

Financial wellness and retirement readiness among healthcare sector employees

Impact of COVID-19

Paul J. Yakoboski,
Senior Economist,
TIAA Institute

Executive summary

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.

Any opinions expressed herein are those of the author, and do not necessarily represent the views of TIAA, the TIAA Institute or any other organization with which the author is affiliated.

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.

- 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.

Introduction

Achieving and maintaining financial wellness is a goal shared across individuals. Financial wellness can be defined as a state of being wherein a person:

- Has control over day-to-day and month-to-month finances.
- Has the capacity to absorb a financial shock.
- Is on track to meet financial goals.
- Has the financial freedom to make choices that allow for enjoying life.¹

Achieving or maintaining financial wellness has proven challenging for many since the onset of COVID-19 and the economic consequences that followed. Many workers have experienced layoffs, furloughs, and decreased earnings, and financial market volatility has affected savers to various degrees. Financial wellness, however, depends not only on individuals' financial resources but also on decisions made regarding the use and management of those resources. Financial decisions are inherently interrelated, inevitably involve trade-offs, and often made in the context of uncertainty. For example, using resources to develop financial resiliency positions individuals to handle adverse economic circumstances when they occur.

A key element of financial wellness is retirement readiness, which depends upon the planning and saving decisions made by individuals. These decisions have both short-term and long-term implications. Retirement readiness is multifaceted and involves preparing for medical costs in retirement and potential long-term care expenses, as well as the expenses of day-to-day living in the context of an uncertain lifespan. While a major element of financial well-being, retirement readiness is but one element.

The impact of COVID-19 on the healthcare sector has been extreme for both institutions and the workforce. Hospitals and healthcare systems are the frontline for treating the masses infected. This has involved fundamental changes in operations entailing significant

¹ See *Financial Well-being: The Goal of Financial Education*, Consumer Financial Protection Bureau (2015).

budget implications, for example, the cessation of discretionary procedures for months resulting in huge revenue losses. At the same time, segments of the healthcare workforce have experienced large increases in work hours while others have experienced furloughs or layoffs, and some have experienced salary reductions.

Against this backdrop, the *Healthcare Sector Financial Wellness Survey* examines personal finances and financial wellness among the healthcare sector workforce, with particular focus on retirement readiness. The survey's design captures the impact of COVID-19 and its economic consequences along these dimensions.

Employees of hospitals, healthcare systems and medical practices that are part of a system comprised the survey population. The survey was fielded online from May 21 to June 11, 2020. Five occupation groups were surveyed with a total sample size of 1,203 respondents: registered nurses (RNs) (300), physicians and surgeons (300), other

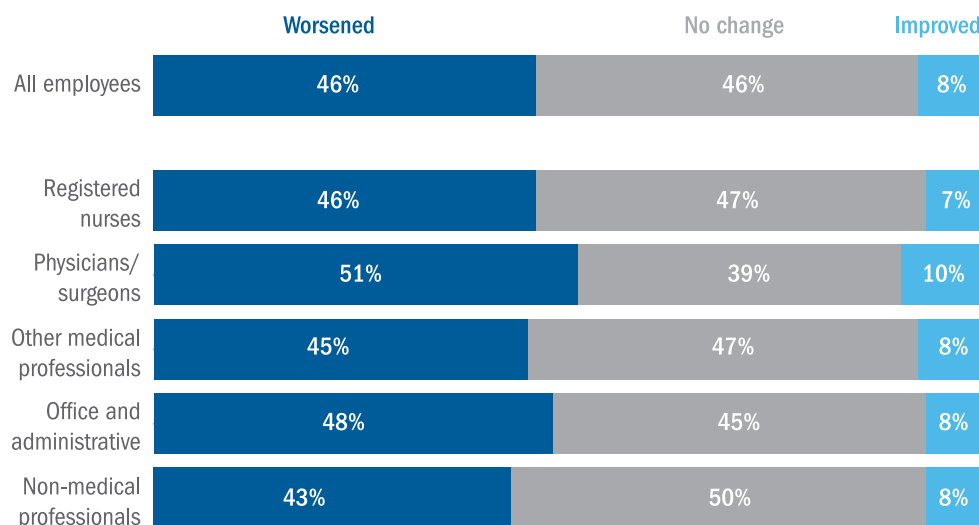
medical professionals (300), office and administrative staff (200), and non-medical professionals (103).² Responses were weighted-based data from *Occupational Employment Statistics* (May 2018), U.S. Bureau of Labor Statistics.

Overall financial wellness

The COVID-19 pandemic and its economic consequences have negatively affected financial wellness among a significant share of the healthcare sector workforce. Almost one-half (46%) of healthcare employees report that their financial well-being has worsened since the onset of COVID-19 (Figure 1). This finding is common across occupations in the sector and most common among physicians and surgeons. In contrast, only 8% of sector employees report an improvement in their financial well-being over this period.³

Figure 1. Financial wellness

Financial well-being has worsened for 46% of the healthcare workforce since the onset of COVID-19.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

² The sample was acquired through Dynata, an online panel provider.

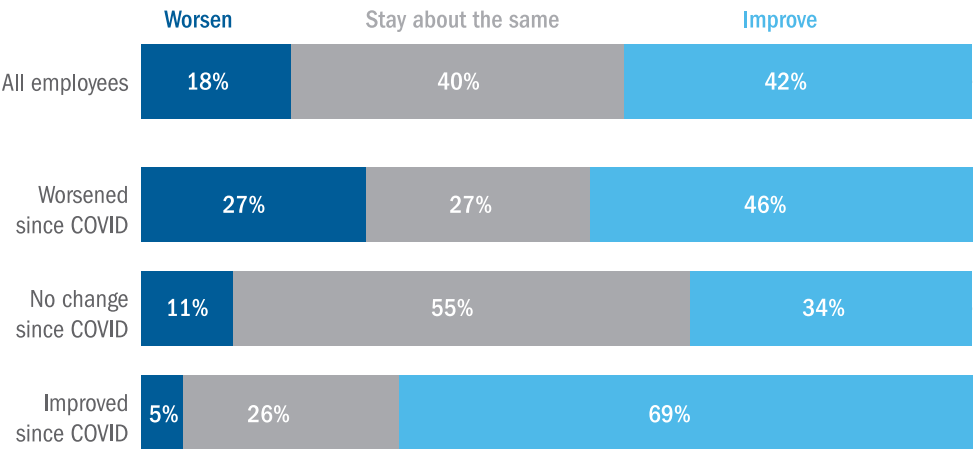
³ At the time of the survey, 56% of healthcare workers were satisfied with their overall financial condition, 28% were neutral and 15% were dissatisfied. Satisfaction was lowest among office and administrative staff (48% satisfied, 20% dissatisfied) and RNs (54% satisfied, 15% dissatisfied).

Less than one-half of those who have experienced a decrease in financial well-being expect improvement over the next year, while 27% expect further deterioration (Figure 2). On net, over 10% of healthcare workers have experienced decreased financial well-being that they

expect to worsen further over the next year. Among all healthcare workers, 42% expect their financial well-being to improve during the next year and 18% expect it to worsen.

