

# **From side jobs to estate planning, COVID-19 is changing workers' financial outlook**

Becoming more frugal in the new normal, having tough conversations about long-term and end-of-life plans--Americans are taking action.

The COVID-19 pandemic has wrought varying degrees of economic hardship for many, but it also has led many to adjust their short- and long-term financial planning, a pair of surveys has found.

A recent survey by The Ascent of 1,997 Americans who since early March have lost income found that 41% of respondents saw a reduction in work hours, 16.8% were furloughed, and 28.3% lost their jobs. The Ascent's report noted that the unemployment rate in the U.S.—3.5% in February, heading into the pandemic—jumped to 14.7% in April and 13.3% in May. The report said “one positive thing about the COVID-19 crisis (if we consider ‘positive’ relatively) is that it’s effectively forcing us to be more frugal,” leading 64.9% of respondents to cut back on spending.

And to further close gaps, some (20.6%) have been able to defer or adjust essential payments such as utilities, some (19.9%) have been able to tap into savings, some (26.2%) have taken out a loan, and some (24.7%) have gotten a side job, the report added, noting that many more respondents anticipated taking those steps, and others, as they continued to deal with the fallout.

As for long-term planning, a separate survey from nonprofit Life Happens—from about 2,000 people age 18 and older—found that 67% of respondents had reevaluated their long-term planning in the wake of the coronavirus.

Respondents said COVID-19 led them to discuss estate planning (33%), life insurance coverage (30%), their current financial status (29%) and emergency savings (27%), among other topics, the report said.

And the Life Happens report, similar to The Ascent's, noted that the pandemic has changed spending habits. Respondents said they discussed cutting excess spending (49%), building up savings and emergency funds (45%), delaying a planned retirement date (43%), dipping into retirement funds (37%) and paying down debts (24%).

The pandemic has “led many of us to have long overdue, but important, discussions about topics like life insurance and end-of-life plans,” Faisa Stafford, president and CEO of Life Happens, said in a statement. “I’m glad these conversations are happening, but you need to take it one step further. You need to take action now—like getting that life insurance policy you’ve been putting off—so you can give yourself and your family financial peace of mind.”

Stafford added, “The pandemic has not only shifted daily spending habits but has also led many Americans to change their long-term plans.”

By David Gialanella