

2021 Retirement Risk

Survey Brief Report: The Impact of COVID-19 on Financial Stress

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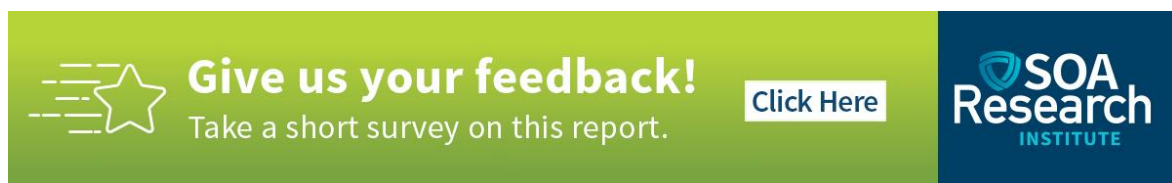




2021 Retirement Risk Survey

Brief Report: The Impact of COVID-19 on Financial Stress

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Research Program Steering
Committee

A horizontal banner with a green-to-blue gradient background. On the left is a white star icon with horizontal lines extending from its left side. To the right of the star is the text "Give us your feedback!" in a bold, white, sans-serif font, followed by "Take a short survey on this report." in a smaller white font. Further right is a white rectangular button with the text "Click Here" in blue. On the far right of the banner is the SOA Research Institute logo in white and blue.

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CONTENTS

- Introduction..... 4**
- Section 1: Observations from the Retirement Risk Survey on COVID-19 and Stress 5**
 - 1.1 Anticipated Work Changes Were most Common Among Pre-Retirees5
 - 1.2 Lifestyle Change Was the Most-Often Cited Change for Both Pre-Retirees and Retirees.....5
 - 1.3 Income Was a Major Driver to Reconsider Living Arrangements.....5
 - 1.4 Changing Care Arrangements or Plans for Family Members Was Less Common, But Not Insignificant5
- Section 2: Conclusions 5**
- Appendix 6**
- About The Society of Actuaries Research Institute 8**

2021 Retirement Risk Survey

Brief Report: The Impact of COVID-19 on Financial Stress

Introduction

When it comes to retirement risk, the COVID-19 pandemic left its mark. Overall, 27% of pre-retirees and 18% of retirees indicated that they experienced a negative financial impact from the COVID-19 pandemic. Those impacted negatively were far more likely to be concerned about a wide variety of retirement-related financial issues. The rationale for this finding is potentially twofold—partially cause and partially effect. While the COVID-19 pandemic may have been the direct cause of many of their concerns, previous financial and personal challenges could have resulted in the COVID-19 pandemic more profoundly impacting their lives. Also, because the impact of COVID-19 manifested itself profoundly in the workplace, the impact on pre-retirees is likely to be greater than on retirees.

The field work for the 2021 Retirement Risk Survey was completed in June 2021, administering an online questionnaire to a total of 2,229 respondents (1,061 pre-retirees and 1,168 retirees). At that point, initial doses of COVID-19 vaccines had become widely available. There was substantial optimism at that time about the outlook for the pandemic. This then changed into a feeling of increased uncertainty when new surges occurred and variants appeared, bringing growth in the number of COVID-related deaths and those who are suffering from what is known as long COVID. It is important to be aware that at the time of this research, inflation and supply chain issues were just beginning to emerge and were yet to have a major impact on the American psyche. There were also historically low interest rates at the time, with the possibility of those rates going up still viewed as a mere possibility in the future.

This survey explored several changes anticipated as a result of the COVID-19 pandemic. Overall, 37% of pre-retirees and 23% of retirees indicated they would experience at least one of the following changes:

- Work longer
- Return to work
- Change lifestyle
- Reconsider living arrangements
- Changes in care arrangements or plans for family members that need it

In reviewing these responses, it is important to consider that even though these issues affect only some American workers, these are fairly dramatic changes so even relatively small numbers can be significant.

