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COVID-19

Many Americans Withdrawing Early from Retirement Accounts Due to Covid

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The national poll, which was conducted from November 4-10, 2020, also found that the amounts people withdrew or borrowed were significant. Thirty-two percent (32%) of respondents said they withdrew \$75,000 or more from a retirement account, while 58% of those who took loans borrowed between \$50,000 and \$100,000. Additionally, more than a third (35%) said they now plan to work longer due to the financial impact the pandemic has had on their plans for retirement. View detailed survey findings [here](#).

“The past year rocked the confidence of most Americans saving for retirement,” said Mark Solheim, Editor of *Kiplinger Personal Finance*. “With many people dipping into their retirement savings or planning to work longer, 2020 will have a lasting impact for years to come.”

“Last year presented many challenges,” said Jay Shah, President of Personal Capital. “The pandemic not only created a global health crisis, it impacted the financial outlooks and retirement plans of many. To support people today and beyond, we continue to invest in our free financial tools and publish educational content about a vast array of financial topics. We believe financial empowerment is one key that will help enable people and families to be more confident about their financial futures.”

In addition to covering everyday living expenses, forty-one percent (41%) of those polled said they used their distribution, or loan, to pay medical expenses, while:

- 32% said the money was used for home repairs,
- 26% used the money for auto repairs,
- 23% paid tuition, and
- 21% helped family members.

A provision in the CARES Act allowed people under the age of 59½ affected by the coronavirus to take a distribution of up to \$100,000 from an IRA, 401(k), or similar account without penalty. It also permitted loans of up to \$100,000.

Pandemic-induced market volatility also left nearly three-quarters of respondents (74%) somewhat to very worried about their investments. Nearly half (48%) said

they check their portfolio or retirement account balances either daily or weekly. Men were more than three times as likely as women to say they check their balances daily: 35% of men versus 11% of women.

A few investors (19%) responded to the bear market early in 2020 by shifting to a more conservative portfolio — 9% of respondents sold investments to boost their cash cushions and 6% sold all of their stocks. As of the survey date, current asset allocations for investment portfolios or retirement accounts remained conservative, with investors typically holding just 36% in stocks and a remarkable percentage in cash (24%).

Indeed, the global pandemic and its impact on the market and economy was a learning moment for investors, who reported these top five takeaways:

- My portfolio strategy was able to weather the bad times.
- I need to have more cash reserves.
- I need to diversify more.
- I took on more risk than necessary.
- I need to rebalance my portfolio more often.

The survey also asked respondents to weigh in on working from home, the impact of remote work on their spending, and plans for relocation.

Respondents indicated that two-thirds (66%) of workers LOVE working from home, with only 6% expressing dislike of the home office experience. For additional insight on workers' sentiment about the work-from-home experience and its impact, please see the following fact sheet [here](#).

Methodology: The Kiplinger-Personal Capital national poll about **Retirement Planning in the Age of COVID-19** was conducted on November 4-10, 2020, with 744 respondents. The online survey has a +/- 3.6% margin of error and a 95% confidence level. Respondents were screened for age (40 to 74), retirement savings of at least \$50,000, and employment status (not fully retired).

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