Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

Factors Influencing the Retirement Planning Among Private Sector Workers in Malaysia

Mohd Noor Azman bin Othman[1], Mas Anom binti Abdul Rashid[2], Zulhida binti Abd Maura[3], Shahri Abu Seman[4]

Abstract

The rising cost of living and the increase life expectancy in Malaysians calls for a study in the preparedness of the Malaysian soon-to-be retirees as Malaysian will be a super aged nation by 2056. There is concerned on whether the current employees has enough savings for their retirements because statistics has shown that many retirees and elderlies facing dilemma of not having sufficient money to maintain and cover a comfortable retirement and medical expenses. Over time, this problem is becoming worst. Lack of financial comprehension, inadequacy of private sector workers' EPF savings and lack of goal clarity would lead to fallacious retirement planning decisions among private sector workers. This study aims to examine the influence of financial literacy, personal attitudes, saving behaviour and goal clarity on retirement planning among workers in Malaysian private sector. This is a quantitative study and survey was used to collect data from 107 private sector workers in Kuala Lumpur. The results shows that financial literacy, personal attitude, saving behaviour and goal clarity do have significant relationship towards retirement planning among workers, however, further analysis carried out singled out goal clarity as the main predictor towards retirement planning. This finding can be beneficial to relevant agencies and bodies to address these factors to encourage an effective retirement planning among their employees so that they can enjoy their retirement years.

Keywords: *Retirement Planning, Financial Literacy, Personal Attitudes, Saving Behaviour and Goal Clarity.*

Introduction

A retirement plan is designed to take care of post-retirement days and help retirees enjoy a stress-free life (Muda et al., 2024). Having a good financial retirement plan facilitates individuals to live the lifestyle they desire as retirees (Ramli & Shariff, 2023). Many fail to understand that planning for golden years is beneficial for individuals to define their path to achieve life goals after retirement such as traveling, pursuing a hobby, starting a new venture, and more without any financial dependence and without worry. It is also to ensure better health care options as medical costs increase with age. In addition, retirement planning can assist in continuing the current lifestyle even after retirement by meeting day-to-day expenses from retirement saving (Kalemli-Ozcan & Weil, 2010).

In 2022, the Department of Statistics Malaysia stated that a baby born in 2022 on average is expected to live until 73.4 years (Department of Statistics Malaysia, 2022). In addition, men and women who reach the age of 60 years in 2022 are expected to live for another 17.5 years and 20.1 years, respectively (Bernama, 2022). Thus, men aged 60 years in 2022 are expected to live until the age of 77.5 years and women, 80.1 years respectively. Nonetheless, there is a decline in life expectancy for 2020 to 2022 which is attributed to the increase in the number of deaths during the pandemic Covid-19 (Cao et al., 2023). As compared to pre-Covid year which showed an increase trend from 74.4 years (2012) to 74.8 years (2019). Life expectancy is expected to be an upward trend should there be no rise in pandemic-related cases (Dattani et al., 2023). Therefore, Malaysia will soon be a super-aged nation by 2056.

However, in the 2024 statistics, the Department of Statistics Malaysia stated that the current average life expectancy for Malaysia in 2024 is 76.5851 years of age. A 0.21% increase from 2023, when the average

[1] Institute of Graduate Studies, Universiti Poly-Tech Malaysi, Malaysia; Email: n.azman@uptm.edu.my, (Corresponding Author)
[2] Institute of Graduate Studies, Universiti Poly-Tech Malaysia, Malaysia; Email: masanom@uptm.edu.my.
[3] Institute of Graduate Studies, Universiti Poly-Tech Malaysia, Malaysia; Email: zulhida@artrustees.com.my.
[4] Faculty of Business & Accounting, Universiti Poly-Tech Malaysia, Malaysia; Email: shahri@uptm.edu.my

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

life expectancy was 76.4214 years, from birth to death (Dattani et al., 2023). In the future, Malaysia's average life expectancy is projected to increase to 87.6022 years of age, by the year 2100.

A total increase of the average life expectancy for people living in Malaysia by 14.39% from today's standard (Malaysia, 2024). This positive trend can be attributed to technological advancements, a better standard of living, and an increase in healthcare availability(Mun Lee & Law, 2004).