Figure 2. Financial wellness

Over 40% of healthcare workers expect their financial well-being to improve during the next year.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Retirement readiness

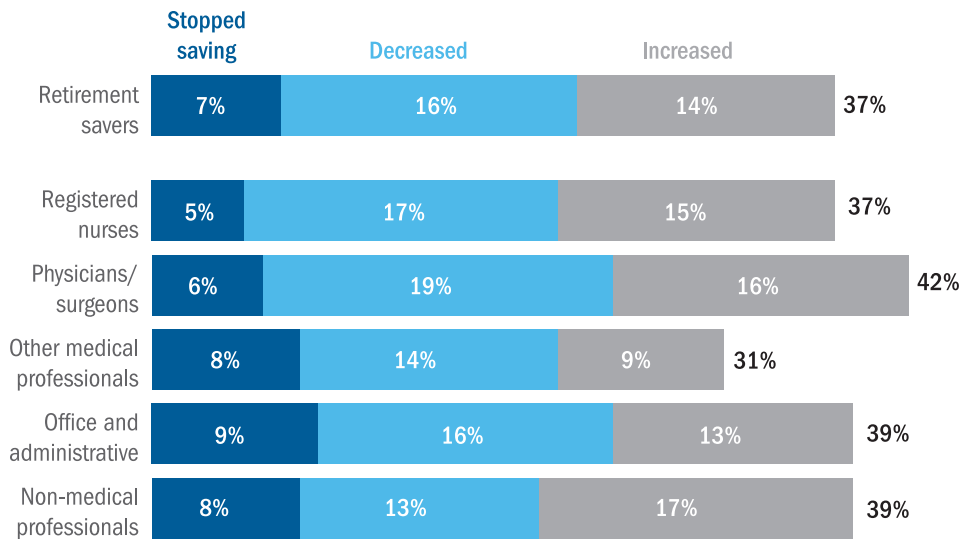
Deterioration in personal finances since the onset of COVID-19 is manifested in the realm of retirement planning and saving among many healthcare workers. Over 90% of healthcare workers are retirement savers; this holds across occupations, ranging from 91% of office and administrative staff to 97% of physicians and surgeons. Furthermore, two-thirds of sector employees are saving for retirement through a plan at work, i.e., they participate in some form of defined contribution

(DC) plan, such as a 401(k) or 403(b).⁴ However, 23% of retirement savers have decreased the amount they are saving since the onset of COVID-19, with 7% stopping saving completely (Figure 3). On the other hand, 14% have increased their retirement saving. On net, over one-third of retirement savers in the healthcare sector have changed the amount they are saving since the onset of COVID-19.

⁴ Sixty-eight percent of healthcare sector employees participate in a defined contribution plan at work and 40% participate in a defined benefit (DB) plan, with 14% participating in both. On net, 94% participate in some form of retirement plan at work. These figures are relatively consistent across employer types, i.e., hospitals, healthcare systems and medical practices that are part of a system.

Figure 3. Retirement saving

One-quarter of retirement savers have decreased the amount they are saving since the onset of COVID-19.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

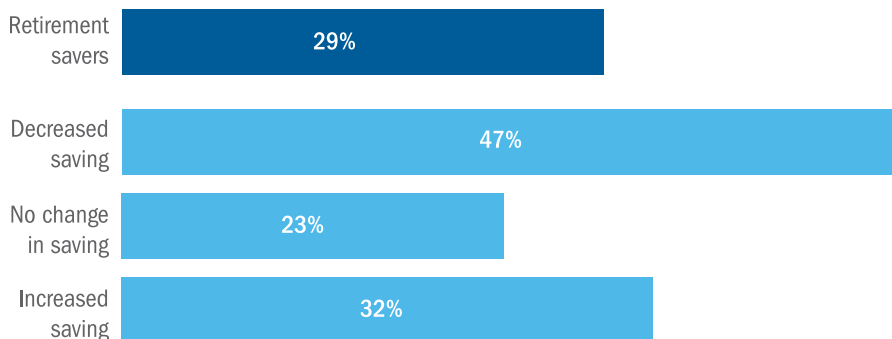
At the same time, 29% of retirement savers have become less confident that they are saving an adequate amount (Figure 4). This is most common among those who decreased their saving, 47% of whom have become less confident, indicating that their decreased saving was likely driven by short-term financial necessity as opposed to long-term planning. However, even among those who

increased their retirement saving, one-third have become less confident that they are saving enough. This may be due to financial market losses experienced during this period. Across occupational groups, a decrease in retirement savings confidence was most common among RNs (32%) and office and administrative staff (31%).

Figure 4. Retirement savings confidence

Almost 30% of savers have become less confident that they are saving an adequate amount for retirement.

% whose retirement savings confidence has dropped during COVID-19



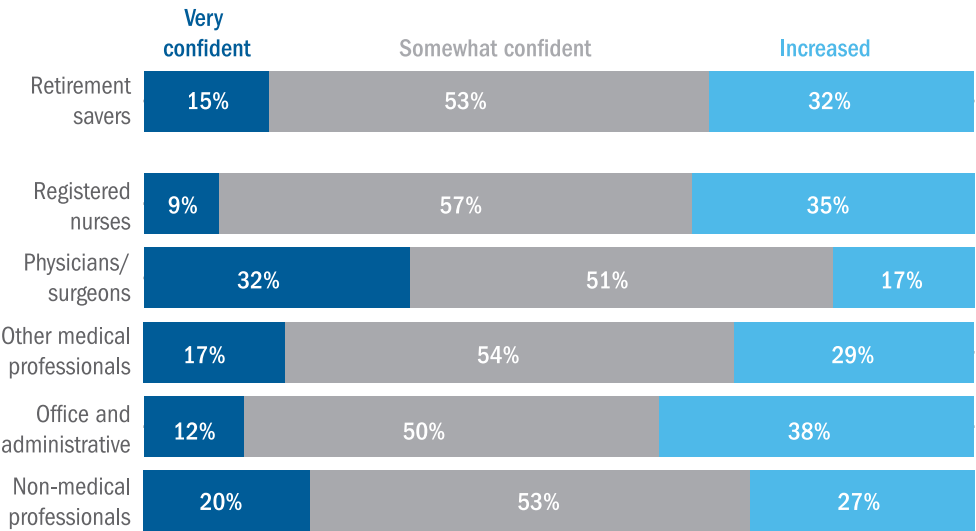
Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Overall, the percentage of retirement savers in the healthcare sector who are not too or not at all confident that they are saving an adequate amount is double the percentage who are very confident, 32% compared to 15% (Figure 5). Retirement savings confidence tends to be highest among physicians and surgeons where the

opposite holds, i.e., the percentage very confident (32%) is almost double those who are not confident (17%). Pre-pandemic, 30% of retirement savers in the sector were very confident that they were saving an adequate amount for retirement and 19% were not confident.

Figure 5. Retirement savings confidence

One-third of savers are not confident that they are saving an adequate amount for retirement.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

