



Aging and Retirement

Impact of COVID-19 on Family Dynamics in Retirement





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Section 1: Introduction

As part of its ongoing effort to provide its stakeholders with useful information on COVID-19, the Society of Actuaries (SOA) recently launched a series of reports exploring the impact of COVID-19 on retirement risks. The primary purpose of this series of reports is to stimulate further thinking and inform readers about how COVID-19 may reshape retirement in the future. The first two reports in this series, [*Impact of COVID-19 on Retirement Risks*](#) and [*Impact of COVID-19 on Senior Housing and Support Choices*](#), were released in April 2020. This report series is being informed, in part, by online conversations of the listserv the SOA maintains for its Committee on Post-Retirement Needs and Risks, and the Aging and Retirement Strategic Research Program. The listserv is comprised of professionals involved in retirement security issues from a wide variety of disciplines and perspectives, including actuaries, economists, attorneys, financial advisers, benefit plan sponsors, demographers, academics, and policy researchers, among others. Participants represent a diverse mix of experts from the public and private sectors (both profit and not-for-profit) and retirees. The majority are based in North America, with others from around the world. The authors wish to thank the conversation participants for their insightful comments and ongoing support of this series.

This report summarizes thoughts and questions raised during the conversation focused on how COVID-19 impacts families and their role in retirement and economic security across generations. In addition to a review of the conversation, it draws heavily on the SOA report, [*Family is Important to Retirement Security*](#), published in February 2020. *Family is Important to Retirement Security* summarizes and provides a holistic perspective on the extensive research the SOA has conducted on the role families play in retirement security issues. It serves as a useful starting point for researchers and others interested in learning more about these issues and their implications.

The context for this report series is not only to address the impact of the emergence of COVID-19 but also to reflect the environment that existed before COVID-19. Some key points about that environment include the aging population, the growing presence of the gig economy, the trend away from defined benefit pension plans (so that most active employee retirement programs are defined contribution plans), and a major decline in employer-sponsored retiree medical plans. In addition, many Americans do not have adequate emergency funds or sufficient retirement savings. Social Security is the primary source of retirement income for many retired Americans and the only source for many others. While many employees have tried and desire to work longer, significant employment and potential health challenges have affected those who are age 50 and over. In addition, families are more dispersed, which lessens access to and effectiveness of support from family members.

The initial online conversation was conducted in mid-March, prior to the passage of the CARES Act, and it has been followed by periodic new streams of conversation based on recent developments in the current COVID-19 crisis. This report was written in late April and early May. The crisis is continuing as of this writing, so perspectives with regard to these issues may and most likely will change.

Section 2: Background on Families and Their Role in Retirement

Discussions about retirement often do not include consideration of family dynamics and its impact on retirement planning and decisions. However, research conducted by the SOA over the last 20 years has made it increasingly clear that family, beyond one's spouse, is an important component of retirement planning and decision-making. While the family is not usually the primary economic source of support in retirement, it can become a major or sole source of help when needs arise for a variety of reasons.

Historical Perspective

The role of family in retirement has evolved over time. Looking back 150 years, there were no retirement systems and individuals did not retire in the typical way that is done in today’s work world. Many families lived together in multi-generational households, often with several children and grandchildren in the house. Family members cared for each other as they aged and for those unable to work any longer. This type of family support is still prevalent in some cultures today. In the U.S., where retirement systems exist, many workers have pensions and/or have accumulated sufficient retirement savings, and they expect to be on their own in retirement. But family support can still play an important role, and family members may help each other at several life stages. The extent and the direction of help can vary based on how engaged extended family members are with each other, family size, and their proximity to each other. For many Americans, the extended family plays a significant role of sharing risk and supplementing (or even taking the place of) personal savings and formal risk management. On the other hand, many Americans have only a few or no family members in a position to play any support role.

Demographics

Social and demographic status may be indicators of the potential for participation of family in retirement planning and the distribution of various demographic components may provide insight into the extent of support that might be available. Increasing longevity, higher divorce rates, growth of blended families, the updated legal status of same sex marriages, as well as an increase in the aged population, all point to a new set of family patterns and dynamics that are different than in the past. Longevity researchers predict that people who retire in their 60s in this decade will be retired much longer than retirees in the past. Prior to COVID-19, it was expected, in general, that the future support role of family would likely decline from the role it plays today. In addition, in recent decades, fertility rates in many industrialized nations have been low, and significantly lower than in the past. As a result, there will be fewer adult children to care for aging parents. This is another trend that represents a contributing factor to the changing role of family.