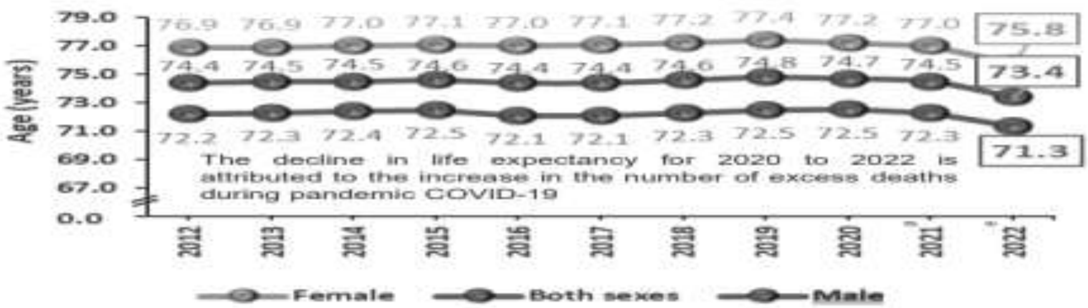

Figure 1: Life Expectancy at Birth For 2020

[Source from Department of Statistics Malaysia]

Figure 2: Life expectancy at specific age for 2022

Pursuant to Minimum Retirement Age Act 2012, the minimum retirement age of an employee is upon attaining the age of 60 years. Considering the increases in life expectancy, the question lingering is would a person who retires at the age of 60 be able to finance himself/herself for the rest of his/her (longer) life? Does a person have financial support to live in a decent life after retiring?(Frank et al., 2023)

Employee Provident Fund

In 1995, Government has established the National Policy for Elderly under Ministry of Women, Family, Community and Development and in 2008, the National Health Policy for Older Persons was introduced under Ministry of Health (MOH). The National Health Policy for Older Persons 2011 was then approved by Cabinet to work together with the National Health Policy for Older Persons 2008 under MOH. The objective of the Policy is to produce aging people who are self-sufficient, with dignity, high sense of self-worth and respected by optimizing their self-potential through a healthy, positive, active, productive and supportive ageing to lead a well-being life(Lusardi & Mitchell, 2011). Aziz & Ahmad (2019) concluded that initiatives by Malaysian government for older person preparedness are

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

still far behind from other developed countries even it is improving continuously. All parties from the government agencies, NGO, private sectors, families and individuals must work hand in hand to curb higher cost to deal with this aging person issues in future.

The Government has introduced the Employees' Provident Fund (EPF) in 1951 under the purview of the Ministry of Finance, to manage retirement saving for Malaysian workforce which include the compulsory savings plan for private sector workers and voluntary contribution from self-employed individuals or housewives in Malaysia (Ramli & Shariff, 2023).

Effective 1 January 2019, EPF announced that the quantum for the Basic Savings will be revised from RM228,000 to RM240,000 (Kumaraguru et al., 2022). The amount is set as the minimum target EPF basic savings members should have upon reaching Age 55 (Ratna Juwita et al., 2024). The Basic Savings refers to the amount that is considered sufficient to support members' basic needs for 20 years upon retirement, from Age 55 to 75 aligned with the Malaysian life expectancy (Zazili et al., 2017). The latest quantum (refer to Table 2) is benchmarked against the minimum pension for public sector employees, which has been raised from RM950 to RM1,000 per month.

Table 1: The New Basic Saving Schedules According to Age

Age	Basic Savings Quantum	Age	Basic Savings Quantum	Age	Basic Savings Quantum
18	2 000	31	39 000	44	116 000
19	4 000	32	43 000	45	125 000
20	6 000	33	47 000	46	134 000
21	8 000	34	52 000	47	144 000
22	10 000	35	57 000	48	154 000
23	13 000	36	62 000	49	164 000
24	15 000	37	68 000	50	175 000
25	18 000	38	74 000	51	187 000
26	21 000	39	80 000	52	199 000
27	24 000	40	86 000	53	212 000
28	27 000	41	93 000	54	226 000
29	31 000	42	101 000	55	240 000
30	35 000	43	108 000		

Source: www.kwsp.gov.my

However, for the retirees living in major cities, RM2,450 a month is needed for basic necessities commensurate with the figures from the Statistics Department, which state the lifespan of the average Malaysian is now 80 years. Therefore, it means a person will need RM600,000 to retire comfortably.