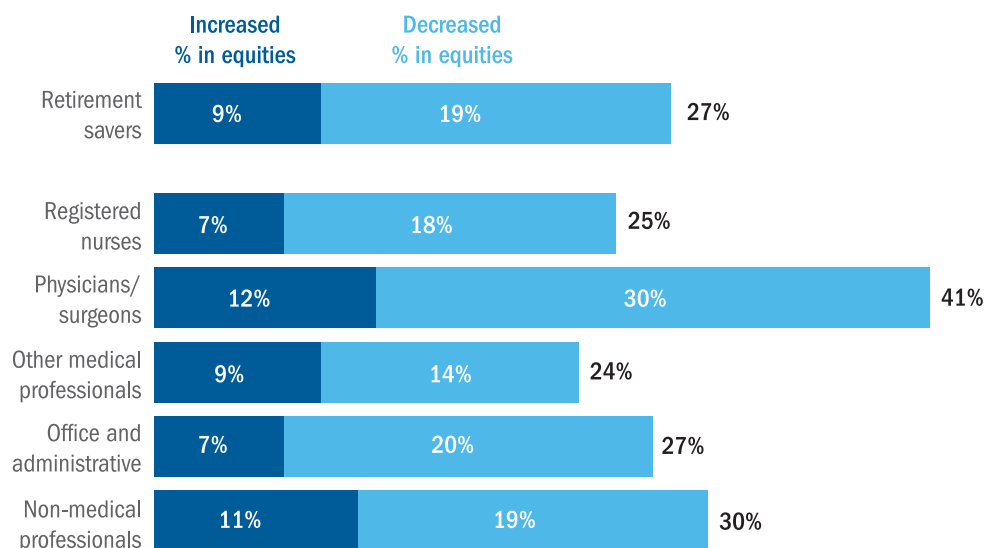
Investment of retirement savings

Similar dynamics exist with investing retirement savings. Almost 30% of retirement savers have changed the investment of their savings since the onset of COVID-19, with 19% decreasing their equity exposure and 9% increasing it (Figure 6). This is likely in response to volatility in financial markets over this period with significant losses in various sectors. Physicians and surgeons are by far the most likely to have changed

their retirement investments—30% increased and 12% decreased their equity exposure. While younger and older savers were equally likely to change investment allocation, younger individuals were more likely to increase their equity exposure and older individuals were more likely to decrease it.

Figure 6. Retirement investing

Almost 30% of retirement savers have changed the investment of their savings since the onset of COVID-19.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

At the same time, 26% of retirement savers in the healthcare sector have become less confident that their savings is invested appropriately (Figure 7). This is most common among those who decreased their equity exposure, 46% of whom experienced a decrease in their investment confidence. It appears that many recognize, at least implicitly, that they are market timing by selling equity-based investments in the midst of a

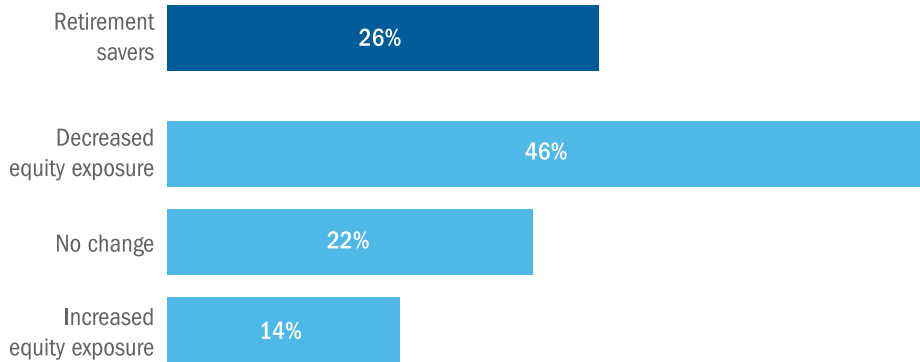
market downturn. By comparison, only 14% of those who increased their equity exposure felt this way.⁵ Across occupational groups, a decrease in retirement investment confidence was most common among physicians and surgeons (33%) and RNs (29%); it was least common among other medical professionals (21%) and office and administrative staff (23%).

⁵ Four percent of retirement savers have become more confident that their retirement savings is invested appropriately. This occurred among 7% of those who decreased their equity exposure, 7% who increased equity exposure and 2% who made no change.

Figure 7. Retirement investment confidence

One-quarter of retirement savers have become less confident that their savings is invested appropriately.

% whose retirement investment confidence has dropped during COVID-19



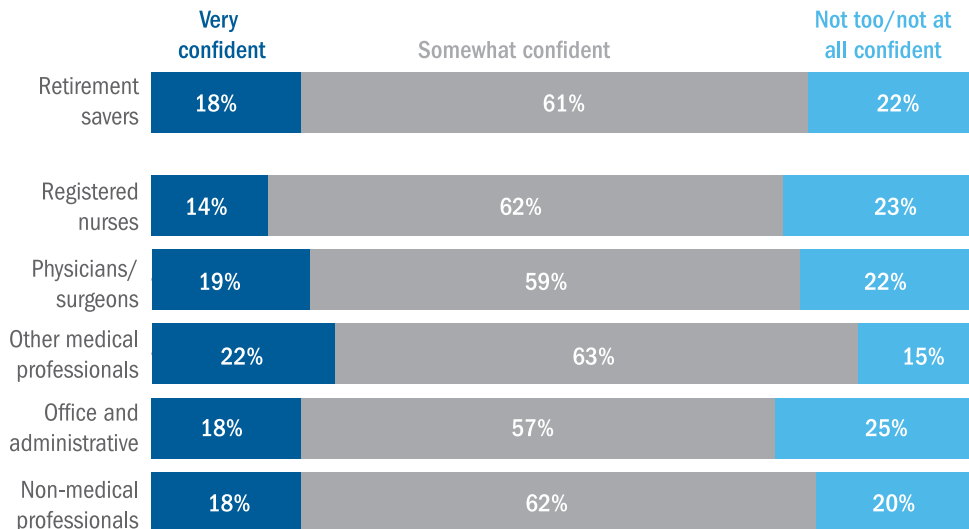
Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

Overall, slightly more retirement savers in the healthcare sector are not too or not at all confident than are very confident that their savings is invested appropriately, 22% and 18%, respectively (Figure 8). By comparison, pre-pandemic, 32% were very confident that their

retirement savings was invested appropriately and 13% were not confident. Other medical professionals is the one occupational group with a greater share of savers who are very confident than not confident.

Figure 8. Retirement investment confidence

Almost equal shares of retirement savers are very confident and not confident that their savings is invested appropriately.



Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

Retirement savings to retirement income

Realizing an adequate and secure income throughout retirement involves appropriate decumulation of savings during retirement. Decumulation is intrinsically difficult because of uncertainty regarding important factors, in particular, the lifespan of a retiree (and a spouse or partner) and the rate of return savings will earn during retirement. Decumulation decision making is particularly important for those who will not receive benefits from a DB plan; they must draw on accumulated savings to produce an income stream analogous in some sense to benefit payments from a DB plan. With that said, even

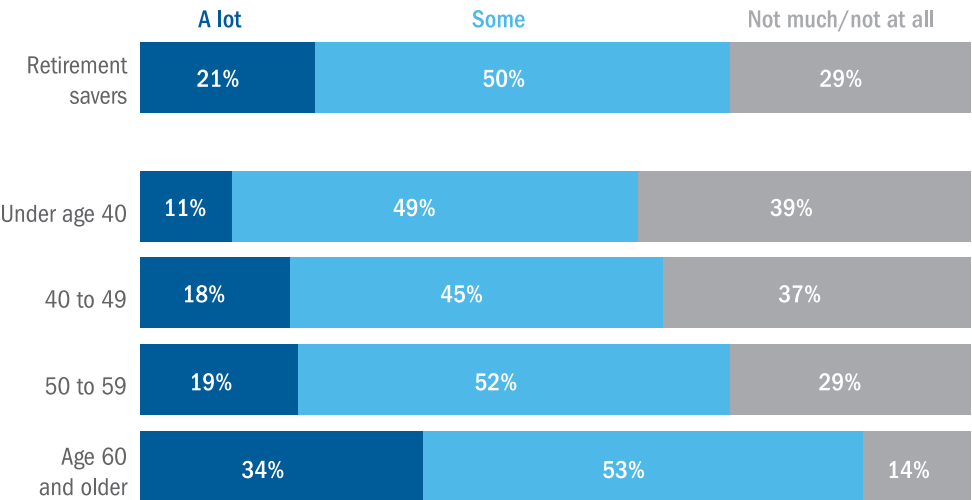
DB participants must decide when and how to draw from retirement savings.

