Network for Studies on Pensions, Aging and Retirement

Retirement preparation of self-employed individuals during the COVID-19 crisis

"Financial setbacks during the COVID-19 crisis negatively impact perceived adequacy of retirement savings"

Marleen Damman and Gerbert Kraaykamp – UU/NIDI, RU

Many, but not all, self-employed people have been hit hard by the COVID-19 crisis. However, this crisis not only affects the current financial position of these individuals but may also affect their ability to prepare for an uncertain future. This study explores the extent to which self-employed individuals without personnel experienced negative implications of the COVID-19 crisis for their (retirement) saving behaviors. Furthermore, this study examines whether experiencing those financial setbacks affects perceived retirement savings adequacy. The data were collected via online surveys at the start of 2021.

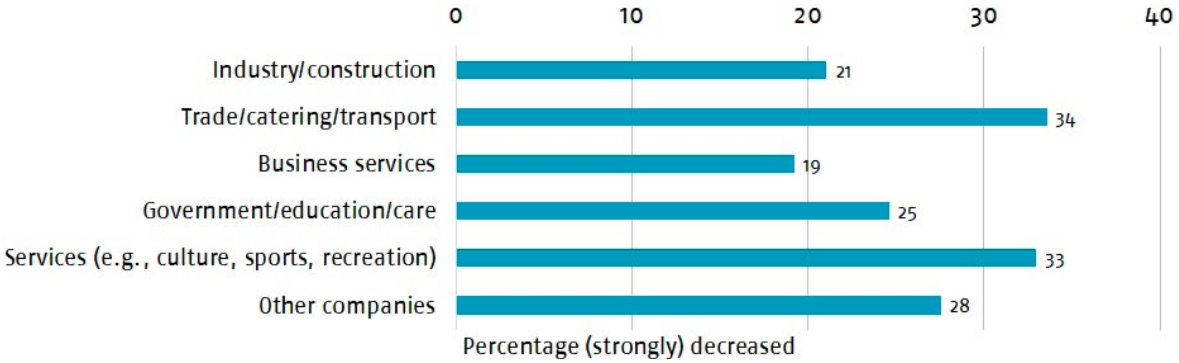

Figure: Percentage of solo self-employed individuals who experienced a decrease in monthly savings for retirement/old age due to the COVID-19 crisis, by sector of employment. Source: VARIN-data, 2021.

Principal Findings

- Self-employed individuals differ considerably in the extent to which they have adapted their saving behaviors due to the COVID-19 crisis.
- Individuals working in sectors affected by the lockdown, on average, experienced more negative implications for their saving behaviors.
- Lower educated individuals, self-employed workers without a partner and involuntary self-employed individuals also experienced more negative implications.
- The more negative implications the self-employed experienced for their saving behaviors due to the COVID-19 crisis, the lower their perceived retirement savings adequacy is.

Key Takeaways for the Industry

- The self-employed group is highly heterogeneous in terms of the impact of the COVID-19 crisis on their saving behaviors.
- Self-employed workers whose saving behaviors have been severely affected by the crisis foresee that this will still have consequences in the long run.

Want to know more? Read the paper
'Pensioenvoorbereiding van zzp'ers tijdens de coronacrisis'

As a knowledge network, Netspar facilitates independent, academic research on pensions and aging; www.netspar.nl