, most other occupational groups did not experience significant changes in real compensation at the 90th percentile; however, sales and related occupations and personal care and service occupations—groups with already relatively low-paid jobs—experienced compensation declines. As such, perhaps compensation inequality may be a bigger problem that the United States is confronted with now—even if drivers leave the platform for a traditional job in the service sector, the quality of benefits may still be lacking.
CONCLUSION

In this study, it seems that for full time drivers and part time drivers with part time jobs, there are little to no quick-exits from the online platform. Some are even continuing just to clear debt that were accumulated when working on the online platform—they lacked a large buffer of precautionary savings against risks of driving on the platform from the start, for example getting into serious car accidents and not having enough to pay for damages and medical bills. While some drivers do take advantage of Uber/Grab’s short-term incentives to drive a free rental car around for a few weeks, most drivers responded that they might drive for a few more years or more. A 56 years old Singaporean part time driver said he plans to drive Grab for “the next 10 years”. The appetite for risk differs from driver to driver, but this example shows how Uber/Grab driving, as well as other industries that Uber/Grab gave rise to, are very much a part of drivers’ long-term retirement plans. A 40-year-old part time driver with another part time job said that if he can continue driving Grab until 70 years old, he will. Similarly, in the DMV area, there was a 27-year-old driver who plans to drive for 10 years and retire at 37 years old.

Comparing Singapore drivers with DMV drivers, it does seem that under a government consolidated and coordinated social security system such as that in Singapore, drivers are not as concerned about social security when they join the online platform. However, the approach may still hurt drivers’ retirement security for those who have not cultivated a discipline of saving in a traditional, CPF contributing job, and find faults with the paternalistic style of governance imposed upon them through CPF requirements, thus not saving up regularly and sufficiently. For such drivers, perhaps the technology enabled saving mechanism option provided by the online platforms observed in the United States would be more appealing. DMV drivers, while not citing lack of retirement security as a reason for leaving the platform, communicated that the social safety net on the whole, regardless of what job you are in, is lacking. As one 51-year-old female driver said—“everything is uncertain, nothing is guaranteed. I am driving for the immediate gratification”. While this in no way represents the opinion of every driver, it does suggest that a patchwork of online applications and services that try to plug the gap that a voluntary health insurance and weak public pension program leave, is ineffectual in really providing protection for the population—gig economy workers or not. This phenomenon is akin to a form of “social safety net patching”, that can be detrimental to the security of workers in the long run.
NOTES


6 Ride Guru webpage, “How Many Uber Drivers are Out There?” https://ride.guru/content/newsroom/how-many-uber-drivers-are-out-there


11 Ibid.


14 Ibid.


18 Ibid.


20 Ibid.


26 Ibid.


32 Ibid.


44 Ibid.

45 Ibid.