Relatively few (21%) retirement savers in the healthcare sector have thought a lot about how they will manage their savings in retirement and draw income from it (Figure 9). In fact, 29% have given it little, if any, consideration. Even among retirement savers age 60 and older, only one-third have thought a lot about decumulation; approximately one-half have thought about it some.

Figure 9. Converting savings to income

Almost 30% of retirement savers have thought little, if at all, about how to draw income from savings during retirement.

To what degree have you considered how you will manage your savings in retirement and draw income from it?



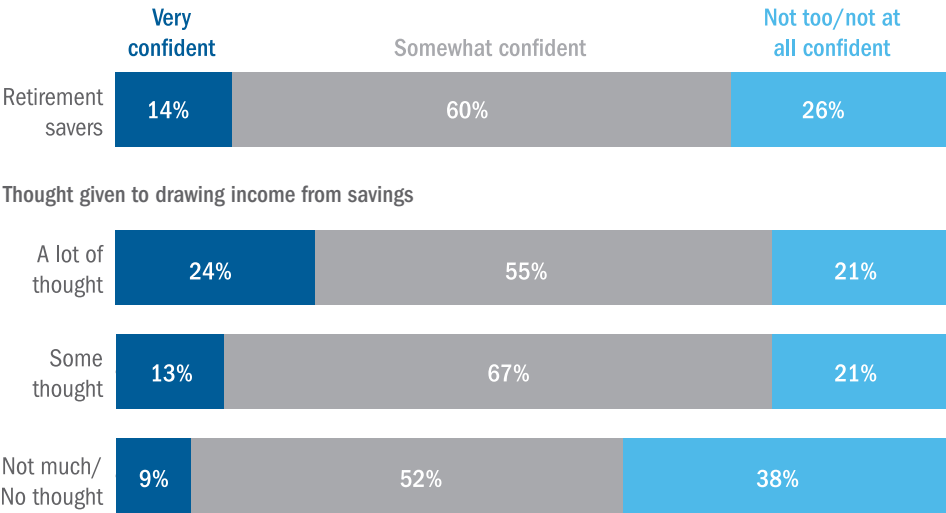
Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

A lack of confidence among retirement savers about choosing the best way to draw income from their saving during retirement is not surprising given this lack of consideration. Fourteen percent are very confident in this regard, while 26% are not too or not at all confident (Figure 10). The relationship between consideration and confidence is readily apparent—9% of those who have thought little if at all about decumulation are very confident about making the best choice compared with

24% of those who have thought about it a lot. Even among the latter, however, 21% are not confident about making the best choice, reflecting the difficulty this issue poses. Confidence in this realm tends to be lowest among RNs (only 11% are very confident) and office and administrative staff (31% are not too or not at all confident). Among those age 60 and older, 20% are very confident, while 19% are not confident.

Figure 10. Converting savings to income

One-quarter of savers are not confident that they will choose the best way to draw income from their savings during retirement.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Annuitization

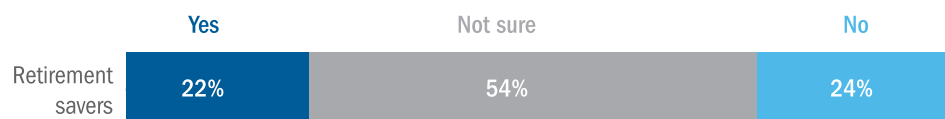
Annuitization is the one means to convert savings into a stream of income guaranteed to last for the remainder of an individual’s life (and that of a spouse or partner, as well). The majority (54%) of healthcare sector retirement savers are unsure whether or not they will convert some of their retirement savings into a payout annuity to provide income during retirement, while 22% expect to do

so and 24% do not (Figure 11). Among those who have thought little if at all about drawing income from their retirement savings, 17% think they will annuitize some savings, while 24% do not. By comparison, among those who have considered decumulation a lot, 29% expect to annuitize, but an equal percentage do not and the largest share (42%) remain unsure.

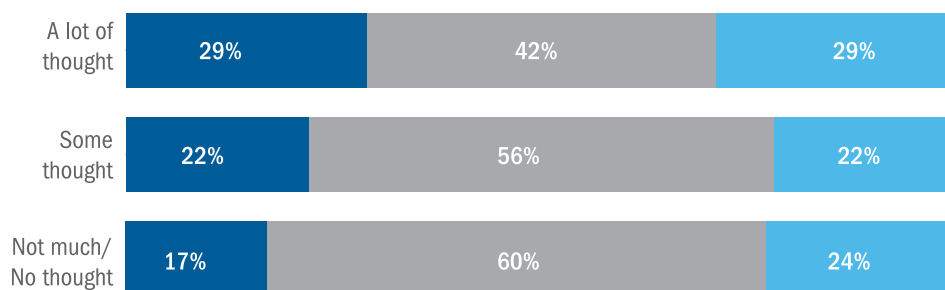
Figure 11. Converting savings to income

Most retirement savers are unsure whether or not they will annuitize any of their savings.

Do you think you will convert some of your retirement savings into a payout annuity to provide income during retirement?



Thought given to drawing income from savings



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Among retirement savers age 60 and older, 29% think that they will annuitize some of their retirement savings while an almost identical percentage (26%) do not expect to annuitize. Annuitization appears least likely among physicians and surgeons as well as non-medical professionals; one-third of each group do not think that they will annuitize any of their retirement savings.

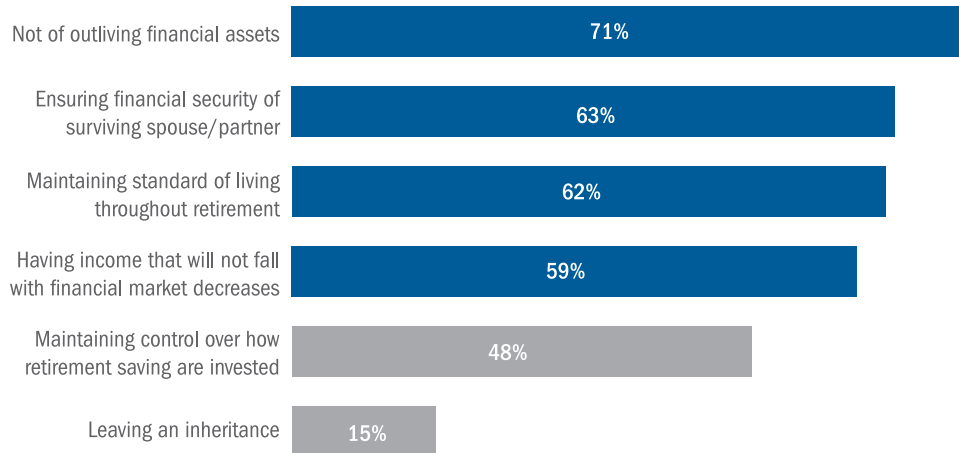
The lack of intention to annuitize, or uncertainty about doing so, reveals a disconnect among retirement savers given that annuitization addresses their top priorities for

managing personal finances during retirement (Figure 12). Seventy-one percent rated “not outliving financial assets” as a high financial priority for their retirement; this is exactly the outcome that annuitization insures against. Likewise, the next three highest priorities—ensuring the financial security of a surviving spouse, maintaining one’s standard of living, and having income that will not fall with financial market decreases—can all be addressed through annuitization.

Figure 12. Financial priorities in retirement

Annuity would address top priorities among retirement savers for managing personal finances during retirement.

