



The Pandemic's Impact on Workers' Finances Has Long-Term Repercussions for Retirement Security

Select Findings from the 20th Annual Transamerica Retirement Survey of American Workers

The Pandemic's Impact on Workers' Finances Has Long-Term Repercussions for Retirement Security

New survey highlights workers' vulnerabilities and outlines priorities for policymakers

One in five U.S. workers (21 percent) indicate their confidence in their ability to retire comfortably has declined in light of the coronavirus pandemic – and only 27 percent are very confident that they will be able to fully retire with a comfortable lifestyle, according to *Retirement Security: A Compendium of Findings About U.S. Workers ("Compendium")*, a new survey report released today by nonprofit [Transamerica Center for Retirement Studies \(TCRS\)](#).

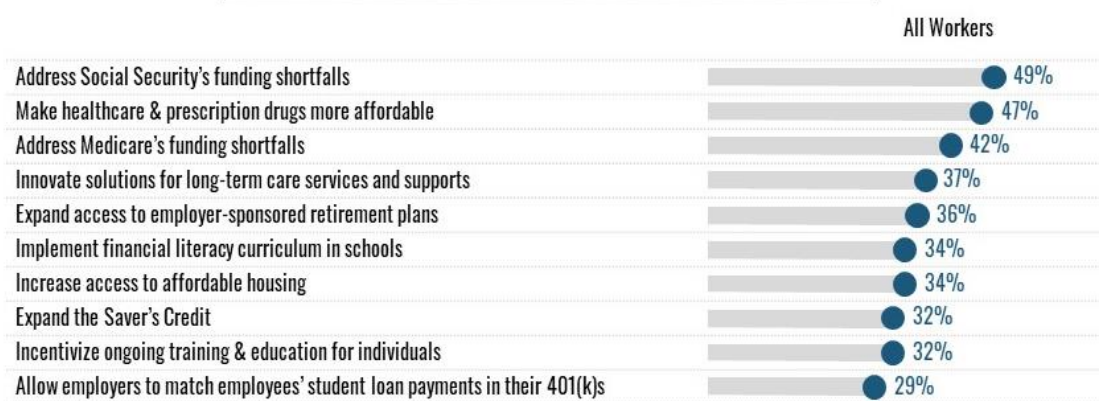
"Before the pandemic, the retirement prospects for many workers was iffy at best. The pandemic has exacerbated that situation. Millions of workers have experienced negative impacts to their employment, ranging from pay cuts and furloughs to job loss. Some workers have even dipped into their retirement accounts to make ends meet," said [Catherine Collinson](#), CEO and president of [Transamerica Institute](#) and TCRS. "It will take years for many workers to financially recover – and some may never recover. Help from policymakers is needed to strengthen the U.S. retirement system."

Retirement Security Priorities for the New President and Congress

"Policymakers can pave the way for improving retirement security by enacting legislation and implementing reforms that can ensure the sustainability of government benefit programs, encourage employers to offer benefits to their employees, and help prepare workers for long, healthy, and productive lives," said Collinson.

When asked what should be the priorities for the new president and Congress, workers' most often cited responses involve strengthening safety nets and improving health care, including addressing Social Security's funding shortfalls (49 percent), making out-of-pocket healthcare expenses and prescription drugs more affordable (47 percent), addressing Medicare's funding shortfalls (42 percent), and innovating solutions to make long-term care services and supports more affordable (37 percent).

Retirement Security Priorities for the New President & Congress



Note: Response not shown for "Other" (All Workers: 3%).

Source: Nonprofit Transamerica Center for Retirement Studies®, "Retirement Security: A Compendium of Findings About U.S. Workers" ©2020.

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES

Other priorities cited by workers include expanding access to employer-sponsored retirement plans, IRAs, and other savings programs (36 percent), implementing financial literacy curriculum in schools (34 percent), increasing access to affordable housing (34 percent), expanding the Saver's Credit (32 percent), creating incentives for individuals to obtain ongoing training and education (32 percent), and allowing employers to match employees' student loan payments as a contribution in their retirement accounts (29 percent).

The Pandemic's Impact on Workers' Short-Term Finances and Long-Term Security

"Workers share many retirement-related risks; however, by increasing an understanding of the differences across demographic segments, we can identify solutions to help those in greatest need," said Collinson.

The October 2020 survey gauges the impact of the pandemic on workers' employment and finances. It finds:

- **Approximately half of workers (52 percent) have experienced one or more negative impacts to their employment including job loss, furloughs, reduced hours, reduced pay, and/or retiring early.** LGBTQ workers are among the most impacted. Sixty-five percent of LTBTQ workers have experienced one or more negative impacts to their employment, compared with only 50 percent of non-LGBTQ workers.
- **As a result of the pandemic, 33 percent of all workers have already and/or plan to take a loan and/or withdrawal from their qualified retirement account such as a 401(k), 403(b), or similar plan or IRA.** LGBTQ (59 percent), urban (50 percent), Millennials (43 percent), and men (42 percent) are among the workers more likely to be dipping into their retirement savings.
- **Credit card debt may pose a threat to retirement security for many, especially Generation X.** Thirty-four percent of all workers cite paying off credit card debt as a financial priority, including 45 percent of Generation X workers. Moreover, if their finances have been or were to be negatively impacted by the pandemic, 35 percent of Generation X workers indicate they would rely on credit cards.

