



HAYS COMPANIES

The Lasting Impact of COVID-19 by Generation

As 2021 comes to a close, the pandemic's far-reaching implications continue to unfold as new data and updated trends continue to emerge for large populations and by generation.

The pandemic has made drastic shifts in many people's financial lives. Roughly 20 million Americans [stopped contributing to their retirement savings](#) during the pandemic; however, 71% [plan to take some form of financial action](#), such as saving more for an emergency fund, once the pandemic is over. Many have lost jobs, are stressed about making debt payments and worry about the ability to pay monthly bills. In a [survey](#), 53% of Americans stated they took on consumer debt because of the pandemic, and 48% of those with consumer debt stated it will take more than a year to pay off. Beyond debt, the long-reaching financial impact also includes delays in starting a career, leaving the workforce, not advancing as expected and retiring later.

The pandemic's effect on mental health, physical health and well-being cannot be understated. While older generations face more risk from contracting the virus, [one-third](#) of Gen Z and Millennials report deterioration in mental health and psychological well-being during the pandemic. Beyond that, people are exercising less at home, stress is exacerbated, and chronic conditions are developing or are not being managed appropriately. [Research](#) shows that health misinformation can lead to increased anxiety and poor health choices. Resiliency is not a given, and many are severely struggling.

Employers and the benefits they offer play a vital role in providing support, resources and education for employees. Here are ways employers can fill critical gaps for their employees. While some themes run through all generations, learn ways you can specifically support each generation.



Gen Z (Born 1997-2012, Ages 9-24)

Generation Z was poised to enter the workforce with a robust and vibrant economy. Now, [52% live with their parents](#), many experienced canceled internships and the generation now has \$1.57 trillion in [education debt](#). On top of this, Gen Z has a smaller work history than previous generations did at this age. In 2018, only 18% of Gen Z teens aged 15 to 17 were working, compared to 27% of millennial teens in 2002 and 41% of Gen X teens in 1986. Combined with canceled internships and decreased opportunities due to the pandemic, many may enter the workforce with less training and support than previous generations.

Already labeled as the most [stressed-out-generation](#), the pandemic has taken a toll on this generation's mental health. In 2021, 89% of Gen Z respondents stated that [the pandemic negatively impacted their mental health](#), with 94% reporting workplace stress has impacted their home life as well. This overflows into the workplace as anxiety impacts focus, engagement, decision-making, and even attendance.

Despite being born into the digital age, 42% of Gen Z would [prefer to return to the workplace](#) rather than remain remote, and this group is the most eager generation to return to the office. For many, being in the office represents their first professional job. Beyond the professional and personal growth missed in a remote environment, additional challenges face this generation for working remote. Many live with parents or roommates, and 42% say they do not have enough space to work at home.

Finally, many Gen Z employees are still eligible to be on their parent's benefits plan. Since they are still entering the world of employee benefits, this group may need additional resources, training and guidance on benefits.



How Employers Can Fill the Gap

- **Explain telemedicine's benefits** and how it can be used for physical health, mental health, and for more specialty focuses like dermatological help. Younger generations are most [open to using telemedicine](#) (74%), and it provides convenient and affordable options for your youngest workers.
- Begin with **basic education on benefits and financial well-being**. Explain your company's benefits, who is eligible, how to use them, how to transition off a parent's plan, whom to contact with questions and how to get started. Provide reminders throughout the year on how to access benefits.
- Provide the foundation for future financial success. **Offer benefits that will boost their immediate and long-term financial health** by providing benefits such as a 401(k) with employer matching contributions, student loan repayment assistance and access to financial counseling.
- Train managers on **identifying and talking** to employees about stress and anxiety.



Millennials (Born 1981-1996, Ages 25-40)

Out of all generations in the workforce, Millennials suffered the most from job disruption, with 40% reporting to have lost their job or have reduced pay due to the pandemic. Financial stress is known to disrupt an individual's focus and concentration both at home and work, which means employees may struggle to perform their expected duties if they are under large amounts of stress.

Millennials are reporting financial insecurity due to COVID-19. More than half (52%) have [put off medical care because of cost](#). Many face [rising costs](#) because they are working at home, with an average increase of \$208 more per month for groceries and the cost of living. In a [survey](#), millennial respondents stated that their financial priorities have shifted to short-term financial goals, with 64% reporting their financial planning does not go beyond one year. Compared to

previous generations, this group already delayed major personal changes, such as buying a home, having a medical procedure, having children, or making a career move, due to education and personal debt. It is unclear yet if the pandemic will further delay these decisions.

There are also varying degrees of loneliness and excitement over working remotely. Many report feeling [less connected](#) to coworkers and friends due to isolation; however, 54% state they are [thriving in a remote environment](#). While not all employees prefer a fully remote job, 75% do not want to return to the office five days a week. Despite a preference to work at home, 60% report they have [more stress](#) than before the pandemic.

The increase in stress may be due to many factors, including the additional responsibilities working parents face. From online school to lack of child care, working parents have been challenged for months to juggle heavy workloads and keeping their children on task with schoolwork or occupied during the day.