Prior to the Covid-19 and special withdrawal schemes, about 3.3 million or 22% of EPF members were able to meet the basic savings target (Ratna Juwita et al., 2024). Following the withdrawal schemes, this number had dropped to 2.3 million or 14.9% of all EPF members, as at July 2022 (Zazili et al., 2017). As of the same period, about half or 51.7% of the total 12.78 million EPF members aged below 55 years old have minimal retirement savings of less than RM10,000.

Concern on the critically low retirement savings and long-term financial wellbeing of Malaysians were addressed in the Budget 2023 where the Government has announced few initiatives namely by allocating about RM1 billion to contribute RM500 on a one-off basis to approximately two (2) million members aged between 40 and under 55 with EPF savings of RM10,000 and below in their Account 1, extending the i-Saraan programme for 2023 and increasing the maximum limit of the matching contribution incentive for 2023 from RM250 to RM300 per year and expanding the tax relief for life insurance premiums or life-takaful contributions to include EPF voluntary contributors by up to RM3,000.

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

In response to low retirement savings, the Malaysian government announced initiatives in the Budget 2023, including financial assistance for EPF members with savings below RM10,000 and increased incentives for retirement savings (Alias & Foziah, 2022). Despite numerous policies, support and awareness being given by Government and Non-Governmental Organization to ensure sufficient saving in EPF for private sector workers, a worker himself need to be independent and start to plan for retirement as early as he can during his employment tenure. Therefore, the goal of the research is to examine the factors influencing the retirement planning among private sector workers.

Do Malaysians Have Enough Saving for Retirement?

Most Malaysians do not have enough savings for their retirement, with only 33% of active Employee Provident Fund (EPF) members having recorded basic savings of RM240,000 as of last year (Saieed, 2022). According to the EPF (2022), a person will need to save at least RM240,000 by the time you retire at 55 years old to cover basic needs such as food and everyday cost (FMT, 2022). A survey revealed that 70% of Malaysians saved less than RM500 per month in 2022 or did not save at all (The Straits Times, 2022).

Problem Statement

According to (Alias & Foziah, 2022), aging population has become a global phenomenon. Having a long life is great, but it could turn into a nightmare if not prepared properly, especially for retirement savings(Haron et al., 2019). In fact, majority retirees in Malaysia had relied on mandatory retirement scheme organized by Employees Provident Fund (EPF), meanwhile, the funds were estimated to deplete just within 5 years after being given to the retirees. Alternatively, the EPF had provided one of the largest and oldest retirement savings funds in the world. Nevertheless, the retirement funds are still insufficient to cover the monthly payments according to the projected life expectancy of a human being in Malaysia, until 75 years old.

There have been concerns about the lack of sufficient fund to support retirement in Malaysia. The concerns stem from several factors, including low savings rates, inadequate pension provisions, and increasing life expectancy (The Edge, 2018; The Star, 2021, World Bank, 2021) and the rising cost of living (Department of Statistics Malaysia, 2022).

Those who are less likely to invest in pension fund are less likely to consider well-being in retirement as their major financial concern (Innocenti et al., 2023). According to a survey named Kembara Bersara conducted by Sun Life Insurance Malaysia (2022), 4% of respondents admitted that their savings in the EPF accounts no longer have enough amounts to withdraw (Saieed, 2022). 18% of respondents shared that they have already made special withdrawals, with another 14% planning to do the same. Those who are yet to retire mainly worry about insufficient funds (63%) and ageing (57%); while those who are currently retired mainly worry about ageing (61%), illnesses & disabilities (58%), and medical expenses (45%).

Most Malaysian citizens are also under-informed on the basics of financial education and its concept due to the level of education, as well as implications on saving, retirement planning and other decisions (Shanmugam, 2019). Due to financial illiteracy, the consequence is not having proper saving planning for the worker's afterlife of retirement (Moorthy et al., 2012). Fernandes, Lynch, & Netemeyer (2014) found that people have difficulties in deciding or willingness to take prudent investment risks in building wealth through investments such as retirement savings in the absence of a key role factor namely financial literacy.

Hassan & Othman (2018) found that EPF sustainability has a great negative impact and is jeopardised by the increase of the ageing population and mortality rate. The situation is worsened due to the COVID-19 crisis where EPF members can withdraw a sum of money under i-Lestari, i-Sinar Programme in 2020, i-Citra in July 2021 and Special withdrawal of RM10,000 in March 2022 to meet the urgent cash flow needs of members during the periods of the Movement Control Orders and the

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

subsequent economic slowdown.

