



# 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.**

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- 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

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