



Financial wellness and retirement readiness in the midst of COVID-19

COVID-19 and its economic consequences have impacted various elements of retirement readiness among workers in the healthcare sector—saving amounts, investment allocations, decision-making confidence, and expected retirement ages.

Not surprisingly, other aspects of financial well-being have been negatively impacted for many, as well. The 2020 Healthcare Sector Financial Wellness Survey provides new insights into these dynamics and other aspects of personal finance among the sector's workforce.

Retirement readiness

Many healthcare sector employees have made changes to their retirement saving and investments since the onset of the economic ramifications of the COVID-19 pandemic. Nonetheless, confidence in the amount they are saving and in the investment 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. Retirement savers lack confidence in managing their savings for income during retirement.

Many healthcare workers have changed their retirement savings and investments since the onset of COVID-19 and its economic consequences. Confidence in their decisions and ultimate outcomes have been shaken.

Financial wellness and retirement readiness in the midst of COVID-19

- 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.

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.

The Healthcare Sector Financial Wellness Survey was fielded online from May 21–June 11, 2020, among a sample of employees from hospitals, healthcare systems and medical practices that are part of a system. The occupation groups surveyed are registered nurses, physicians and surgeons; other medical professionals; office and administrative staff; and non-medical professionals. Responses were weighted based on Occupational Employment Statistics (May 2018), U.S. Bureau of Labor Statistics

About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness. The Institute conducts in-depth research, provides access to a network of thought leaders, and enables those it serves to anticipate trends, plan future strategies, and maximize opportunities for success. To learn more, visit www.tiaainstitute.org.

**Join the conversation
online:**

 **@TIAAInstitute**



TIAA Institute is a division of Teachers Insurance and Annuity Association of America (TIAA), New York, NY.

©2020 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017