% ranking item as high priority



Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

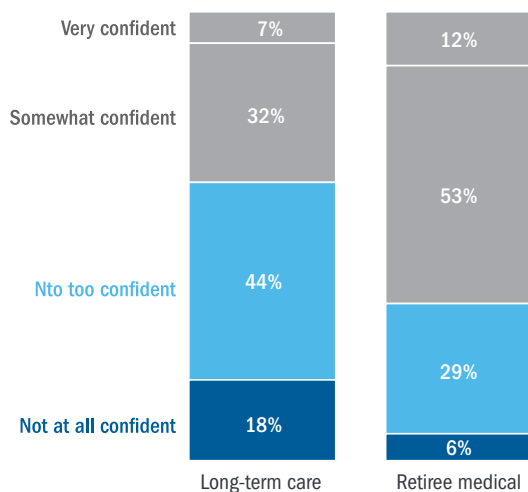
Retiree medical and long-term care

Concern about covering out-of-pocket medical expenses during retirement, as well as concern over the expense of long-term care if needed, weigh on healthcare sector workers. The potential magnitude of such expenses and inherent uncertainty regarding future health status likely

underlie these concerns. Thirty-five percent of healthcare employees are not confident that they will have enough money to take care of out-of-pocket medical expenses, such as premiums, co-payments and deductibles, during retirement; 62% are not confident about their ability to pay for long-term care if needed (Figure 13).

Figure 13. Retiree medical and long-term care

Many lack confidence about having enough money for medical expenses during retirement and for long-term care if needed.



Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

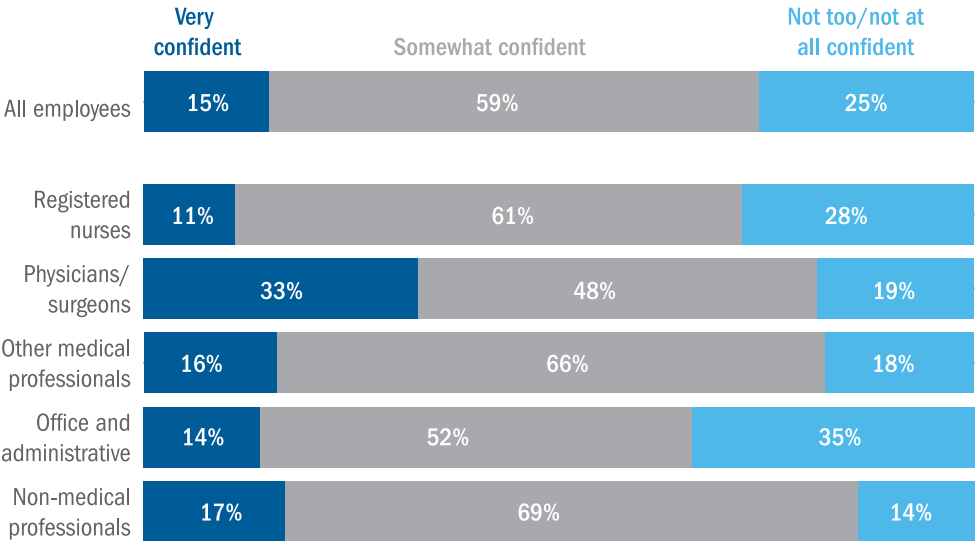
A lack of confidence regarding medical expenses in retirement is most common among RNs and office and administrative staff; 39% and 42%, respectively, are not confident in this regard. Similarly, a lack of confidence about one's ability to pay for long-term care if needed is most common among these two occupations along with non-medical professionals; approximately two-thirds of each group are not confident in this regard.

Overall retirement income confidence

One-quarter of healthcare sector employees are not too or not at all confident overall that they will have enough money to live comfortably throughout their retirement years; 15% are very confident and 59% are somewhat confident in this regard (Figure 14). Confidence is greatest among physicians and surgeons, 33% of whom are very confident. Confidence appears lowest among office and administrative staff and RNs; 35% of the former are not confident, as are 28% of the latter.

Figure 14. Overall retirement income confidence

One-quarter of healthcare workers are not confident that they will have enough money for a comfortable retirement.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

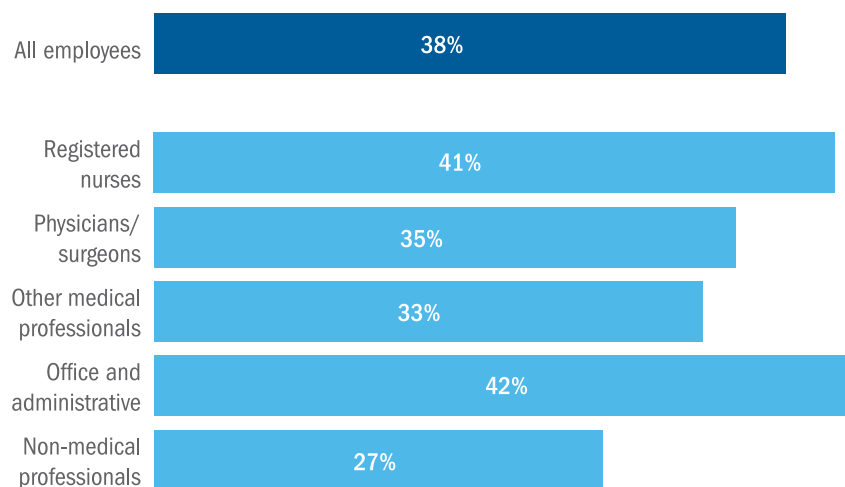
These figures reflect a sizeable decrease in retirement income confidence that has occurred since the onset of COVID-19, as pre-pandemic 38% of healthcare workers were very confident in their retirement income prospects and 11% were not confident. Over this period, almost 40% of healthcare workers have become less confident that

they will have enough money for a comfortable retirement (Figure 15). Decreases in confidence are most common among occupations where confidence is lowest—over 40% of both office and administrative staff and RNs have experienced a drop in their retirement income confidence.

Figure 15. Overall retirement income confidence

Almost 40% of healthcare workers have become less confident that they will have enough money for a comfortable retirement.

% whose retirement income confidence has dropped during COVID-19



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

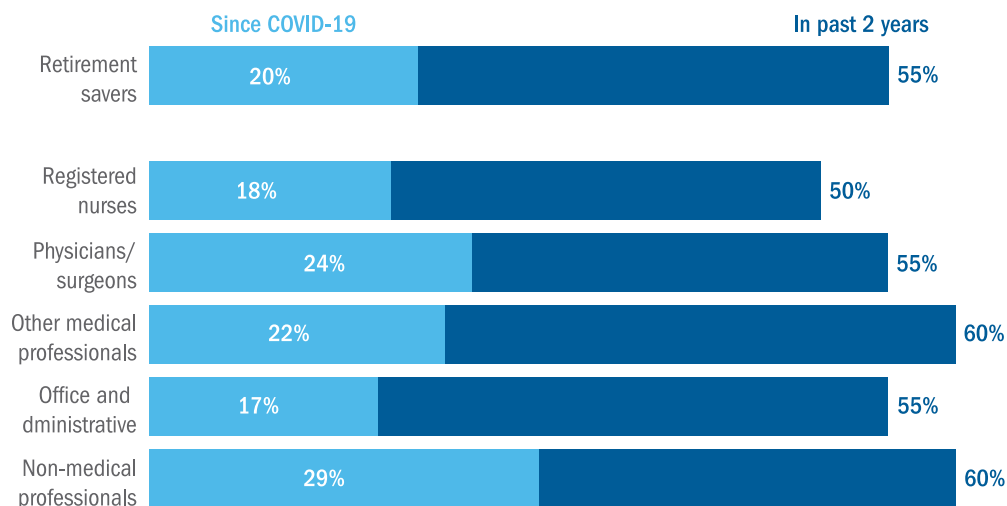
Retirement planning advice

Over one-half of retirement savers in the healthcare sector have received retirement planning advice from a professional financial advisor or advisory service within the past two years (Figure 16). One-third of these, or 20% of all savers, have received such advice since the onset of COVID-19. In addition, many retirement savers

who have not received retirement planning advice within the past two years are interested in doing so—12% are very interested and 43% are somewhat interested. There is relatively little difference across occupations in the receipt of advice, though RNs appear least likely to have done so. With that said, two-thirds of RNs who have not received advice are at least somewhat interested in doing so.