The survey offers encouraging news of workers' commitment to saving for retirement amid the pandemic:

- **Three in four workers (75 percent) are saving for retirement through their current employer's 401(k) or similar plan, a former employer's plan, and/or outside of work.** Full-time workers (86 percent) are significantly more likely to be saving than part-time workers (67 percent).
- **Despite competing financial priorities, almost half of workers (47 percent) cite saving for retirement as a priority.** Baby Boomers (63 percent), college graduates (59 percent), full-time workers (55 percent), and suburban workers (55 percent) are among those more likely to cite it as a priority.

Lastly, the survey points to steps workers can take to improve their planning and safeguard their situation:

- **Only 27 percent of workers have a written financial strategy for retirement.** Those more likely to have a written strategy include LGBTQ (41 percent), college graduates (40 percent), and urban (36 percent).
- **Legal documentation is lacking.** Amid the pandemic, it has become even more important to have financial and medical-related legal documents in place. Only 22 percent of workers have a medical power of attorney or proxy. College graduates (30 percent) are more likely than non-college graduates (17 percent) to have one. Similarly, 27 percent of college graduates have a financial power of attorney compared with only 17 percent of non-college graduates.

"From a societal level to individual households, the pandemic has disrupted nearly every aspect of our lives and laid bare weaknesses in our retirement system. As we navigate the pandemic with an eye toward the future, policymakers, industry, employers, and individuals have a tremendous opportunity to work together and create a stronger, sustainable, and inclusive system in which everyone has the ability to live, work, and retire with dignity," said Collinson.

The Compendium is based on a survey conducted in October 2020 of 1,173 workers who are currently employed, recently unemployed, and/or furloughed amid the pandemic. As part of [TCRS' 20th Annual Retirement Survey](#), it also draws from a broader survey of 5,277 workers conducted in late 2019. It offers demographic analyses and insights about workers by self-identified employment status, urbanicity, sexual orientation, level of education, generation, gender, and ethnicity.

Please visit TCRS at www.transamericacenter.org to view [Retirement Security: A Compendium of Findings About U.S. Workers](#) along with other reports from the 20th Annual Retirement Survey, including: *Pre-Pandemic: U.S. Employer Benefits and Business Practices*, *Women and Retirement: Risks and Realities Amid COVID-19* (June 2020 Supplemental Survey), *Retirees and Retirement Amid COVID-19*, *Retirement Security Amid COVID-19: The Outlook of Three Generations*, and *Retirement Security for Women Amid COVID-19* (April 2020 Supplemental Survey). Follow TCRS on Twitter [@TCRStudies](#).

[Catherine Collinson](#) serves as CEO and president of [Transamerica Institute](#)[®], a nonprofit private foundation which includes [Transamerica Center for Retirement Studies](#)[®] and is a champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research, and outreach initiatives, including the Annual Transamerica Retirement Survey. Catherine also serves as executive director of [Aegon Center for Longevity and Retirement](#), based in the Netherlands.

With more than two decades of retirement services experience, Catherine has become a nationally recognized voice on retirement trends. She was named an [Influencer in Aging](#) by PBS' [Next Avenue](#). In 2016, she was honored with a Hero Award from the [Women's Institute for a Secure Retirement](#) (WISER) for her tireless efforts in helping improve retirement security among women. Catherine serves on [Milken Institute's Center for the Future of Aging's](#) Advisory Board Leadership Council. She co-hosts the [ClearPath: Your Roadmap to Health & Wealth](#) radio show on WYPR, Baltimore's NPR station.

Catherine is employed by Transamerica Corporation. Since joining the organization in 1995, she has held a number of positions with responsibilities and has identified and implemented short- and long-term strategic initiatives, including the founding of nonprofit Transamerica Institute and its Transamerica Center for Retirement Studies.

About Transamerica Center for Retirement Studies

[Transamerica Center for Retirement Studies](#)[®] (TCRS) is a division of [Transamerica Institute](#)[®], a nonprofit, private foundation. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. www.transamericacenter.org

About the 20th Annual Transamerica Retirement Survey and October 2020 Supplemental Survey

The analysis contained in the [Retirement Security: A Compendium of Findings About U.S. Workers](#) was prepared internally by the research team at TCRS based on results from the 20th Annual Transamerica Retirement Survey and a supplemental survey conducted in October 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. (Note: The survey base reported for level of education is age 25+.) 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 respond to surveys versus those who do not. No estimates of theoretical sampling error can be calculated.

The October 2020 Supplemental Survey was conducted online within the U.S. by The Harris Poll on behalf of TCRS from October 22 to 26, 2020 among a nationally representative sample of 2,069 U.S. adults. The data in this report are shown for 1,173 U.S. adults who work full- or part-time and/or who were laid off or furloughed as a result of the coronavirus pandemic. (Note: The survey base reported for level of education is age 25+.) Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, 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 respond to surveys versus those who do not. No estimates of theoretical sampling error can be calculated.