

News

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COVID-19 Poses Unprecedented Threat to Retirement Security of US Workers

New study examines the retirement risks faced by Millennials, Generation X, and Baby Boomers

LOS ANGELES – May 19, 2020 – Twenty-three percent of workers who are employed or recently unemployed say their confidence in their ability to retire comfortably has declined in light of the coronavirus pandemic, according to [Retirement Security Amid COVID-19: The Outlook of Three Generations](#), a new study released today by nonprofit [Transamerica Center for Retirement Studies®](#) (TCRS).

“Workers across generations are at risk of not achieving a financially secure retirement — an issue of major concern long before the coronavirus pandemic,” said [Catherine Collinson](#), CEO and president of Transamerica Institute® and TCRS. “Now, the negative economic effects of the pandemic are further threatening retirement savings and security.”

As part of TCRS’ [20th Annual Retirement Survey of Workers](#), one of the largest and longest running surveys of its kind, the new study examines the retirement outlook of Millennials, Generation X, and Baby Boomers. It is based on a survey conducted in late 2019 and offers comparisons with a supplemental survey conducted in April 2020, after several states issued stay-at-home orders and large segments of the U.S. economy had temporarily closed due to the pandemic.

COVID-19: Impact on Work, Finances, and Retirement

“The long-term implications of the coronavirus pandemic and recession on retirement security have yet to be fully realized,” Collinson said. “However, the financial vulnerabilities among workers across all generations are becoming clear.” As of April 2020, the survey finds:

- **Employment impact:** Almost six in 10 workers (58 percent) have experienced one or more impacts to their employment situation as a result of the pandemic, including reduced work hours (29 percent), reduced salaries (17 percent), layoffs (16 percent), furloughs (11 percent), and early retirement (5 percent).
- **Sources of funds:** When asked what they have used or would rely on if the pandemic negatively impacts their finances, workers’ most frequently cited source is savings (56 percent). Other sources include: credit cards (29 percent), unemployment benefits (26 percent), and CARES Act stimulus money (24 percent). One in six workers cite reliance on a significant other’s or spouse’s income (16 percent), withdrawal from a retirement account (14 percent), and/or a loan from a friend or family member (10 percent).
- **Retirement accounts withdrawals:** A concerning one in three Millennial workers (33 percent) have and/or plan to dip into their retirement accounts, including 22 percent who have already taken a loan and/or early withdrawal, and 20 percent who plan to do so. By comparison, only 15 percent of Generation X and 10 percent of Baby Boomer workers have already done so and/or plan to do so.

“The pandemic’s economic fallout should not be underestimated,” Collinson said. “For some workers, the current recession may be a major setback and for others it could be a knock-out blow.”

Retirement Risks: A Look at Three Generations

“Before the pandemic, millions of U.S. workers were already financially fragile, still recovering from the Great Recession and confronting soaring health care, education, and housing costs,” Collinson said. As of late 2019, the survey finds:

- **Many have not yet fully recovered from the Great Recession.** In late 2019, many workers said they were still financially recovering from the Great Recession. Fewer than half of workers (47 percent) had either fully recovered (26 percent) or were not impacted (21 percent). Thirty-two percent had somewhat recovered, 14 percent had not yet begun to recover, and seven percent felt they may never recover.
- **Household debt is pervasive across generations.** Four in five workers (82 percent) reported carrying some form of debt, including credit cards (45 percent), mortgages (37 percent), and car loans (36 percent). Among generations, Generation X is more likely to be carrying credit card debt (52 percent), while Millennials are more likely to have student loans (26 percent). Baby Boomers are more likely to indicate that they are debt-free (25 percent).
- **Emergency savings are alarmingly low.** Workers have only \$5,000 (median) in emergency savings. Emergency savings increase with age: Millennial workers have saved \$3,000, Generation X have saved \$5,000, and Baby Boomers have saved \$15,000 (medians).
- **Retirement savings may not be adequate.** Total household retirement savings among all workers is \$50,000 (estimated median). Baby Boomer workers have the highest retirement savings at \$144,000, compared with Generation X (\$64,000) and Millennials (\$23,000) (estimated medians).
- **Fifty-two percent of workers expect to work past age 65 or do not plan to retire,** an expectation that increases with age. Sixty-eight percent of Baby Boomers either expect to or are already working past age 65, or do not plan to retire, compared with 53 percent of Generation X and 43 percent of Millennials. Amid widespread unemployment, the question looms whether there will be opportunities available for them to do so.