Figure 16. Advice

Over one-half of retirement savers have recently received professional advice on planning and saving for retirement.



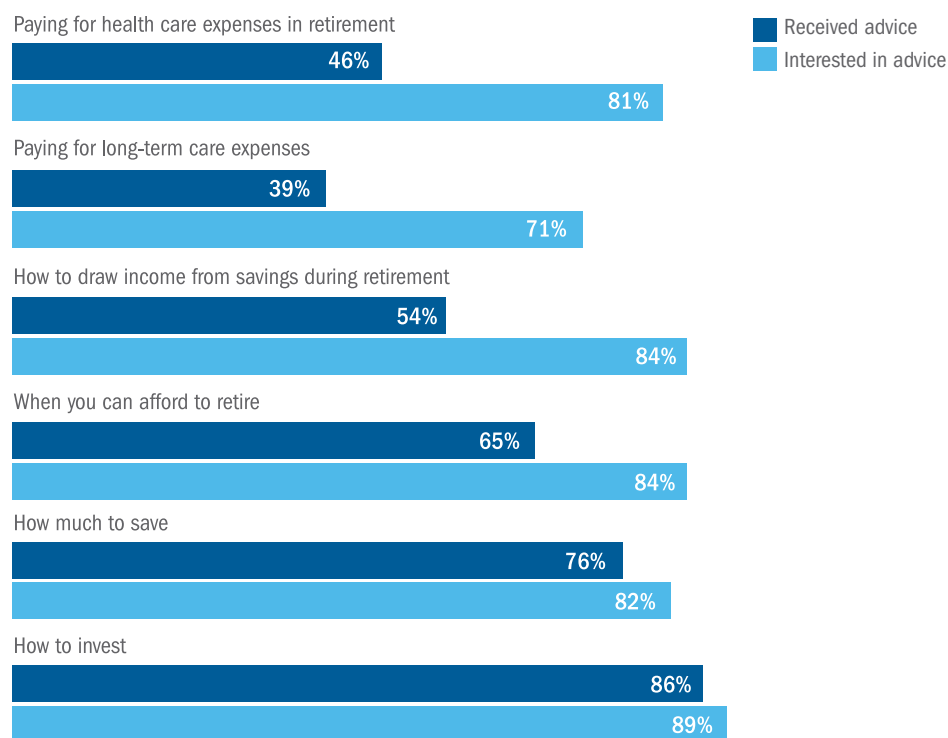
Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Topics previously identified as particular concerns among healthcare workers—how to draw income from savings during retirement, covering healthcare expenses in retirement and covering long-term care expenses—are topics on which advice is least likely to have been received (Figure 17). At the same time, there is significant interest in advice on these topics, specifically, among those interested in advice who have

not received it. For example, while 54% of advisees have received advice on drawing income from savings, 84% of those interested in advice are interested in this topic—a difference of 30 percentage points. The analogous differences for covering healthcare expenses in retirement and covering long-term care expenses are just as large at 35 and 32 percentage points, respectively.

Figure 17. Advice

High interest in topics not typically covered by advice.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Timing of retirement

One-third of healthcare workers age 50 and older have experienced a change in their expected retirement age since the onset of COVID-19, with increases in expected retirement age five times as common as decreases—29% now expect to retire

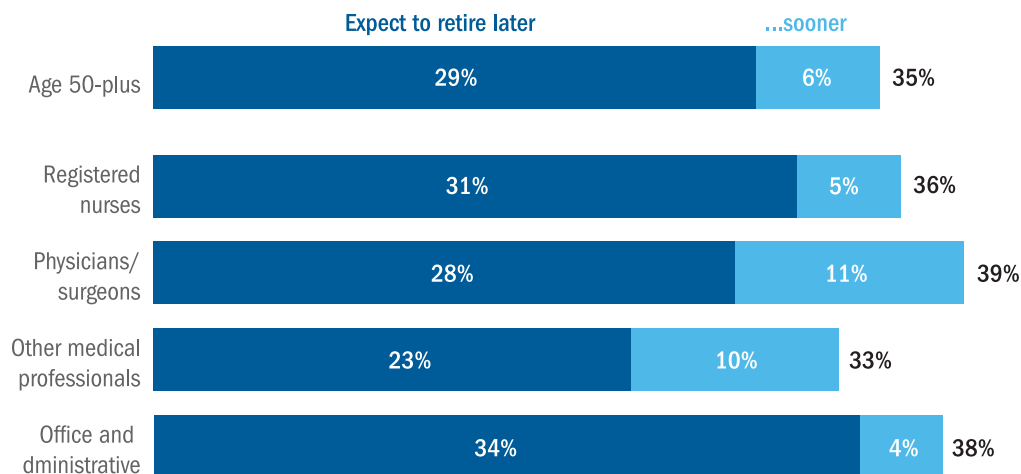
later, while 6% expect to retire sooner (Figure 18). A decrease in expected retirement age is most common among physicians and surgeons and other medical professionals, but in both groups the percentage expecting to retire later is still more than double that expecting to retire sooner.⁶

⁶ Separate figures are not presented for non-medical professionals due to the small sample size of those age 50 and older.

Figure 18. Timing of retirement

Expected retirement age has changed among one-third of healthcare workers since onset of COVID-19.

Among those age 50 and older



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Forty-five percent of healthcare workers age 50 and older now expect to work past age 67 and 12% expect to work until at least age 75 (Figure 19).⁷ This is most common among physicians and surgeons—55% expect to work past age 67, with 19% expecting to work until at least age 75. However, not all healthcare workers expecting to work past age 67 want to do so—43% would prefer instead to retire by age 67. Not surprisingly,

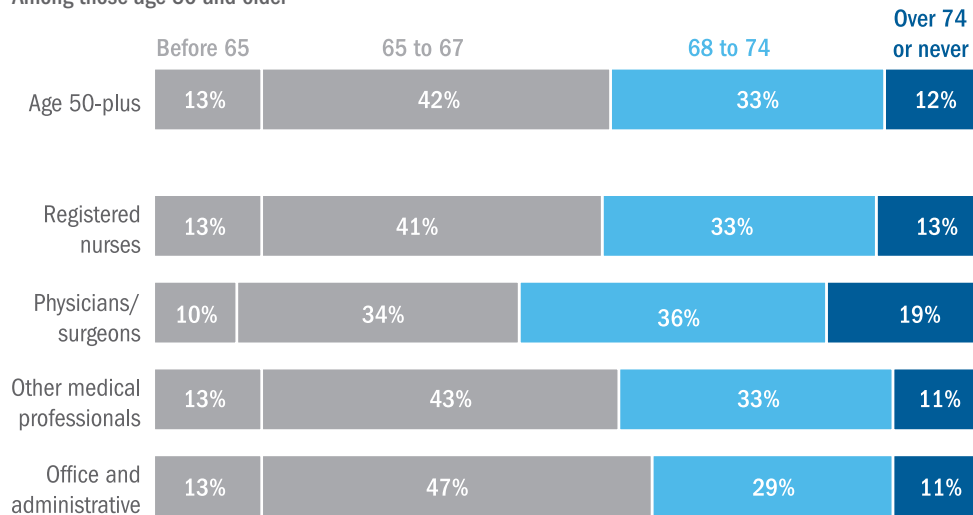
the major reasons why they expect to work past 67 differ fundamentally from those who have worked or want to work past 67 (Figure 20). Those preferring to retire by age 67 typically cite financial issues—needing the money and maintaining health insurance—as major reasons for expecting to work longer. Among those who want to work past age 67 or have already done so, the reasons most often cited as major are remaining effective at work and enjoying work.

