

News

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Workers Are Saving for Retirement Despite Challenges Amid the Pandemic

New study examines the retirement prospects of Generation Z, Millennials, Generation X, and Baby Boomers

LOS ANGELES – August 5, 2021 – Despite six in 10 employed workers (60 percent) having made adjustments due to pandemic-related financial strain, 82 percent are saving for retirement, according to [*Living in the COVID-19 Pandemic: The Health, Finances, and Retirement Prospects of Four Generations*](#), released today by nonprofit [Transamerica Center for Retirement Studies® \(TCRS\)](#) in collaboration with [Transamerica Institute®](#).

As part of TCRS' [21st Annual Retirement Survey of Workers](#), one of the largest and longest-running surveys of its kind, the new study examines the retirement outlook of Generation Z, Millennials, Generation X, and Baby Boomers. It is based on a survey of employed workers conducted in late 2020 and contains recommendations for workers, employers, and policymakers to improve retirement security.

“Workers are weathering a public health crisis and contending with fears about the virus and vaccinations, concerns for family and friends, employment impacts, and financial setbacks,” said [Catherine Collinson](#), CEO and president of Transamerica Institute and TCRS.

The survey findings illustrate the experiences of workers across generations that can impact their health, financial well-being, and ability to save and invest for retirement:

- **Six in 10 have made adjustments due to pandemic-related financial strain**, including reducing day-to-day expenses (32 percent), dipping into savings accounts (24 percent), accumulating new credit card debt (17 percent), reducing or stopping contributions to retirement accounts (14 percent), forgoing health care (14 percent), borrowing money (13 percent), moving (nine percent), and stopping rent or mortgage payments (seven percent). Millennials, Generation Z, and Generation X (71 percent, 69 percent, 59 percent, respectively) are more likely than Baby Boomers (40 percent) to have made any adjustments.
- **Forty-three percent experienced one or more negative impacts to their employment**, including reduced hours (27 percent), reduced salaries (14 percent), furloughs (10 percent), layoffs (eight percent), and early retirement (four percent). Generation Z (59 percent) is more likely to have been negatively impacted than Millennials, Generation X, and Baby Boomers (51 percent, 39 percent, and 30 percent, respectively).
- **Sixty-two percent cite paying off one or more types of debt as a financial priority**. Generation Z (35 percent) is more likely to cite paying off student loans, while Millennials, Generation X, and Baby Boomers are somewhat more likely to cite credit card debt (43 percent, 42 percent, and 37 percent, respectively).
- **Emergency savings are low**. Workers have only \$5,000 (median) in emergency savings to specifically cover the cost of unexpected major financial setbacks. Emergency savings increase with age: Generation Z workers have saved \$2,000, Millennials have saved \$5,000, Generation X have saved \$6,000, and Baby Boomers have saved \$10,000 (medians).
- **Almost one in four are serving as caregivers**. Twenty-four percent of workers are currently serving as caregivers for a relative or loved one. Millennials (30 percent) and Generation X (26 percent) are more likely than Generation Z and Baby Boomers (18 percent and 12 percent, respectively) to be caregiving.
- **Six in 10 are concerned about physical and mental health**. Sixty-six percent of workers are concerned about their physical health, and almost as many are concerned about their mental health (60 percent). Generation Z and Millennials (72 percent and 70 percent, respectively) are more likely to be concerned about their mental health, compared with Generation X and Baby Boomers (59 percent and 42 percent, respectively).

Workers Are Saving for Retirement, but Few Are “Very” Confident About Their Long-Term Prospects

“Given the magnitude of challenges workers have faced during the pandemic, it is truly remarkable that they have maintained focus on their future retirement. However, before the pandemic and today, many workers continue to be at risk of not achieving a financially secure retirement,” said Collinson.

