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The Lasting Impact of COVID-19 by Generation

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The Lasting Impact of COVID-19 by Generation

As we progress into 2021, the pandemic's far-reaching implications continue to unfold. Every individual is unique, but trends have begun 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. Many have lost jobs, are stressed about making debt payments, and worry about the ability to pay monthly bills. In a [survey](#), 14% of Americans stated they wiped out their emergency fund while another 11% had to borrow money to cover everyday expenses. 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 moving less at home, stress is exacerbated, and chronic conditions are developing or are not being managed appropriately. Resiliency is not a given, and many are severely struggling. The lingering and latent effects of mental and physical health implications from COVID-19 are still unfolding.

Employers play a vital role in providing support, resources, and education for employees. Benefits are well-positioned to play a crucial role in employees' lives as we continue through the pandemic. 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](#) and face canceled internships, a challenging job market, and debt from education. On top of this, Gen Z was already working less 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 2019, 54% of workers under age 23 stated they felt anxious or nervous due to stress in the preceding month. This overflows into the workplace as anxiety that 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, with one in four [beginning a new job](#) between July and September in 2020. Beyond the professional and personal growth missed in a remote environment, additional challenges face this generation for working remote. Many live at home or with 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 offering 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)

[More than half](#) of Americans under the age of 45 have lost their job, been put on leave, or have reduced hours 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. Compared to previous generations, this group already delayed major 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 keep 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 1966–1980, 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 is 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.

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. The role and importance of benefits have risen during the pandemic, highlighting its vital role in health and financial well-being. This increase in confusion may be due to employees facing new scenarios to navigate.



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.

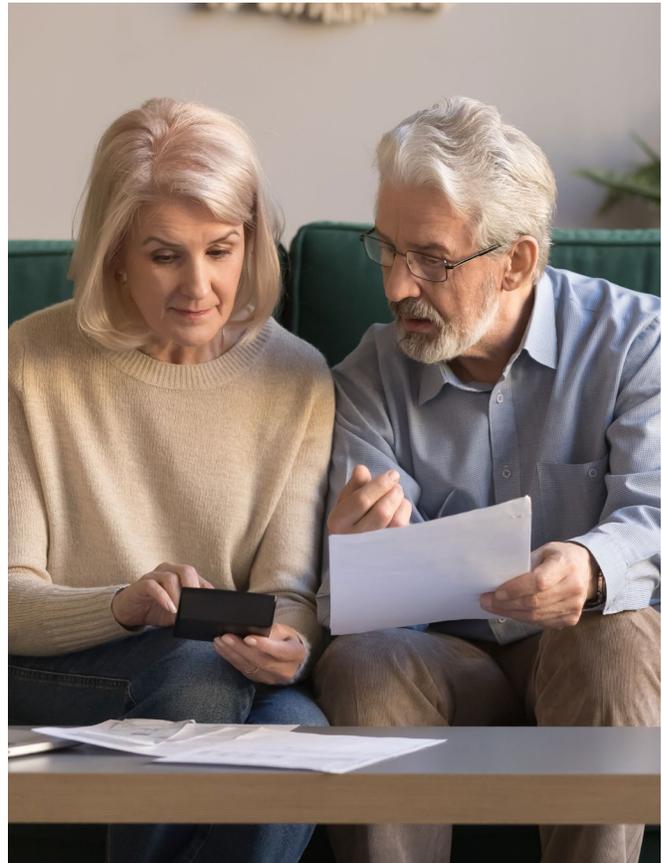
Baby Boomers (Born 1945-1965, Ages 56-76)

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, either due to financial need or because traditional retirement activities are limited.

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](#). 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 impact how they pass on their wealth.

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.

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 Employer Benefits 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.



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