The SOA’s 2018 research report on [*Financial Perspectives on Aging and Retirement Across the Generations*](#) provides insight into demographic differences across the generations. This study compared views of financial wellness, retirement readiness and financial fragility of the following generations: Millennials, Generation X, Baby Boomers and the Silent Generation. For example, the older generations in the study were much more likely to have been married, although many of the marriages had ended. The older generations also had more children. Table 1 presents a summary of these demographic differences by generation.

Table 1
FAMILY STATUS OF RESPONDENTS BY GENERATION

	Millennials	Gen X	Late Boomer	Early Boomer	Silent
Gender	50% Male	49% Male	48% Male	47% Male	45% Male
	50% Female	51% Female	52% Female	53% Female	55% Female
Marital Status	47% Married	59% Married	66% Married	63% Married	52% Married
	15% Partner	11% Partner	4% Partner	4% Partner*	1% Partner
	2% Divorced	10% Divorced	16% Divorced	14% Divorced**	17% Divorced
	0% Widowed	2% Widowed	3% Widowed	9% Widowed	27% Widowed
	36% Never Married	19% Never Married	10% Never Married	10% Never Married	3% Never Married

Children	58% None	34% None	26% None	28% None	10% None
	20% One	19% One	19% One	16% One	17% One
	22% Two or more	46% Two or more	55% Two or more	56% Two or more	74% Two or more
Step-Children	90% None	82% None	86% None	80% None	86% None
	7% One	8% One	4% One	10% One	5% One
	4% Two or more	10% Two or more	11% Two or more	11% Two or more	10% Two or more

Source: *Financial Perspectives on Aging and Retirement Across the Generations*

In contrast to the SOA's generations research, which is an indicator of *expectations* for obtaining help in retirement, the [SOA's research](#) on the experiences of retirees age 85 and over provides insights into what they have *actually done* when help was needed. Starting with access to family for this age group, Table 2 summarizes the living arrangements of older men and women. As men and women age, a greater percentage of them are living alone at home. Family relationships and support may be an important factor in their general well-being and their avoiding entry into senior housing facilities, such as nursing homes and assisted living residences.

Table 2
LIVING ARRANGEMENTS FOR OLDER MEN AND WOMEN, 2014

Type of Arrangement	Women	Men	Women	Men
	Ages 65–84	Ages 65–84	Age 85 and Up	Age 85 and Up
Nursing home or other group quarters	2%	2%	13%	8%
Unmarried, living with other family or nonfamily	8	7	7	6
Unmarried, living with own children	13	4	23	10
Living with spouse	46	69	12	49
Living alone	30	17	46	27

Notes: Numbers may not add to 100% because of rounding. Older adults who are living with a spouse may also be living with children or other relatives or nonrelatives.

Source: Renee Stepler, *Smaller Share of Women Ages 65 and Older Are Living Alone, More Are Living with Spouse or Children*, Pew Foundation, 2016; data based on the Pew Research Center analysis of 2014 American Community Survey.

Support Providers and Type of Help Needed

When asked about to whom they turn for help with problems as they age, the respondents in the SOA age 85 and older research noted that family members are the first people they contact, and families usually try to help. In many situations where extensive care is needed, respondents often reported needing to supplement or replace family help with paid help. However, even though individuals commonly turn to family for help, many indicated they often do not plan for such help in advance.

By age 85, needing help is very common, but many people need help earlier. The need for assistance may start with needing help with activities such as snow removal and home repairs that can no longer be handled alone. It may then move to needing help with anything that requires physical agility such as going on a ladder to change light bulbs, or routine activities like driving, housework, and other frequent chores. This may ultimately lead to the most intensive types of needs focused on help with some or all of what are commonly known as “activities of daily living” such as bathing, toileting, mobility and eating. In addition, people with cognitive decline often need help with managing finances. However, most adult children do not provide financial support (supplemental income, expense payments, etc.) for their parents.

Individuals age 85 and over may need help with specific non-financial tasks and this help often comes from family members. The SOA’s age 85 and over research focused heavily on a variety of such chores and tasks that family members may cover. Significantly, very few of the respondents in the research study reported getting family help with personal care.

Below is a summary of the types of help respondents indicated they needed including¹:

- 49% said they need to be driven places
- 35% said they need support in taking care of their residence
- 34% said they need help with shopping
- 23% said they need assistance with housekeeping
- 8% said they need assistance with personal care or activities of daily living.

Adult children who helped parents were also surveyed. The parents of the adult children surveyed were less healthy and needed more help than the surveyed individuals who were age 85 and over. The parents were also probably less healthy and more in need of help than the general population.