⁷ This includes the 3% of employees already older than age 67.

Figure 19. Timing of retirement

Almost one-half of healthcare workers expect to retire after age 67.

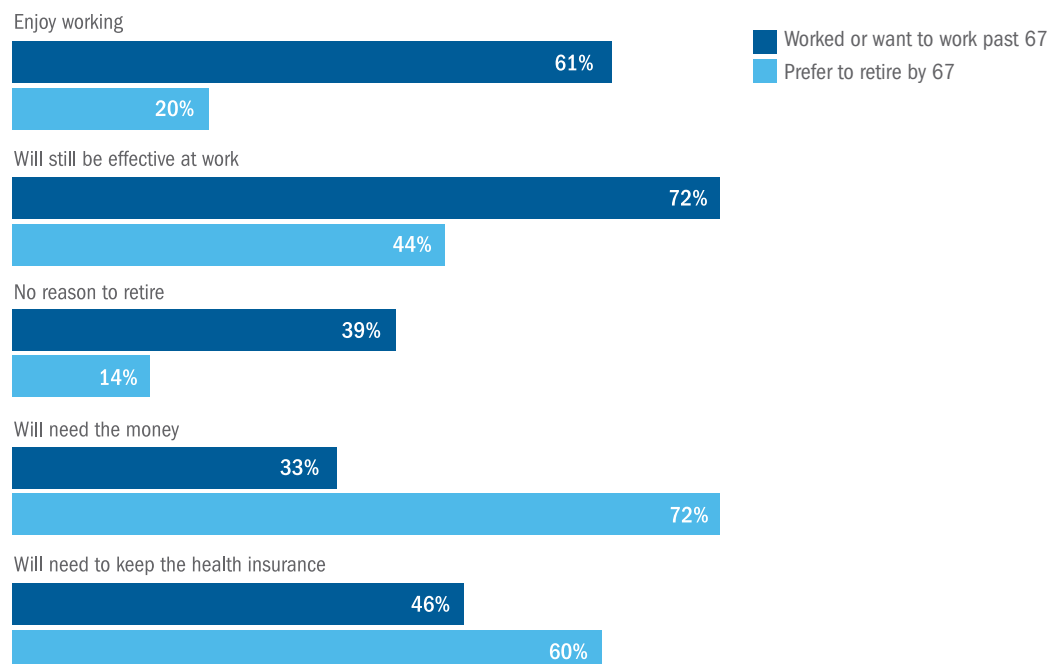
Among those age 50 and older



Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

Figure 20. Retirement after age 67

% citing as major reason for working or expecting to work past age 67



Source: Healthcare Sector Financial Wellness Survey, TIAA Institute (2020).

Debt in the healthcare workforce

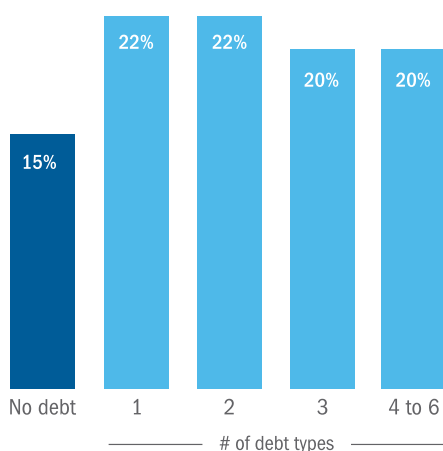
As with U.S. adults in general, debt is ubiquitous among healthcare workers—84% carry some form of debt and more carry 4-6 sources of debt than carry no debt (20%

and 15%, respectively) (Figure 21). Not surprisingly, some individuals (13%) have taken on new debt because of financial hardship resulting from COVID-19 and its economic consequences.⁸

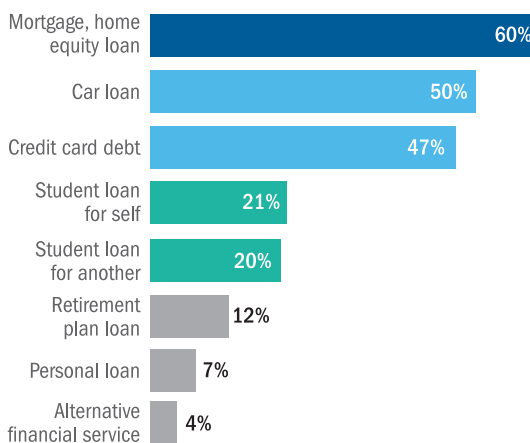
Figure 21. Debt

Eighty-four percent of healthcare workers carry debt.

% with number of debt types



% with each type of debt



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Sixty percent of healthcare workers carry housing debt, i.e., a mortgage, home equity loan, or both (Figure 21). Car loans and credit card debt are each carried by approximately 50%. Thirty-two percent of healthcare workers have outstanding student loans—21% for

themselves and 20% for a spouse, partner, child or other family member. There is essentially no occupational variation in frequency of student loan debt as this figure ranges from 30% to 33% across occupational groups.

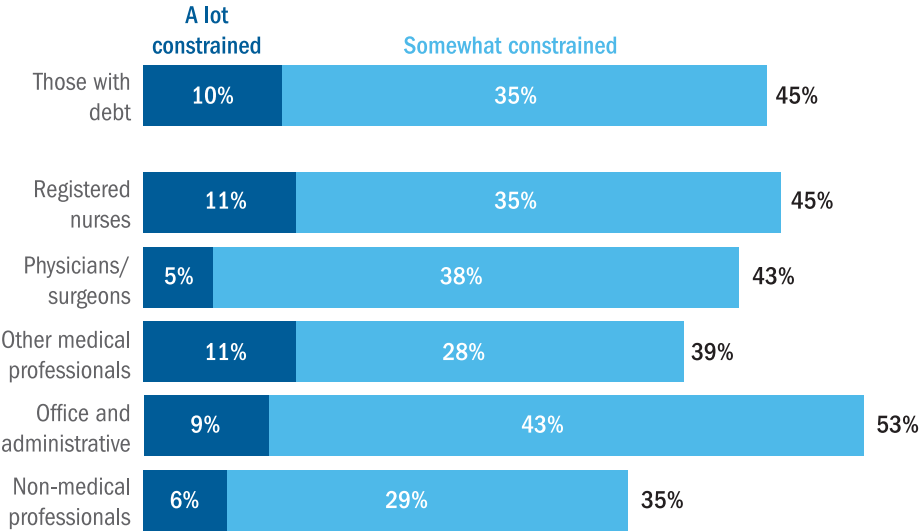
⁸ Three percent of retirement savers have taken a loan from a retirement savings account because of financial hardship resulting from COVID-19, while 6% have made a withdrawal.

Forty-five percent of healthcare workers carrying debt are debt constrained, i.e., their level of debt and debt payments prevent them from adequately addressing other financial priorities (Figure 22).⁹ Debt constraint is most common among office and administrative staff

(53%). Student loans disproportionately affect debt constraint. Sixty-four percent of those with student loan debt are debt constrained compared with 34% of those with debt but no student loans.