Section 1: Observations from the Retirement Risk Survey on COVID-19 and Stress

1.1 ANTICIPATED WORK CHANGES WERE MOST COMMON AMONG PRE-RETIREEES

As would be expected, pre-retirees were much more likely to anticipate work changes with 17% of pre-retirees expecting to work longer due to the pandemic. In contrast, only 5% of retirees planned to return to work. Hispanic/Latino pre-retirees (31%) were more apt than pre-retirees in general (17%) to say they will work longer as a result and those earning under \$50,000 (26%) were far more apt to return to work than those earning over \$100,000 (12%) (Tables A1 and A2).

1.2 LIFESTYLE CHANGE WAS THE MOST-OFTEN CITED CHANGE FOR BOTH PRE-RETIREEES AND RETIREEES

Changing lifestyle due to the COVID-19 pandemic was a likely outcome with 27% of pre-retirees and 18% of retirees (Table 1). Pre-retirees with under \$50,000 in household income (37%) were more likely to say that they would change their lifestyle than those with over \$100,000 in income (21%). Younger retirees under age 65 (26%) were more likely than older retirees aged 65 or older (15%) to say that they changed their lifestyle as a result of the COVID-19 pandemic.

Hispanic/Latino pre-retirees (47%) and Black/African American pre-retirees (43%) were more likely to say that they are going to change their lifestyle because of the COVID-19 pandemic than pre-retirees in general (27%). Black/African American retirees (41%) were far more apt to change their lifestyle than retirees in general (18%) (Table A3).

1.3 INCOME WAS A MAJOR DRIVER TO RECONSIDER LIVING ARRANGEMENTS

Overall, 13% of pre-retirees and 7% of retirees said they would reconsider their living arrangements due to the COVID-19 pandemic. This was especially true of lower income pre-retirees who were much more likely to reconsider their living arrangements (25%) than higher income pre-retirees earning over \$100,000 (8%) (Table A3).

1.4 CHANGING CARE ARRANGEMENTS OR PLANS FOR FAMILY MEMBERS WAS LESS COMMON, BUT NOT INSIGNIFICANT

While only 12% of pre-retirees and 4% of retirees indicated they would change care plans for family members, the number was noticeably higher for pre-retirees earning less than \$50,000 (21%). Among retirees, it was higher for Black/African Americans (11%) and Hispanic/Latino Americans (14%).

Section 2: Conclusions

Results of this study were based on a snapshot in time during the COVID-19 pandemic. Life clearly changed during this event, but it is a little complicated to make causal inferences on how it impacted finances. It is clear that the lives of pre-retirees, those with lower income, and Hispanic/Latino respondents were likely more impacted than others. However, the world has also changed since this study was conducted and it is important to do follow up research to examine how the financial picture of pre-retirees and retirees has evolved further.

Appendix

Note that statistics reported in tables sometimes have lower case letters such as (a) or (b) next to them. These letters indicate that the numbers reported are statistically different at the 95% confidence level from the number that appears in the column indicated by that letter.