The survey of adult children showed that they provide a great deal of non-financial help to parents. The adult children reported that:

- 62% provide transportation to their parents
- 61% assist their parents with shopping
- 44% assist with managing medications or medical care
- 38% do laundry for their parents

¹ *Post-Retirement Experiences of Individuals Age 85+ Years Old*, Society of Actuaries, September 2017

- 37% prepare meals.

The adult children also reported that their parents used paid help for various tasks such as:

- 38% had paid help to clean their residence
- 32% had paid help to prepare meals
- 31% had paid help to assist with personal care.

Regarding planning for help from family, another study conducted by the SOA produced similar results to the age 85 and over research. In focus groups that were conducted in 2015 with individuals retired 15 years or more, the retirees said they did not want to rely on their children for support. However, some of them saw children as possible support and a fallback resource. While the research indicates that seniors do not plan on having their children help them, and many work hard to avoid it, the findings showed that eventually children and other family members typically offer a substantial amount of help.

The research sources referenced above predated the outbreak of COVID-19. COVID-19 is sure to have an impact on the specific tasks and range of needed help that were explored in these research studies. The next section of this report outlines the expected impact of COVID-19 on these issues with thoughts and perspectives from participants in the online conversation as well as other considerations.

Section 3: COVID-19 and Family Dynamics

As indicated by [SOA research](#), family help and support can be an important part of retirement security. Not only do retirees receive help from other family members, but they also extend help to others. Helping other family members can be a source of additional expenses and activity during retirement, and such help is often not considered in retirement plans. Providing resources for family members can involve major commitments. Further, COVID-19 and associated stay-at-home orders can increase the need for family help for its older members at a time when families may be deeply stressed and experiencing numerous strains. COVID-19 affects everyone, but seniors with compromised health are more likely than others to become seriously ill and possibly die if they contract it. As a result, their needs could be significantly magnified and their access to help severely limited.

Participants in the on-line conversation provided several insights:

Financial Impact

- There will be an increased need to support those family members who are more negatively impacted than other members. This will be particularly true for younger family members who have not had a chance to become financially established. [SOA research](#) on generations, cited previously, indicates that family in all generations feel obligations to other family members.
- Many of today's families are already affected by the Great Recession (2008) rebound generation. COVID-19 career fallout will likely affect many members of the extended families. Children just reaching adulthood now or who are not yet fully launched in careers may take longer to launch. SOA research indicates that Millennials have it more difficult than the generations before them. This is in part due to the fact that many of them were launching their careers at the time of or just after the Great Recession and did so burdened with educational loans. The impact of these challenges seems to be more long-lasting.
- Many retirees have more stable incomes – not to mention higher incomes -- than younger family members and may be financially helping adult children in an effort to share the burden brought on by the virus.

Shared Housing

- Expect more multigenerational households, at least temporarily. Older or younger family members who are displaced may need to move in with children or parents. Some family members are likely to need to move in with others in the family. This may cause strain on family relationships.
- Multigenerational households living together may also have challenging issues in protecting seniors (particularly those with chronic health conditions or otherwise deemed at high risk) from the virus. This is particularly complex if there are many people living in a small space and in situations where one or more of the individuals are health care or essential workers. There are added challenges if someone in the household is infected with COVID-19 or exposed to an infected person. The members of the household need to develop their own strategy with regard to distancing and who is in close contact with whom. The size and layout of the dwelling may also determine what is possible.
- Multigenerational households may also be more common in the future, and this trend could affect the design of housing, and planning for family roles.

Maintaining Healthy Family Relationships

- Expect added stress on family members who are trying to help their parents and contend with their own issues at the same time. They may also be called on to help other immediate and extended family members. For many younger retirees, helping family may become a major activity in their retirement. Helping parents can become more complex during the COVID-19 epidemic. For example, seniors are particularly discouraged from going shopping even for groceries and other essentials. These limitations are exacerbated by the fact that many seniors are less capable of handling electronic and internet systems used by younger persons on a more regular basis, for instance being able to order meals delivered to the home or connect visually with family (Zoom has become very popular).
- As a precautionary measure, families with senior members are being discouraged from visiting them. In the case of persons in an assisted-living facility, continuing-care retirement community or nursing home, the facility's management may prohibit family members from visiting them. This can be very difficult on both generations, creating loneliness and a variety of challenges, depending on what the adult children were doing to help their parents. This topic was explored in-depth in the last report in this series, [*Impact of COVID-19 on Senior Housing and Support Choices*](#).
- The inability of families to visit senior members has implications beyond loneliness and isolation. Family members often are advocates for the people they are helping. A recommendation that came up in our discussion is to set up a system for staying in contact by using phones or the internet and software such as Zoom, FaceTime or Skype.
- Older family members who live nearby and were independent may need help they did not need before. For example, they may need help with grocery shopping and other errands.

