

31 Million Have Withdrawn, Plan to Withdraw from Retirement Savings Due to COVID-19

Loss of income is the biggest reason why adults are contributing less

New York – May 27, 2020 – Thirty-one million, or more than a quarter (27%) of working or recently unemployed adults (i.e., since January 1, 2020) with retirement savings, have tapped into (14%) or plan to use (13%) their retirement funds as an immediate source of income because of the coronavirus pandemic, according to a new survey by Bankrate.com. In fact, of those who are recently unemployed and have retirement savings, half have already withdrawn or plan to do so, compared to 22% of those currently employed. Click here for more information:

<https://www.bankrate.com/surveys/coronavirus-withdrawing-from-retirement-savings/>

Other groups more inclined to dip into their retirement savings include millennials (ages 24-39) and the lowest-income households (\$30,000 or less). One-in-five millennials with retirement savings has already used some as a source of income since the outbreak, compared to 8% of Gen Xers (ages 40-55) and 10% of baby boomers (ages 56-74). Forty-five percent of the lowest-income households with retirement savings have either tapped into or plan to withdraw from their retirement funds early (vs. 30% of households with retirement savings and incomes between \$30,000-\$49,999, 34% of those with incomes of \$50,000-\$79,999, and 17% of those with incomes of \$80,000 or more).

“More than 1 in 4 working or recently unemployed households with retirement savings has either already used some for immediate income or plans to do so, including half among the recently unemployed,” said Bankrate.com chief financial analyst, Greg McBride, CFA. “This is most pronounced among younger households, who may miss out on decades of future compounding if forced to turn to their retirement savings during these trying times.”

Overall, 18% of working or recently unemployed U.S. adults are contributing less to their retirement accounts now than prior to the pandemic, and 49% are contributing the same. A mere 8% are contributing more, with millennials being the most likely (14% compared to just 5% of Gen X and 2% of boomers).

Among those who are contributing less, the top reasons cited are loss of income (62%) and wanting to keep more cash on hand (33%). Other reasons include additional expenses (20%), helping other adult family members financially (18%), additional debt (17%), or some other reason (2%).

The recently unemployed are more than twice as likely to be saving less than those that are still working (31% vs. 14% of those who are still employed). They were also more likely to have not been putting money away for retirement prior to or since the pandemic (37%) than those who are currently employed (22%). Of those who are still employed, more than half (56%) are contributing the same amount as before the outbreak, compared to just 22% among the recently unemployed.

More than half (59%) of households with an annual income of \$50,000 or more are contributing the same amount toward retirement, compared to 39% of those with income levels under \$50,000. Nearly one-quarter (23%) of households with incomes between \$30,000-\$49,000 are setting aside less now, more than the 15%-16% among each of the other income groups. Households with incomes under \$30,000 are three times as likely to not have been contributing before or since the outbreak than households with incomes of \$80,000 or more (39% vs. 13%).

“In addition to the 1 in 4 working households that hadn’t been contributing to retirement savings before the pandemic, a further 18% are now contributing less toward retirement,” said McBride. “The runaway culprit is loss of income, cited nearly twice as often as the next most common reason of keeping more cash on hand.”

Methodology:

Bankrate.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,407 adults, including 1,331 adults who are currently employed or became unemployed after January 1, 2020. Fieldwork was undertaken on May 13 - 15, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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