Table A1
Lifestyle Changes Due to Pandemic
Percent Yes

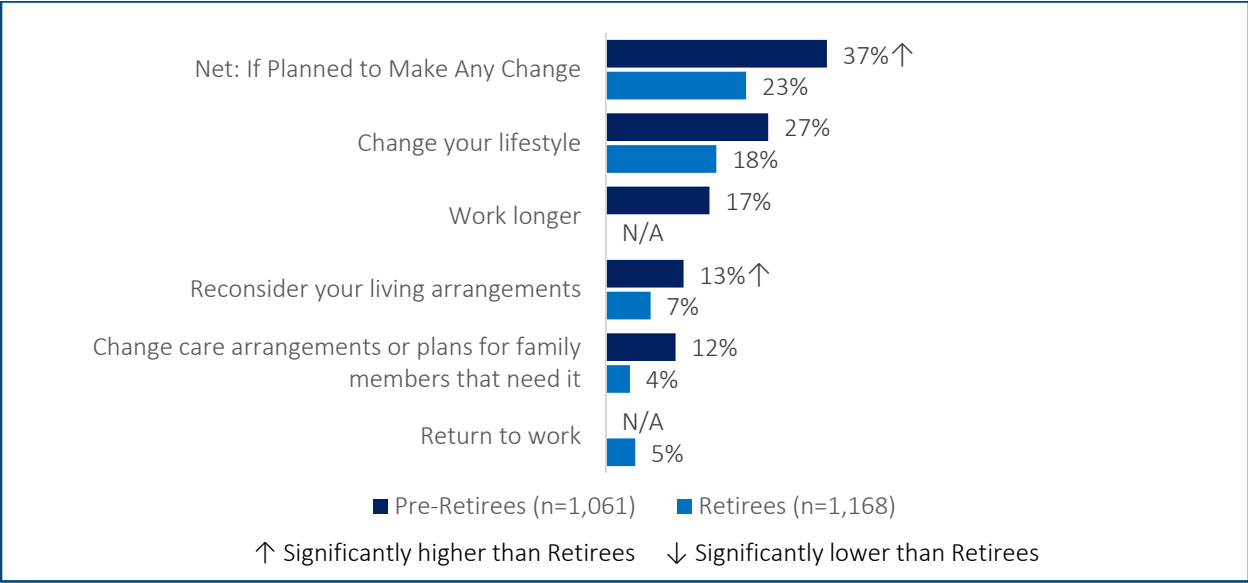


Table A2
Lifestyle Changes Due to Pandemic by Race/Ethnicity
Percent Yes

	Pre-Retirees				Retirees			
	White (a) (n=743)	Black/ African American (b) (n=95)	Asian American (c) (n=110)	Hispanic/ Latino (d) (n=95)	White (e) (n=832)	Black/ African American (f) (n=108)	Asian American (g) (n=96)	Hispanic/ Latino (h) (n=105)
Net: If Planned to Make Any Change	31%	49% (a)	45% (a)	61% (a)	18%	48% (egh)	27%	31% (e)
Change your lifestyle	21%	43% (a)	35% (a)	47% (a)	14%	41% (egh)	25%	24%
Work longer	15%	17%	18%	31% (a)	N/A	N/A	N/A	N/A
Reconsider your living arrangements	10%	22% (a)	17%	16%	5%	20% (eg)	3%	18% (eg)
Change care arrangements or plans for family members that need it	9%	18%	13%	18%	2%	11% (eg)	2%	14% (eg)
Return to work	N/A	N/A	N/A	N/A	4%	4%	8%	6%

Table A3
Lifestyle Changes Due to Pandemic by Income
Percent Yes

	Pre-Retirees			Retirees		
	<\$50,000 (a) (n=267)	\$50,000- \$99,999 (b) (n=331)	\$100,000+ (c) (n=463)	<\$35,000 (d) (n=213)	\$35,000- \$74,999 (e) (n=428)	\$75,000+ (f) (n=527)
Net: If Planned to Make Any Change	48% (c)	42% (c)	29%	32% (f)	23%	18%
Change your lifestyle	37% (c)	31% (c)	21%	26% (f)	19%	13%
Reconsider your living arrangements	25% (bc)	13%	8%	14% (ef)	6%	4%
Change care arrangements or plans for family members that need it	21% (bc)	13% (c)	7%	7%	3%	3%
Work longer	26% (c)	19% (c)	12%	N/A	N/A	N/A
Return to work	N/A	N/A	N/A	5%	5%	5%



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About The Society of Actuaries Research Institute

Serving as the research arm of the Society of Actuaries (SOA), the SOA Research Institute provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. The Institute provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.

Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

Harnessing its peer-reviewed research, leading-edge technologies, new data tools and innovative practices, the Institute seeks to understand the underlying causes of risk and the possible outcomes. The Institute develops objective research spanning a variety of topics with its [strategic research programs](#): aging and retirement; actuarial innovation and technology; mortality and longevity; diversity, equity and inclusion; health care cost trends; and catastrophe and climate risk. The Institute has a large volume of [topical research available](#), including an expanding collection of international and market-specific research, experience studies, models and timely research.

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