Mansor et al., (2015) found that some people are unwilling to deal with the complexity and difficulty of the investment system and they are passive in making their investment decisions. It was reported that EPF will be the entity entrusted by the majority of workers to make investment decisions as long as their savings are increasing every year (Ibrahim et al., 2012). As Shabor Rameli & Marimuthu (2018) pointed out that many people do not start to prepare and save for their retirement till very late in their life-cycle, and do not manage to have adequate savings for their retirement.

Failure to manage income during employment and no saving for retirement will result retiree needing to get back to work after retirement to sustain their life. Due to Covid 19, the Government has approved a few withdrawals and this will entice some of the EPF contributors who are not affected by Covid to withdraw the monies for current spending and convenience. EPF saving should not be withdrawn if there is no necessity. Thus, in this case, financial literacy is very important to ensure the future live of the retirees.

According to Abdullah et al., 2023, financial literacy is key in ensuring personal and family economic stability. In fact, financial literacy is a highly useful skill especially in making financial plans. Weakness in financial literacy commonly leads to an increase in bankruptcy cases as well as cases of money lending from parties not recognized by the government. Besides, financial planning failure also results in many retirees having insufficient funds in order to meet their financial needs during retirement.

Perception towards retirement planning has been taken into granted by the workers especially young workers as they think the retirement planning is a burden and far away for them. Due to retirement planning require long term planning, the workers also tend to loss direction and have no clear goal toward such planning

Therefore, we believe that financial illiteracy, personal attitudes, saving behaviour and lack of goal clarity would lead to fallacious retirement planning decisions among private sector workers.

Research Objectives

RO1: To examine the relationship between financial literacy and retirement planning.

RO2: To investigate the relationship between personal attitudes and retirement planning.

RO3: To determine the relationship between saving behaviour and retirement planning.

RO4: To establish relationship between goal-clarity and retirement planning.

Research Questions

RQ1: Does financial literacy have a significant relationship with retirement planning?

RQ2: Do personal attitudes have a significant relationship with retirement planning?

RQ3: Does saving behaviour have a significant relationship with retirement planning?

RQ4: Does goal clarity have a significant relationship with retirement planning?

Retirement Planning

Retirement planning is vital for maintaining the current lifestyle after retirement to live a quality and long healthy life, which denotes health care for individuals with a chronic illness or disability (Masran & Hassan, 2017). Nevertheless, people are often optimistic about their financial future, living with the faith

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

that everything will be better in the years to come.

Many retirees do not plan for retirement and do not have any retirement plans in place to help them maintain their current lifestyle during their retirement years (Kumaraguru et al., 2022). Another important point that retirees need to understand is the implications of longevity covering health, financial decisions and employment (Whiting, 2023).

Due to its beneficial to retiree, many researchers conducted the studies on retirement planning with different factors or determinants and under diverse perspectives. In Yoong & Baranovich (2012), they studied the roles of financial education and goal clarity in retirement planning among adults in Malaysia. Moorthy et al (2012) examined the relationship of individual workers' behaviours on retirement planning. More studies such as in Ibrahim et al., (2012), Juen & Sabri (2016), Zazili et al., (2017), Selvadurai et al. (2018) Aziz & Ahmad (2019) Afthanorhan, A et al., (2020), Kadir, J. M. A., et al (2020) Zulfaka & Kassim, (2021) Narit K & Jantima B (2022) and Adam Ndou (2023) investigated the relationship of various factors that contributed to retirement planning over targeted group of respondents.

Over 88% responding that they plan to rely on their EPF savings in their golden years. 45% of the respondents said they had invested in insurance and takaful for their twilight years besides EPF. 22% of respondents expressed a desire to continue working after their retirement; 47% are open to retirement homes, with private retirement homes being their favoured choice. 61% of respondents declared they rather not depend on their children upon retirement. The said survey was conducted to 1853 respondents, who majority were individuals and working professionals aged above 42 years old, with an intention to retire at 60. Therefore, the survey demonstrated that there is still gap in financial planning especially for retirement.

The following paragraph will review the factors that will affect retirement planning based on past literatures, namely financial literacy, personal attitudes, saving behaviour and goal clarity.

Financial Literacy

Organization for Economic Co-operation and Development (OECD) has defined financial literacy as "A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately lead to financial well-being" (Kerdvimaluang & Banjongprasert, 2022).

