

Financial Impacts of the COVID-19 Pandemic Undermine Women's Retirement Security

New report examines the retirement prospects and risks for women workers

LOS ANGELES – October 29, 2021 – More than half of working women (51 percent) indicate their financial situation has been negatively impacted by the pandemic, according to [*Life in the COVID-19 Pandemic: Women's Health, Finances, and Retirement Outlook*](#), a study released today by nonprofit Transamerica Center for Retirement Studies® (TCRS) in collaboration with Transamerica Institute®.

As part of TCRS' *21st Annual Retirement Survey of Workers*, one of the largest and longest-running surveys of its kind, the new study examines the retirement outlook of women in the workforce. It is based on a survey of employed workers conducted in late 2020 and contains recommendations for women, employers, and policymakers to improve retirement security.

"Despite progress made in recent decades, women continue to be at greater risk of not achieving a financially secure retirement than men, in large part due to the gender pay gap and time out of the workforce for parenting and caregiving," said Catherine Collinson, CEO and president of Transamerica Institute and TCRS. "Amid the pandemic, many women have been stretched beyond their limits, balancing work and family. Given these pressures, some have given up their employment and dropped out of the workforce altogether."

The Financial Well-Being of Women Workers

The survey findings illustrate the experience of women workers amid the pandemic and their financial stress.

- **Forty-two percent of women workers experienced one or more impacts to their employment as a result of the pandemic**, including reduced work hours (28 percent), reduced salaries (13 percent), furloughs (9 percent), layoffs (8 percent), and/or early retirement (3 percent).
- **Six in 10 made adjustments due to pandemic-related financial strain (60 percent)**, such as reducing day-to-day expenses (35 percent), dipping into savings accounts (25 percent), and/or accumulating new credit card debt (17 percent). Approximately one in eight women skipped health care (13 percent), borrowed money from others (13 percent), and reduced or stopped contributing to retirement accounts (12 percent).
- **Sixty-two percent cite paying off some form of debt as a financial priority**. Other financial priorities include saving for retirement (56 percent), building emergency savings (46 percent), and just getting by to cover basic living expenses (32 percent).
- **Almost four in 10 say they are having trouble making ends meet (38 percent)** — and 42 percent often feel anxious and depressed.
- **Emergency savings are low**. Women have only \$4,000 (median) in emergency savings. Emergency savings increase with age: Generation Z women have saved \$800, Millennials have saved \$2,000, Generation X has saved \$5,000, and Baby Boomers have saved \$7,000 (medians).

Women's Retirement Expectations, Preparations, and Insecurity

"Amid the formidable challenges and setbacks of the pandemic, women continue to have big dreams and are focused on their future retirement. However, despite their efforts, many are not saving enough to be able to enjoy a comfortable lifestyle in retirement," Collinson said. The survey findings illustrate women workers' expectations and risks.

- **Traveling is the most often cited retirement dream among women workers (66 percent)**, followed by spending more time with family and friends (60 percent), and pursuing hobbies (46 percent). For some, retirement dreams include working (32 percent), volunteering (28 percent), and taking care of their grandchildren (21 percent).

- **More than three in four are saving for retirement (77 percent)** through employer-sponsored plans (e.g., 401(k) or similar plans) and/or outside the workplace (e.g., in IRAs, mutual funds, or bank account). Among those who are saving, women started saving at age 28 (median).
- **Some are taking loans and early withdrawals from retirement accounts.** Twenty-seven percent of women have taken a loan, early withdrawal, and/or hardship withdrawal from their 401(k) or similar plan or IRA at some point, including 19 percent who have taken a loan and 19 percent who have taken an early and/or hardship withdrawal.
- **Many expect their primary source of retirement income to be self-funded savings from 401(k)/403(b)/IRAs and or other savings and investments (47 percent).** Twenty-seven percent of women workers expect to rely primarily on Social Security and 15 percent on income from working.
- **Household retirement savings are alarmingly low.** Women workers have saved only \$57,000 (estimated median) in all household retirement accounts. Retirement savings increase with age: Generation Z women have saved \$5,000, Millennials have saved \$42,000, Generation X has saved \$66,000, and Baby Boomers have saved \$134,000 (estimated medians).
- **Fifty-five percent expect to work past age 65 or do not plan to retire** – and 53 percent plan to continue working at least part-time in retirement. Eighty-three percent of these women workers cite financial reasons for planning to do so, while almost as many (77 percent) cite healthy aging-related reasons.
- **Less than one in five are “very” confident that they will be able to fully retire with a comfortable lifestyle (18 percent).** Moreover, 18 percent of women workers indicate their retirement confidence has declined as a result of the pandemic.

How Women Can Improve Their Long-Term Financial Security

“Preparing for retirement involves having a complete picture of your finances and goals. It also requires safeguarding one’s health and employability. The cumulative effect of daily actions and small steps over a long working career can profoundly influence a woman’s ability to retire comfortably,” Collinson said. The survey findings illustrate ways that women can take greater control over their finances and future retirement.

- **Create a personal financial plan.** Budgeting, prioritizing expenses, setting short- and long-term goals, and developing a retirement strategy are important steps in improving fiscal health. Fewer than one in four women (24 percent) have a written financial strategy for retirement.
- **Be proactive about staying employable.** When asked if they have taken any steps to ensure they will be able to continue working as long as they want and need, 61 percent of women workers are focused on staying healthy so they can continue working, but only 48 percent say they are keeping their job skills up to date. Even fewer are networking and meeting new people (25 percent), taking classes to learn new skills (22 percent), or scoping out the employment market and opportunities available (17 percent).
- **Start a dialogue about the importance of financial literacy and retirement planning.** Only 17 percent of women frequently discuss saving, investing, and planning for retirement with family and close friends.
- **Safeguard your health.** Amid the pandemic, it is more important than ever to protect one’s health. When asked about healthy activities they do on a consistent basis, many women workers say they are eating healthy (57 percent) and exercising regularly (53 percent), but fewer than half are getting plenty of rest (49 percent), seeking medical attention when needed (44 percent), or managing stress (40 percent).

“While women are doing their part by saving and investing for retirement, concerted actions are also needed from policymakers and employers to address structural issues, bridge inequalities, ensure equal pay and benefits, and ultimately promote their retirement security,” said Collinson.

TCRS’ publication of this report [Life in the COVID-19 Pandemic: Women’s Health, Finances, and Retirement Outlook](#) coincides with the 25th Anniversary Symposium of the [Women’s Institute for a Secure Retirement \(WISER\)](#). Transamerica Institute and TCRS commend WISER for its outstanding accomplishments and extraordinary efforts in advancing women.

Since 2006, TCRS has published research reports and conducted outreach campaigns focused on women as part of its annual retirement survey.

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About the 21st Annual Transamerica Retirement Survey

The analysis contained in [*Life in the COVID-19 Pandemic: Women's Health, Finances, and Retirement Outlook*](#) was prepared internally by the research team at Transamerica Institute (TI) and TCRS. The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of TI and TCRS between November 17 and December 29, 2020 among a nationally representative sample of more than 10,000 adults. The data in this report is shown for a subsample of 3,109 workers in for-profit companies of one or more employees, comprising 1,352 women and 1,722 men. Results were weighted where necessary to bring them into line 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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