Creating a Retirement Culture on Campus

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TIAA Institute

CUPA-HR Maryland Chapter
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Agenda

- The underlying dynamic
- Then came COVID-19
- What to do?
  - Assumptions
  - Culture
THE UNDERLYING DYNAMIC
### 3 retirement mindsets

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**Distribution of tenure-line faculty, age 50 or older**

- Traditional Retirees: 50%
- Reluctantly Reluctant: 18%
- Reluctant by Choice: 32%

% citing as major reason for expecting to work past age 67

Enjoy working
- 75% Want to work past 67
- 28% Prefer to retire by 67

Will still be effective at work
- 70%
- 41%

No reason to retire
- 57%
- 8%

Will need the money
- 32%
- 67%

Will need to keep the health insurance
- 35%
- 58%

Reluctantly reluctant
➢ Only 36% have carefully evaluated when they can afford to retire.

Reluctant by choice
➢ Only 39% have carefully evaluated how they could spend their time if they retired.

THEN CAME COVID-19
COVID and retirement age

Expected retirement age increased for 25% of senior faculty after the onset of COVID-19.

### Expect to retire later

- **Full-time senior faculty**: 25% expect to retire later
- **…sooner**: 11%

### Age 50-59

- **Expect to retire later**: 39%
- **…sooner**: 9%

### Age 60-plus

- **Expect to retire later**: 12%
- **…sooner**: 12%

Source: *Higher Education Financial Wellness Survey, CUPA-HR and TIAA Institute (2020).*
Over 20% of senior faculty became less confident that they will have enough money for a comfortable retirement.

% whose retirement income confidence changed during COVID-19

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<th>Decreased</th>
<th>Increased</th>
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<td>Full-time senior faculty</td>
<td>24%</td>
<td>3%</td>
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<td>Age 50-59</td>
<td>31%</td>
<td>7%</td>
</tr>
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<td>Age 60-plus</td>
<td>17%</td>
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Many senior faculty became less confident about the amount they are saving and how they are investing.

% of senior faculty whose retirement savings and investment confidence changed during COVID-19

- Saving an adequate amount: 21% decreased, 3% increased
- Invested appropriately: 17% decreased, 2% increased

Advice

One-third of retirement savers received retirement planning and saving advice after the onset of COVID-19.

- Full-time senior faculty: 34%
- Age 50-59: 28%
- Age 60-plus: 40%

Issues in play

- **Ongoing**: significant share of faculty reluctant to retire.

- **New context**: expected retirement age increased for 25% of senior faculty; most common among those in their 50s.

- **Near-term**: need to trim faculty workforce in response to financial pressures.
WHAT TO DO?
Traditional programs

Buyouts
- One-time fix.
- “Wrong” people may leave.
- What is the “right” offer?

Phased retirement
- Creates certainty regarding retirement timing.
- May not advance the timing of retirement.
- Financial incentives to enter phase by certain age.
Two-thirds of senior faculty are very or somewhat likely to use a phased retirement program when ready to retire.

Interest in phased retirement

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<th>Very likely</th>
<th>Somewhat likely</th>
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<td>Age 50-59</td>
<td>40%</td>
<td>38%</td>
</tr>
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<td>Age 60-plus</td>
<td>22%</td>
<td>36%</td>
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Addressing assumptions positions individuals to make fully informed decisions.

- “Can I retire?” is a financial planning exercise.
- “Should I retire?” is a life planning exercise.
- Clarity can increase likelihood of retiring sooner.
- Supports traditional programs.
- Also a standalone strategy.
How does retirement fit in faculty culture?

The aspirational

- Emeriti is seen as a career stage, not end of career.
- Retiring into emeriti status is the cultural norm.
- Emeriti faculty are engaged.
- Emeriti status is coveted.
Thank you!

(Stay positive. Test negative.)