Advocating and Caring for the Infirm and Dying

- Many infected patients in hospitals and nursing homes are dying without being able to see family members.
- The seniors needing help may be getting help at home from paid caregivers and helpers. That also has complications in light of COVID-19. Can these caregivers continue to serve them? If not, what will they do? What do they do if the caregivers get infected? In addition, caregivers who serve several seniors may introduce

the risk of COVID-19 infection. Family may be involved in overseeing such care and there can be complications there as well.

- Seniors may view some professionals, such as home health aides, as pseudo-family members. This can create another set of dynamics similar to family ones, but with extra complications like when these professionals leave for new employment opportunities.

It is clear from above that COVID-19 may change significantly the way help can be delivered and complicate the role of family. Each family will need to evaluate how it can manage in light of the challenges of COVID-19.

Section 4: Special Issues

4.1 COGNITIVE DECLINE

A substantial number of people experience cognitive decline² as they age, and often, they need help with managing finances and health care. Depending on how far along the decline is, they may need help with all tasks and activities of daily living on a constant basis. COVID-19 creates additional complications for this group. Hand washing and social distancing are very important as people deal with COVID-19, but many of those with cognitive decline can't be relied on to remember to hand wash or socially distance. Many of them need advocates. All of this is much more difficult in the face of COVID-19.

4.2 LONELINESS

Loneliness is one of the potential challenges facing older persons. Loneliness is more common among individuals who do not have regular contact with others, including family members. Family members may be the primary source of social contact for many seniors and serve to minimize feelings of loneliness. With social distancing and other isolation measures, COVID-19 may propel loneliness even for individuals who normally have robust social contact and no prior feelings of it. Loneliness and isolation have several potentially detrimental effects:

- It can lead to depression
- It can negatively affect physical and mental health
- It makes seniors more vulnerable to elder abuse
- It makes it more likely that long-term care will be needed
- Caregivers are also at risk for loneliness and depression.³

² The SOA conducted a conversation on dementia and cognitive decline in 2018. The commentary that emerges offers insights into the signals of decline and some of the challenges. See [A Conversation on Dementia and Cognitive Decline](#), 2018.

³ Stevenson, Sarah. 20 Facts About Senior Isolation That Will Stun You. *A Place for Mom Senior Living Blog*, May 5, 2017, <https://www.aplaceformom.com/blog/10-17-14-facts-about-senior-isolation/>.

Section 5: Conclusion

COVID-19 will almost certainly alter the dynamics of family support in the short-term and possibly cause permanent changes in the long-term.

How the eventual ramifications will play out is far too early to tell with many questions remaining. Open questions include:

- What family help is realistic to expect, and what can individuals without family do to secure help?
- How can overall planning be strengthened to consider and anticipate the role of family in retirement planning?
- Will more multigenerational households be an aftermath of COVID-19? What reverberations would this have on housing, socialization and developmental needs?
- As young adults work through the delay in getting fully launched, is there a role for them in helping grandparents and taking some of the pressure off their parents?
- Will families be planning for more aging in place in the aftermath of COVID-19?
- COVID-19 may be with us for quite a long time. How will families deal with the increasing needs and greater responsibilities for the older generations in the long term?
- Will new rules be developed to help family advocates act more effectively during pandemic periods?
- Will technology ease some of the added strain on family?
- Did we learn anything this time around that can be applied on a real time basis should the coronavirus return?

This report has provided perspectives and data as of mid-May 2020 and raised many issues to contemplate in the face of COVID-19 as the situation evolves. It has also signaled the importance of reevaluating the best ways to plan for and manage retirement risks in the future. With the COVID-19 situation rapidly evolving, the SOA is monitoring it closely and continuing to provide research communications that further explore the impact of this pandemic.

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With roots dating back to 1889, the [Society of Actuaries](#) (SOA) is the world's largest actuarial professional organizations with more than 31,000 members. Through research and education, the SOA's mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal challenges. The SOA's vision is for actuaries to be the leading professionals in the measurement and management of risk.

The SOA supports actuaries and advances knowledge through research and education. As part of its work, the SOA seeks to inform public policy development and public understanding through research. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers and the public. This distinct perspective comes from the SOA as an association of actuaries, who have a rigorous formal education and direct experience as practitioners as they perform applied research. The SOA also welcomes the opportunity to partner with other organizations in our work where appropriate.

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