Gallego et al (2022) has used bibliometric analysis to identify the research and publication on financial literacy and retirement planning and to analyse their development status and current trends. It was found that financial literacy and retirement planning are the critical topic in the last 23 years (1997-2019). With the burst of Covid 19 and its aftermath, the retirement planning become more critical topic to be debated: Are people having prepared to get more responsibilities towards their retirement decision or the government need to take care about individual retirement?

Results of a study by Lusardi, Mitchell (2007a), for example, show that people with a low level of education, females, African-Americans and Hispanics, demonstrated low levels of financial literacy, which subsequently affect financial decision-making. Results of the study found that these groups of respondents fail to plan properly for their retirement period, have less participation in the stock market, and have poor borrowing behaviour, possibly due to lack of knowledge in basic financial concepts (Lusardi, Mitchell, 2007a).

In recent study by Adam Ndou (2023) which measured the financial literacy on budgeting, keeping copies of financial records and saving for retirement over adults in a rural and low-income area in South Africa. It was found that majority of the respondents (58.54%) have no saving for retirement while 41.46% were saving for retirement.

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

According to Selvadurai et al. (2018), financial literacy does have a strong influence on retirement planning whereby the participants agreed that the financial education is needed either from their own knowledge or others to make decision on retirement planning. The same result from other studies in Yoong & Baranovich, (2012) Ibrahim et al., (2012)., Zazili et al., (2017), Aziz & Ahmad (2019) and Afthanorhan, A et al., (2020).Financial literacy programmes such as seminars, website information and written communication are effective methods in communicating financial education and will assist in solving in retirement saving problem (Ntalianis & Wise, 2011).

Personal Attitudes

According to Meriam- the Webster's Dictionary, attitude is a mental position about a fact or state. Attitude can be translated as an action by a person manifested as either a positive or negative impact in calculating a specific behaviour (Zulfaka & Kassim, 2021). Moorthy et all (2012) found that a positive attitude toward retirement planning, and sound financial planning would enable individuals to achieve adequate retirement income and relax (Kerdvimaluang & Banjongprasert, 2022).

Liam Foster (2017) studied young people in the UK to investigate their attitudes and expectations about pensions and the potential effects of auto-enrolment on their future retirement income. The finding revealed that a lack of knowledge about pensions and where to seek advice, a lack of trust in providers, a perceived inability to afford current contributions and a myopic view of pensions are the attitudes. Chan MCH et al (2021) found that attitudes play a role toward retirement in driving postretirement adjustment over time.

Narit K & Jantima B (2022) investigated the effects of attitudes and subjective norms on saving plan intentions among employees working in Thailand and found that financial attitude has a positive effect on saving plan intention, and subjective norms also have a positive effect on the saving plan intention.

Saving Behaviour

Economist define saving as an action that consumes less than the number of resources with motivation to fulfill future needs (Mori, 2019). People usually save to meet specific targets they want to achieve, including financial security in the future days.

A study by Ratna Juwita et al. (2024) suggests that the only factor that influences retirement saving behavior in the generation of millennials in Jabodetabek is knowledge of financial planning for retirement. Future time perspective and financial risk tolerance are not proven to significantly impact retirement saving behavior in generations of Millennials.

While another study by Shariff & Isah (2019) stated that having sufficient savings upon retirement is a challenge as it relates to income of an individual. High income earner inclines to save more compared to those who earns slightly lower. Low income means small contribution being deducted for EPF account. Samad & Mansor (2013) suggested the way forward to address the inadequacy of savings for retirement age is nurturing of saving behaviour at young age through early education in school and guidance from parent.

Besides parental guidance, peer influence also contributes to the impact of individual saving behaviour especially youngsters. Abdul Jamal et al., (2015) elucidated the peer is also important role in determine students' saving behaviour as more time spending with friend for social and school activities. Ibrahim et al., (2012) concerned on the low rate of awareness on retirement planning. Having adequate retirement knowledge will assist individual in making decision on how to save, spend and invest for their retirement life. Therefore, it is suggested persistent efforts need to be done through awareness to transform the negative saving behaviour of the population in retirement savings.

Afthanorhan, A. et al (2020) supported the finding that saving behaviour has a positive effect on retirement planning and gender, age, income, education and marital status variables only partially

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

moderate the said relationship.