The survey findings illustrate the retirement outlook of workers across generations:

- **Eighty-two percent of workers are saving for retirement through employer-sponsored plans, such as a 401(k) or similar plan, and/or outside the workplace.** Baby Boomers (84 percent) and Generation X (84 percent) and Millennials (82 percent) are more likely than Generation Z (70 percent) to be saving. Among those saving for retirement, Generation Z started saving at age 19, Millennials at age 25, Generation X at age 30, and Baby Boomers at age 35 (medians).
- **Loans and early withdrawals from retirement accounts are not uncommon.** Thirty-four percent of workers have ever taken a loan, early withdrawal, and/or hardship withdrawal from their 401(k) or similar plan or IRA, including 25 percent who have taken a loan and 25 percent who have taken an early and/or hardship withdrawal. Millennials (44 percent) are more likely to have ever dipped into retirement savings than Generation X (33 percent), Generation Z (30 percent), and Baby Boomers (17 percent).
- **Retirement savings may be inadequate.** Total household retirement savings among all workers is \$93,000 (estimated median). Baby Boomer workers have the most retirement savings at \$202,000, compared with Generation X (\$107,000), Millennials (\$68,000), and Generation Z (\$26,000) (estimated medians).
- **Forty-nine percent of workers expect to work past age 65 or do not plan to retire,** an expectation that is higher among older workers. Seventy-two percent of Baby Boomers either expect to or are already working past age 65 or do not plan to retire, compared with Generation X, Millennials, and Generation Z (51 percent, 37 percent, and 36 percent, respectively). One in five workers (22 percent) expects to retire later because of the pandemic, with Millennials being more likely to expect to do so (28 percent).
- **Only 24 percent are “very” confident that they will be able to fully retire with a comfortable lifestyle.** Millennials (30 percent) are more likely to be “very” confident than Baby Boomers (21 percent), Generation X (19 percent), and Generation Z (16 percent). Sixteen percent of workers across generations indicate their retirement confidence has declined as a result of the pandemic.

How to Improve the Retirement Security of Workers

“The pandemic has exposed weaknesses and revealed opportunities for improving retirement security. The insights gained can be applied toward effecting positive change. A concerted effort is needed among workers, employers, and policymakers,” said Collinson. Each of these stakeholders could take additional steps, including:

- **Workers can improve their fiscal health by creating a financial plan and gaining a full understanding of their situation.** Preparing a budget, prioritizing expenses, setting short- and long-term goals, learning about investing, and developing a retirement strategy are important steps.
- **Employers can enhance their retirement, and health and welfare benefits offerings, as well as business practices,** which can help employees protect their finances, save for the future, and manage work-life balance, while helping employers attract and retain talent in today’s highly competitive market.
- **Building on recent legislation, policymakers can implement additional reforms** that expand retirement plan coverage, increase incentives for employers to offer plans, and facilitate retirement savings.

“Workers’ ability to achieve a secure retirement ultimately depends on access to meaningful employment throughout their lives, the availability of retirement, and health and welfare benefits, and the preservation of safety nets such as Social Security and Medicare,” Collinson said. “As we emerge from the pandemic, we have an unprecedented opportunity to strengthen the fabric of our retirement system — including how we live, work, retire, and age with dignity.”

[Living in the COVID-19 Pandemic: The Health, Finances, and Retirement Prospects of Four Generations](#) provides detailed survey findings and comparisons by generation. Visit TCRS at www.transamericacenter.org to download the report and other research. Follow on Twitter [@TCRStudies](#) to stay up to date with TCRS’ latest research.

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About the 21st Annual Transamerica Retirement Survey of Workers

The analysis contained in [Living in the COVID-19 Pandemic: The Health, Finances, and Retirement Prospects of Four Generations](#) was prepared internally by the research team at Transamerica Institute (TI) and TCRS. The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of TI and TCRS between November 17 and December 29, 2020 among a nationally representative sample of more than 10,000 adults. The data in this report is shown for a subsample of 3,109 workers in for-profit companies of one or more employees, comprising 301 Generation Z (born 1997 to 2012), 1,249 Millennials (born 1981 to 1996), 960 Generation X (born 1965 to 1980), 573 Baby Boomers (born 1946 to 1964), and 26 workers who were born prior to 1946. Results were weighted where necessary to bring them into line with the population of U.S. residents, referencing Census data for education, age by gender, race/ethnicity, region, household income, education, employment, marital status, and size of household. 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.