How Employers Can Fill the Gap

- Financial worry is at the forefront for many employees. **Assist employees in prioritizing and understanding their finances.** Clearly show what impacts their take-home pay, demonstrate how and why they should re-direct earnings toward meaningful benefits and provide tools to let them make financial decisions with more confidence.
- **Support their mental health and their child care needs** by decreasing costs for mental health support, adding mental health or well-being apps to your benefit plan, providing child care assistance and reminding employees of any resources for mental health or childcare through your Employee Assistance Program (EAP).
- **Show employees how benefits work in their lives.** Provide examples of how Family and Medical Leave Act (FMLA) works with short-term disability, how and when they can use leave, tax implications of different planning methods for retirement or the ins and outs of starting a family. Giving real-life scenarios of how your benefits directly work for your employees lets them see the value.
- Remind employees of the **convenience and affordability of telemedicine** for them and their families.



Gen X (Born 1996-1980, Ages 41-55)

Financial woes plague this generation. In [2019](#), 65% of Gen X was stressed about finances and 60% carried a credit card balance. Of those with a credit card balance, 40% struggled to make minimum monthly payments, and 31% of Gen X respondents indicated that financial woes distracted them enough at work that it impacted their productivity. In 2020, nearly one-quarter of this generation saw a decrease in income by 50% or more.

This generation has been dubbed the “[sandwich generation](#)” because they are being pulled in two directions by aging parents and children, and the financial strain has left many in a precarious financial position. For example, [45%](#) say they are unprepared for out-of-pocket health care costs, like an emergency room bill. Only 25% say they spend less than they make. In mid-2020, only 53% of Gen X had cash reserves for an emergency. In another [survey](#), 39% of Gen Xers reported a “somewhat or significant negative financial impact” due to the pandemic.

However, not all are financially struggling. A [quarter](#) of this generation has increased their emergency savings due to the pandemic.

Beyond finances, the pandemic decreased benefits literacy for Gen X. In 2019, 27% of employees enrolled in an employer-sponsored benefits plan stated they were confused by their plan. By 2020, this increased to 32% of employees. This increase in confusion may be due to employees facing new scenarios to navigate or because the distractions of the pandemic have caused them to forget key details about their benefits.



How Employers Can Fill the Gap

- **Go back to basics on benefits education.** Provide education on benefits terms, how to use different benefits, example scenarios of benefits at work and who to contact with questions.
- Highlight the financial benefit of using **telemedicine**, especially when faced with an urgent care need.
- Provide assistance with **caregiving that includes both children and aging relatives**. For those that care for aging relatives, provide resources or services to ease the process.
- Start a savings program that helps employees **build or increase an emergency fund**. This generation is in a crucial time for building wealth before retirement.



Baby Boomers (Born 1945-1965, Ages 56-76)

A noticeable impact on Baby Boomers is their age and rate of retirement. The [retirement rate](#) rose faster from 2019 to 2020 than it did in previous years. It is speculated that some exited the workforce in lieu of continuing to work through the pandemic, while others decided on early retirement due to layoffs. Others are choosing to stay in the workforce longer, for both financial and non-financial reasons.

Largely, this generation is the least financially impacted. Less than 40% have not changed their [spending habits](#), and only 16% say COVID-19 has extremely or very negatively impacted their [financial security](#). Many in the older generation have [reassessed their finances](#) and chose to retire earlier than they had planned. What remains unknown is the impact on generational wealth and on retirement savings. The average Baby Boomer has [saved](#) only \$152,000 for retirement, and early retirement or slashed retirement funds could significantly draw down pensions and retirement plans.

As far as the remote work environment, Baby Boomers appear to thrive in this new normal. In a [survey](#), 79% stated they prefer working from home, 55% indicate they experience less work stress and 68% cite higher productivity levels compared to working at the office. While some are thriving in the remote environment, others are retiring. A recent [report](#) showed that the number of Baby Boomers in the workforce has dropped from that of last fall. In June 2021, 55% of unemployed Baby Boomers have been jobless for over six months.

This generation's mental health also appears to remain the most stable. Out of all the workforce generations, they are the least likely to report mental or emotional distress from COVID-19. One [report](#) indicated that 22% of those nearing retiring and 9% of those 65 or older reported declines in mental health and psychological well-being during the pandemic.



How Employers Can Fill the Gap

- **Set up resources** for financial planning and retirement planning.
- For employees staying in the workforce longer, provide education on the **transition to Medicare and social security**.
- **Encourage use of telemedicine** for check-ups, prescription renewal, chronic disease management, surgery, in-patient follow-up and keeping socially distant while the pandemic continues.

How Hays Can Help

Hays is focused on providing your employees with premium benefits, all while supporting your financial costs. Our teams provide a multi-faceted approach that includes strategic plan design, holistic employee communication plans, innovation strategies, connecting you with resources in all areas of employee benefits, deploying best practices by industry, and providing deep data analytics. [Connect with us](#) to elevate your employee benefits to the next level.



RESOURCES:

- <https://www.nerdwallet.com/article/finance/pandemic-study>
- <https://www.medicalnewstoday.com/articles/how-has-social-media-affected-mental-health-during-the-pandemic#Social-media-and-health-misinformation>
- <https://www.soa.org/resources/announcements/press-releases/2021/millennials-gen-x-covid-preparedness/>
- <https://www.planadviser.com/exclusives/gen-x-participants-even-sandwiched-covid-19/>
- <https://www.techrepublic.com/article/the-biggest-covid-19-burnouts-gen-z/>
- <https://www.latimes.com/politics/story/2021-07-08/baby-boomers-pandemic-retirement-may-be-bad-for-economy>

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