



How will COVID-19 affect faculty retirements?

The impact on faculty retirement patterns from the COVID-19 pandemic and its economic consequences will likely be similar to that of the 2008-09 recession. That is, colleges and universities can expect a decrease in retirements as financial considerations change faculty expectations.

Senior tenured faculty fall into three groups, depending upon when they expect to retire and when they would like to retire:

1. Those who expect to retire by normal retirement age (“traditional retirees”).
2. Those who would like to retire by normal retirement age but expect to work longer (“reluctantly reluctant to retire”).
3. Those who want to and expect to work past normal retirement age (“reluctant to retire by choice”).

The 2008-09 recession increased expected retirement ages in all three groups. Over 70% of those reluctantly reluctant to retire in 2011 reported that financial considerations tied to the recession had increased their expected retirement age. Over 30% of these reported an increase of five years or more. In addition, 37% of traditional retirees and 33% of those reluctant by choice reported that their expected retirement age had increased as a result of the recession (see Table 1).¹



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Colleges and universities can expect a decrease in retirements as financial considerations lead to increases in expected retirement ages, analogous to the experience of the 2008-09 recession.

Table 1. 2008-09 recession and the timing of retirement

	Traditional Retirees	Reluctant by Choice	Reluctantly Reluctant
Recession and decrease in financial markets delayed expected timing of retirement	37%	33%	72%
Expected delay			
5 years or more	14%	35%	44%
2 to 4 years	68	53	47
Less than 2 years	12	6	4
Don't know/Refused	6	7	5

Source: Yakoboski, Paul. “Should I Stay or Should I Go? The Faculty Retirement Decision,” TIAA Institute *Trends and Issues* (December 2011).

It’s reasonable to expect the same dynamic in 2020—financial considerations will lead to increases in expected retirement ages. In the process, the distribution of faculty across the three groups will also shift. Importantly, however, another dynamic will simultaneously be in play—that of assumptions underlying financial considerations and driving delayed retirements.

¹ Yakoboski, Paul. “Should I Stay or Should I Go? The Faculty Retirement Decision,” TIAA Institute *Trends and Issues* (December 2011).

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While financial considerations are the primary driver among those reluctantly reluctant to retire by normal retirement age, the majority of these individuals have not done a careful analysis of when they can afford to retire. They assume, rather than know, that they cannot afford to retire by normal age. Pre-pandemic, only one-third of reluctantly reluctants had carefully evaluated their finances with regard to when they could afford to retire. Likewise, it is reasonable to expect that few who change their expectations in the midst of the pandemic will have done so either.

Strategies responding to the reluctant retiree phenomena in the context of the COVID-19 pandemic should build on this insight. At the same time, psychosocial considerations also matter. Addressing both dimensions best serves faculty by positioning them to make fully informed decisions. This in turn can lessen the occurrence of deferred retirements and shorten the length of time that retirement is deferred. For more on this, see *Can the reluctant retiree phenomena be addressed?*

However, few who change their expectations in the midst of the pandemic will have carefully evaluated their finances with regard to when they could afford to retire.

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Paul Yakoboski and Jacqueline Bichsel (October 2019). *Financial Well-being and Retirement Readiness in the Higher Education Workforce*

Paul Yakoboski (June 2015). *Understanding The Faculty Retirement (Non) Decision*

Paul Yakoboski and Valerie Martin Conley (March 2013). *Retirement Plans, Policies and Practices in Higher Education*

Paul Yakoboski (December 2011). *Should I Stay or Should I Go? The Faculty Retirement Decision*

Jean E. Foster, Linda Naiditch and Lisa Politzer (August 2011). *Motivating Reluctant Retirees in Higher Education: Interviews with College Administrators and Senior Faculty*

Conrad Ciccotello, E. Jill Pollock and Paul Yakoboski (July 2011). *Understanding the Reluctant Retiree on Campus: Helping Individuals Make the Right Retirement Decision*

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