Figure 22. Debt constraint

Almost one-half of those with debt cannot adequately address other financial priorities because of it.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

Non-retirement saving

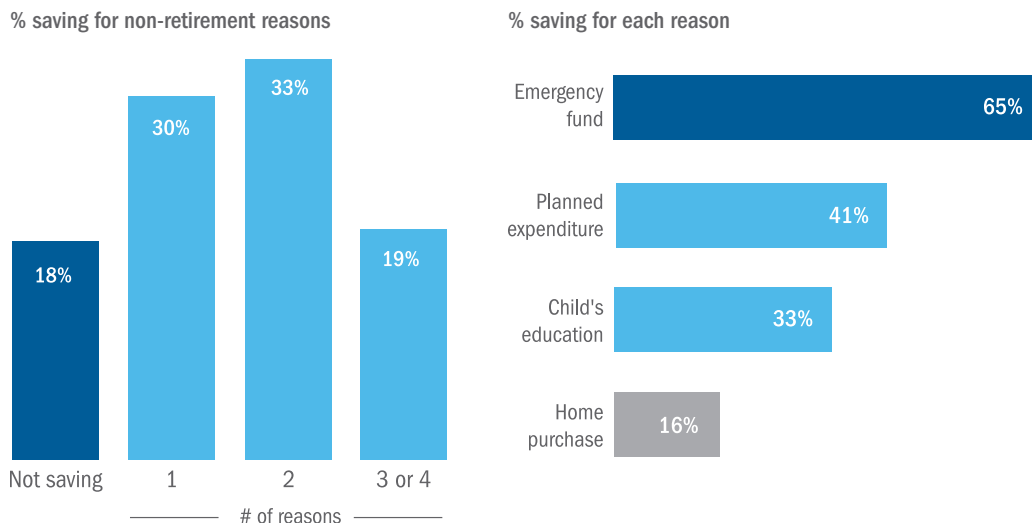
Over 80% of healthcare workers are saving for a non-retirement reason (Figure 23). Two-thirds are saving to build an emergency fund. This is the most common non-retirement saving reason across occupations and age groups. Three-quarters of healthcare workers report that prior to the onset of COVID-19 they had non-retirement

savings that could cover expenses in case of sickness, job loss, economic downturn or other emergencies. Emergency savings was least common among RNs and office and administrative staff, nonetheless over 70% of each had such savings. One-third of those with emergency savings have used at least some of it since the onset of COVID-19, with 7% using all or most of it.

⁹ Twelve percent of those carrying debt have missed or been late with loan payments, including credit cards, because of financial hardship resulting from COVID-19 and its economic consequences.

Figure 23. Non-retirement saving

Over 80% of healthcare workers are saving for a non-retirement reason.



Source: *Healthcare Sector Financial Wellness Survey*, TIAA Institute (2020).

A large expenditure planned within the next two years is the second most common (41%) non-retirement reason for saving among healthcare workers. In addition, one-third are saving for a child's education, while 16% are saving for a home purchase. Saving for a home purchase is most prevalent among those under age 40 (32%). Saving for a child's education is most prevalent among those in their forties (58%).

Discussion

The COVID-19 pandemic and its economic consequences have clearly impacted the financial well-being of many Americans, including those working in the healthcare sector. Approximately one-half of those who work in the sector report a decrease in their financial well-being since the onset of COVID-19 and only 46% of these expect any improvement over the next year.

The personal finance ramifications of COVID-19 manifest along various dimensions for employees in the healthcare sector.

- Three-quarters of sector employees had emergency savings prior to COVID-19, meaning that one-quarter did not have a financial buffer if needed. One-third of those with emergency savings have used at least some of it since the onset of COVID-19. Two-thirds of sector employees are currently saving to build an emergency fund.
- Eighty-four percent of healthcare sector employees carry debt. Thirteen percent have taken on new debt and 12% have missed or made late loan payments because of financial hardship resulting from COVID-19 and its economic consequences. In addition, 3% of retirement savers have taken a loan from a retirement savings account and 6% have made a withdrawal because of financial hardship resulting from COVID-19. Almost one-half of those with debt consider themselves debt constrained; this figure is 64% among those with student loan debt.
- Many healthcare workers have made changes to their retirement saving and investments since the onset of COVID-19—23% of retirement savers have decreased the amount they are saving and 27% have changed

their investment allocations (19% decreased equity exposure, 9% increased it). Despite these changes, or maybe in part because of them, 38% have become less confident that they will have enough money to live comfortably throughout retirement.

- One-third of healthcare workers age 50 and older have experienced a change in their expected retirement age since the onset of COVID-19—29% now expect to retire later, while 6% expect to retire sooner. Forty-five percent of those age 50 and older expect to work past age 67, however, 43% of these would prefer instead to retire by then. Financial issues are typically cited as major reasons why they do not expect this to happen.

Additional issues related to retirement readiness concern many workers in the healthcare sector as well.

- Relatively few (21%) retirement savers have thought a lot about how they will manage their savings for income during retirement. Even among those age 60 and older, only one-third have given it a lot of consideration. A lack of confidence in choosing the best way to draw retirement income from retirement saving is not surprising, therefore. Fourteen percent are very confident in this regard, while 26% are not too or not at all confident. Among those age 60 and older, 20% are very confident, while 19% are not confident. While annuitization would address healthcare workers' top financial priorities for managing personal finances during retirement, only 22% think they will annuitize any of their retirement savings; 54% are not sure.

- Thirty-five percent of healthcare employees are not confident that they will have enough money to take care of out-of-pocket medical expenses during retirement; 62% are not confident about their ability to pay for long-term care if needed. The potential magnitude of such expenses and inherent uncertainty about future health status likely underlie these concerns.

Employers, including those in the healthcare sector, are increasingly focused on employee financial wellness. This has manifested itself in the emergence and growth of employer-sponsored financial wellness programs that are holistic in scope, i.e., they address conventional personal finance issues, such as retirement readiness, as well as other elements of household finances. The findings discussed here highlight areas on which to focus as the United States eventually moves forward from the pandemic and its economic consequences. In the realm of retirement readiness, this includes managing retirement savings for retirement income and preparing for retiree medical care and potential long-term care expenses. In the realm of broader household finances, this includes debt management, with a particular focus on student loan debt, and creating financial resiliency through accumulation of adequate emergency savings.

About the author

Paul Yakoboski is a senior economist with the TIAA Institute. His research agenda focuses on financial literacy and wellness, retirement saving and investing, the retirement decision and asset management during retirement. Yakoboski also conducts research on workforce issues in the higher education and non-profit sectors. He leads the Institute's survey research program and is director of the Institute's Fellows Program.

Prior to joining the TIAA Institute, Yakoboski held positions as Director, Policy Research for the American Council of Life Insurers, Senior Research Associate with the Employee Benefit Research Institute and Senior Economist with the U.S. Government Accountability Office. He previously served as Director of Research for the American Savings Education Council and was an adjunct instructor at Nazareth College.

Yakoboski is a member of the American Economic Association and the National Academy of Social Insurance. He also serves on the board of the *Journal of Retirement*, the editorial advisory board of *Benefits Quarterly* and the Society of Actuaries' Committee on Post-Retirement Needs and Risks. Yakoboski earned his Ph.D. and M.A. in economics from the University of Rochester and his B.S. in economics from Virginia Tech.

About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions in the nonprofit sector, in particular, higher education and healthcare, 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.