

The Road Ahead: Addressing Pandemic-Related Setbacks and Strengthening the U.S. Retirement System

New research examines the retirement outlook of the workforce and the urgent need for action

LOS ANGELES – June 28, 2022 – Fewer than three in 10 workers (29 percent) “strongly agree” they are building a large enough retirement nest egg, according to [*Emerging From the COVID-19 Pandemic: The Retirement Outlook of the Workforce*](#), a survey report released today by nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with [Transamerica Institute®](#).

“Without doubt, the COVID-19 pandemic has disrupted the workforce and the employment of many workers. Employment setbacks often trigger financial setbacks that can easily threaten people’s ability to achieve a secure retirement,” said [Catherine Collinson](#), CEO and president of Transamerica Institute and TCRS. According to the survey’s findings, 36 percent of workers were unemployed for various reasons at some point during the pandemic, and 38 percent experienced employment-related impacts ranging from reductions in hours and pay to layoffs and furloughs.

As part of TCRS’ *22nd Annual Retirement Survey*, one of the largest and longest-running surveys of its kind, the study delves into the impacts of the pandemic, including the health and financial well-being and retirement outlook of the workforce. It offers comparisons of workers who are employed by others, self-employed, and unemployed but looking for work. In addition, the study illustrates the urgent need for strengthening the U.S. retirement system and outlines recommendations for doing so.

Employed Workers Are Saving for Retirement, but Many Are Not Saving Enough

“Employed workers are generally well-positioned to save, invest, and prepare for retirement. They enjoy a steady income and are often offered employer-sponsored retirement benefits such as a 401(k) or similar plan that makes saving and investing easier. However, not all employed workers are offered workplace retirement plans. Furthermore, among all employed workers, many are inadequately saving,” said Collinson.

Sixty-three percent of employed workers indicate their financial situation has stayed the same amid the pandemic, while 22 percent say it worsened. Thirty-eight percent experienced one or more negative employment impacts such as reduced hours (20 percent), reduced salary (13 percent), being laid off (12 percent), and being furloughed (12 percent). Twenty-eight percent were unemployed at some point.

Employed workers dream of an active retirement that includes traveling, spending more time with family and friends, and pursuing hobbies. Almost half (47 percent) expect to retire after age 65 or do not plan to retire – and almost six in 10 plan to work at least part-time in retirement (58 percent). Twenty-four percent expect to retire later than planned because of the pandemic.

Seventy-nine percent of employed workers save in an employer-sponsored retirement plan and/or outside the workplace. They began saving at age 27 (median). However, an alarming 39 percent tapped their retirement accounts, including 29 percent who have taken a loan and 27 percent who have taken an early and/or hardship withdrawal. Total savings in household retirement accounts is \$65,000 (estimated median).

Self-Employed Workers Are Do-It-Yourself Retirement Savers

“Self-employment brings freedom, flexibility, and autonomy – yet it often comes without a steady paycheck or access to employer-sponsored retirement benefits. The self-employed must take a do-it-yourself approach to save for retirement,” said Collinson.

The pandemic has been especially challenging for self-employed workers. Thirty-four percent indicate their financial situation worsened – and 35 percent were unemployed at some point during the pandemic.

Self-employed workers envision long and financially productive lives. Seventeen percent plan to live to age 100 or older. Sixty-three percent expect to retire after age 65 or do not plan to retire – and 62 percent plan to continue working at least part time in retirement. Among them, 85 percent cite healthy-aging reasons for doing so, compared with 76 percent who cite financial reasons.

Sixty-eight percent of self-employed workers are saving for retirement, and they started saving at age 29 (median). Among them, 79 percent are saving in one or more types of tax-advantaged retirement account, with a traditional or Roth IRA being the most common (44 percent). However, relatively few are saving in tax-advantaged accounts for sole proprietors and small businesses (e.g., Solo 401(k), SIMPLE IRA, SEP-IRA).

“Retirement planning is crucial for the self-employed. While working into older age can bring income and more time to save, planning not to retire is not a retirement strategy,” said Collinson. Only 26 percent of self-employed workers have a financial strategy for retirement in the form of a written plan. The self-employed have saved \$42,000 (estimated median) in all household retirement accounts.

Unemployed Workers Are Facing Formidable Challenges

Unemployed workers who are looking for work are struggling. Sixty-seven percent are concerned about their physical health – and 67 percent are concerned about their mental health. Six in 10 indicate they have trouble making ends meet (60 percent).

Without a paycheck or access to employer-sponsored retirement benefits, the unemployed may find it impossible to save. Forty-four percent have no emergency savings. One in three unemployed workers (33 percent) expect to rely on Social Security as their primary source of income in retirement – despite 72 percent being concerned that Social Security will not be there for them when they are ready to retire. The unemployed have saved just \$200 in all household retirement accounts (estimated median).

“Finding gainful employment is the first step for the unemployed to begin strengthening their financial situation. As unemployed workers seek employment opportunities, they should consider retirement benefits as part of a total compensation package,” said Collinson. “From a public policy perspective, it is important to recognize the risks and vulnerabilities of unemployed workers to avoid leaving them behind.”

An Urgent Need for Strengthening Our Retirement System

“As we emerge from the pandemic, we face an urgent need to strengthen our retirement system so that everyone can retire with dignity. A collaborative, concerted effort among policymakers, employers, and workers is required,” said Collinson.

When asked about priorities for the President and Congress to help people have a financially secure retirement, the workforce calls for addressing Social Security’s funding shortfalls (51 percent), making out-of-pocket health care expenses and prescription drugs more affordable (42 percent), addressing Medicare’s funding shortfalls (41 percent), increasing access to affordable housing (33 percent), supporting family caregivers (32 percent), expanding access to workplace retirement plans to all workers (31 percent), innovating solutions for long-term care services and supports (30 percent), implementing financial literacy in schools (30 percent), and expanding the Saver’s Credit (30 percent), among other priorities.

“Employers and workers can also do more to improve retirement security,” said Collinson. “More employers could offer retirement and other health and welfare benefits to help their employees save and protect their savings, and workers could learn more about investing and engage in long-term financial planning.”

[Emerging From the COVID-19 Pandemic: The Retirement Outlook of the Workforce](#) provides detailed findings by workers who are employed by others, self-employed, and unemployed but looking for work. To download this report, visit www.transamericainstitute.org. Follow on Twitter [@TCRStudies](https://twitter.com/TCRStudies).

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About the 22nd Annual Transamerica Retirement Survey

This online survey was conducted within the U.S. by The Harris Poll on behalf of Transamerica Institute and TCRS between October 28 and December 10, 2021, among a nationally representative sample of 10,003 adults. The data in this press release is shown for the workforce, a subsample of 5,846 workers comprising 4,741 employed by others, 580 self-employed, and 525 unemployed but looking for work. Results were weighted where necessary to align with the population of U.S. residents, referencing Census data for education, age by gender, race/ethnicity, region, household income, education, employment, marital status, and size of household. Weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.

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