



# How has COVID impacted retirement readiness among healthcare workers?

COVID-19 and its economic consequences have impacted various elements of retirement readiness among workers in the healthcare sector, including savings amounts, investment allocations, decision-making confidence, and expected retirement ages. Not surprisingly, for many, additional aspects of financial well-being have been negatively impacted as well.<sup>1</sup>



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## Retirement readiness

Many healthcare sector employees have made changes to their retirement saving and investments in the wake of the economic fallout of the pandemic. Nonetheless, confidence in the amount they are saving and in the allocation of their savings has been shaken. In fact, 38% have become less confident that they will have enough money to live comfortably throughout retirement.

- Twenty-three percent of retirement savers have decreased the amount they are saving, with 7% stopping saving completely. On the other hand, 14% have increased the amount they are saving.
- Twenty-nine percent have become less confident that they are saving an adequate amount for retirement. This figure is 47% among those who decreased their saving.
- Almost 30% of retirement savers have changed the investment allocation of their retirement savings—19% decreased the share in equities, 9% increased it.
- Twenty-six percent have become less confident that they are investing their retirement savings appropriately. This figure is 46% among those who decreased investments in equities.

## Planning for retirement

COVID-19 and its economic consequences have altered the expected timing of retirement for one-third of healthcare sector employees, most often delaying it. Further, retirement savers lack confidence in managing their savings for income during retirement.

- Expected retirement age has increased among 29% of healthcare workers age 50 and older. Forty-five percent expect to work past age 67, but 43% of these would prefer instead to retire by then.
- Twenty-nine percent of retirement savers have thought little, if at all, about how to manage their savings in retirement and draw income from it. Only 14% are very confident that they will choose the best way to do so.
- Annuitization would address healthcare workers' top financial priorities for managing personal finances during retirement. Nonetheless, only 22% think they will annuitize any of their retirement savings; 54% are not sure.
- Thirty-five percent of healthcare workers are not confident about having enough money to take care of medical expenses during retirement; 62% are not confident about paying for long-term care if needed.

**Since the onset of the COVID-19 pandemic, 38% of healthcare sector employees have become less confident that they will have enough money to live comfortably throughout retirement.**

<sup>1</sup> Data in this article are drawn from the TIAA Institute's report, [2020 Healthcare Sector Financial Wellness Survey](#).

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### Financial wellness

COVID-19 and its economic consequences have understandably affected the personal finances of healthcare sector employees beyond retirement readiness.

- Forty-six percent report that their overall financial condition has worsened; 27% of these expect further worsening over the next year.
- Three-quarters had emergency savings prior to COVID-19; one-third of these have used at least some of it.
- Eighty-four percent carry debt and 45% of those with debt consider themselves debt constrained. Twelve percent have missed or made late loan payments because of financial hardship resulting from COVID-19.

### Conclusion

Employers, including those in the healthcare sector, are increasingly focused on employee financial wellness. This has manifested itself in the emergence and growth of employer-sponsored financial wellness programs that are holistic in scope, i.e., they address conventional personal finance issues, such as retirement readiness, as well as other elements of household finances. The findings discussed here highlight areas on which to focus as the United States eventually moves forward from the pandemic and its economic consequences. In the realm of retirement readiness, this includes managing retirement savings for retirement income and preparing for retiree medical care and potential long-term care expenses. In the realm of broader household finances, this includes debt management, with a particular focus on student loan debt, and creating financial resiliency through accumulation of adequate emergency savings.

**Twenty-three percent of retirement savers in the healthcare sector have decreased the amount they are saving, and almost 30% have changed the investment allocation of their savings.**

### Read more:

Yakoboski, Paul (April 2020). *Financial wellness and retirement readiness among healthcare sector employees: Impact of COVID-19*. TIAA Institute: New York.

### About the TIAA Institute

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