

IMPACT TO SENIORS AND RETIREMENT PLANS

Research Summary and Implications

For most “Baby Boomers” who are not yet retired, the COVID-19 pandemic will have an impact on their retirement plans. Late Boomers (those born between 1957-1964) in particular who have already lived through several economic downturns, including the Great Recession of 2008, were already set–prior to COVID-19–to have saved less for retirement than those before them.

With recent layoffs and furloughs impacting immediate income and the ability to continue to save, those who are not well prepared are more likely to start dipping into retirement funds and/or their Social Security benefits far sooner than expected. These individuals also are less likely to find jobs comparable to those they lost; and if they do, it could take months to do so.

Seniors 65+ who were let go as a result of the COVID-19 outbreak likely are signing up for Medicare for the first time. They would have delayed this transition while they were still covered by their employer’s insurance; however, now they will find it important to maintain health coverage during this uncertain time.

Because of the quick nature of this change and the overwhelming amount of information available, more questions are likely to arise regarding the steps required to secure Medicare coverage due to loss of employer coverage.

Health Plans should provide clear and concise content that instructs potential Medicare members of the steps required to apply for coverage and considerations they should be aware of.

Other ways to provide value is outreach to current members in order to cultivate connections and generate goodwill, which will increase the likelihood of retention come AEP.

Late Boomers who are under the age of 65 and were not yet ready to retire are most likely planning to delay retirement further if possible. This will largely depend on job status and level of financial comfort.

Health Insurers should plan to take this into account when considering enrollment goals and projections for the remainder of 2020 and into 2021.



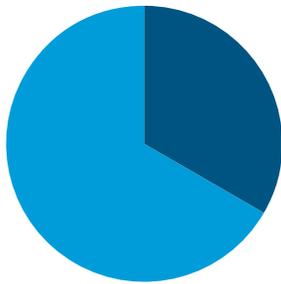
Summary of Key Findings from Research

The shift from traditional pensions that earlier retirees benefited from to individual 401k plans have most retirees and those near retirement age at the whim of the stock market. The recent stock market fluctuations are causing concern.

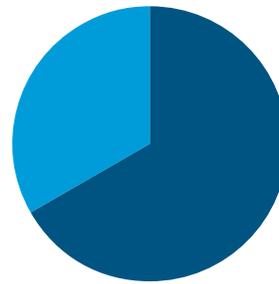
43%

of seniors report being “concerned” or “very concerned” about their finances and their adult children are “concerned” or “very concerned” for their parents.

Most seniors and their children report being “comfortable” or “very comfortable” discussing finances. For both retirement-age adults and their grown children, the cost of healthcare is their chief financial worry, while there is a disconnect between seniors and their adult children when it comes to financial assistance.



Two-thirds of seniors do not expect to need financial support from their adult children.



One-third of adult children expect the need to financially support their parents.

Men 65+ are much less concerned about finances than women, with women being more likely to say running out of money is their primary financial fear.

13%

of respondents who make less than \$50,000 say they are well prepared for retirement.

60%

of high-income respondents say they are prepared for retirement.

1 in 4

low-income respondents report being unprepared, which is more than double the rate in the 65+ group overall.

Many Boomers are still working and plan to stay in the labor force longer, assuming the tanking economy permits it. Younger Boomers (many of whom were impacted by the 2008 Recession and layoffs in their 40s) will fall further behind in terms of saving and preparing for retirement, regardless of whether they maintain their jobs through the anticipated coronavirus recession.

Those who are laid off are more likely to find themselves “retired”—whether they wanted to be or not—because they won’t be able to find work, or are less qualified for available positions, or are unable to earn their previous wages—with each scenario drastically altering their lifestyles.

Stay healthy and stay safe. #btdoingourpart

SOURCES

- *“2020 Report on the Financial Confidence of America’s Seniors and Their Adult Children,” SeniorLiving.org. March 31, 2020.*
- *“8 Ways Coronavirus Will Drastically Alter Boomer Retirement,” Forbes. March 16, 2020.*
- *“Boomers, retirement at financial risk in coronavirus downturn,” BenefitsPro. 2020.*