Right Now: Opportunities That Can Help Improve Workers’ Retirement Prospects

“Although our research paints a sobering picture, it also surfaces some opportunities that can help mitigate the negative economic effects of the pandemic and improve retirement prospects,” Collinson said. Some specific, actionable examples include:

- **Workers can engage in financial planning to gain a full understanding of their financial situation.** Creating a budget, prioritizing expenses, setting short- and long-term goals, and developing a retirement strategy are important steps in improving fiscal health. According to the 2019 survey, less than one in four workers (24 percent) have a written financial strategy for retirement.
- **Employers can offer flexible work arrangements and maintain current employee benefits.** Employers can play an all-critical role in helping their employees maintain work-life balance at a time when many are taking on added personal responsibilities associated with caregiving and home schooling. Maintaining offerings, such as retirement, health, and welfare benefits, can provide insurance protections, mitigate out-of-pocket expenses, and help employees save for the future.
- **Through collaborative efforts, policymakers, industry, and employers should promote and increase awareness of available relief programs** such as unemployment insurance, stimulus funds, small business loans, and access to health care insurance — and make it as easy as possible for individuals to access them.

“Workers’ ability to achieve a secure retirement highly depends on a robust employment market, the availability of retirement, health, and welfare benefits, the preservation of safety nets such as Social Security and Medicare,” Collinson said. “Even amid the pandemic and current hardships, we are presented with an opportunity to come together to reimagine our world — including how we live, work, retire, and age with dignity.”

[Retirement Security Amid COVID-19: The Outlook of Three Generations](#) provides detailed findings and comparisons by generation. Visit TCRS at www.transamericacenter.org to view the survey report and other research reports and materials. Follow TCRS on Twitter [@TCRStudies](https://twitter.com/TCRStudies).

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About the 20th Annual Transamerica Retirement Survey of Workers and April 2020 Supplemental Survey

The analysis contained in [Retirement Security Amid COVID-19: The Outlook of Three Generations](#) was prepared internally by the research team at TCRS based on results from the 20th Annual Transamerica Retirement Survey and a supplement survey conducted in April 2020.

The 20th Annual Transamerica Retirement Survey of Workers was conducted online within the U.S. by The Harris Poll on behalf of TCRS from November 6 to December 27, 2019 among a nationally representative sample of 5,277 full- or part-time workers in a for-profit company employing one or more employees, including 2,418 Millennials (born 1979-2000), 1,424 Generation X (born 1965-1978), 1,287 Baby Boomers (born 1946-1964), 64 Generation Z workers (born 2001 or later), and 84 Mature workers who were born prior to 1946. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full- or part-time in a for-profit company with one or more employees, and to adjust for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who responded to this survey versus those who did not.

The April 2020 Supplemental Survey was conducted online within the U.S. by The Harris Poll on behalf of TCRS from April 16 to 20, 2020 among a nationally representative sample of 2,030 adults. The data in the report is shown for 1,248 respondents who work full- or part-time and/or who were laid off or furloughed as a result of the coronavirus pandemic, including 601 Millennial workers (born 1979-2000), 318 Generation X workers (born 1965-1978), 263 Baby Boomer workers (born 1946-1964), 14 Generation Z workers (born 2001 or later), and 3 Mature workers who were born prior to 1946. Results were weighted as follows: Census data were referenced for education, age by gender, race/ethnicity, region, household income, education, employment, marital status, and size of household where necessary to align them with their actual proportions in the population. The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.