Goal Clarity

An individual need to set specific goals for future, this also include having clear vision of how life will be in retirement by discussing the retirement plan with spouse, close friends and get advice from financial advisor (Tomar et al., 2021). Many studies have demonstrated on the benefit of retirement goal setting (Neukam and Hershey, 2003; Glass and Kilpatrick, 1998b as cited in Stawski et al., 2007). Stawski et al., (2007) pointed out that by allowing people to develop expectations about future resource needs, goals help to shape how people perceive their retirement experience and, in turn, help to boost both actual savings levels and the desire to save. It is also found from the said study that older people tend to have more goal clarity on retirement rather than younger people.

The higher self-efficacy in turn, leads to improved retirement goal clarity. Retirement goal clarity is positively associated with consumers' level of actual retirement planning activity is the finding shown in Hoffmann & Plotkina (2021) when a person accessing his resources to achieve a financially secure future.

Findings from the previous studies found that goal clarity are among the factors that influencing the retirement planning behaviour (Moorthy et al 2012; Afthanorhan, A. et al 2020; Kadir, J. M. A., et al 2020; Zulfaka & Kassim 2021).

Research Framework

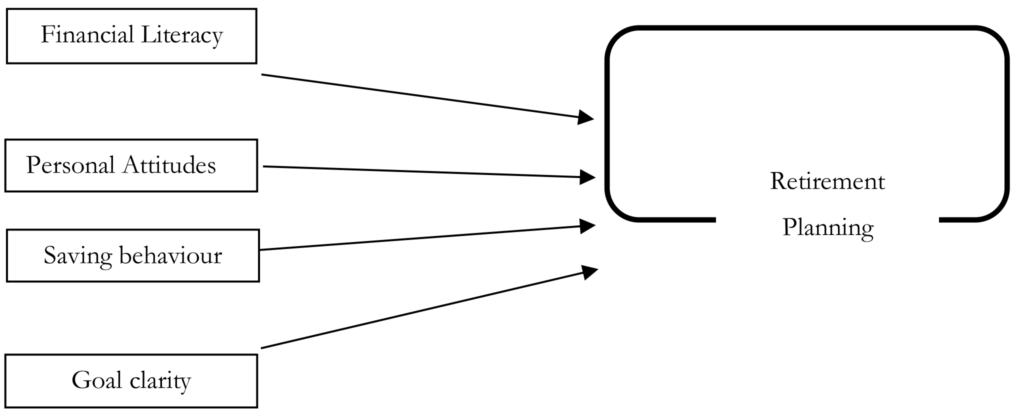

Figure 1: Conceptual Framework on Relationships Between Financial Literacy, Personal Attitudes, Saving Behaviour, Goal Clarity and Retirement Planning Among Private Sector Workers.

Methodology

A survey was conducted on organization X which has 20 branches all over Malaysia of 150 employees. It is a preliminary study before conducting the research further to a bigger population in Malaysia. The sample size is 110. The return rate is 97.3% (107 samples). Table 1 below shows the items in the survey instrument used for this study:

Table 1. Instruments Items

Construct	Items	Reference
Financial Literacy	The recommended savings for emergency are 3 to 6 months of total monthly expenses.	

	Investing in low risk investments will give a high return.	M. F. Sabri & MacDonald, 2010
	Buying goods on credit will reduce purchasing power in future	
	The increase of the price of goods will reduce buying power	
	Credit card holder can spend without limit	
	Using credit card to get cash has the lowest finance charge	
	We overspend when using savings to buy daily necessities	
	All types of investments are profitable	
	EPF contribution are sufficient for retirement	
	All Muslims must pay zakat	
Personal Attitudes	By planning for retirement, I will be independent and self-sufficient	Zulfaka & Kassim (2021)
	Even though saving for retirement limits the money I have currently, the money I have saved and invested will benefit me after I leave the workforce	
	Planning for retirement help disciplined me to resist unnecessary spending	
	I have other more important things to do than to plan for retirement	
	Planning for retirement is a burden- it prevents me from enjoying my life now	
	I prefer not to even think about the state of my personal finances	
Saving Behaviour	I saved first before spending.	Afthanorhan, A.,et al. (2020).
	I spend my money accordingly to the plan.	
	I plan my finances for retirement.	
	I invest in legal investment.	
	I record all my spending.	
	I am preparing a budget.	
Goal Clarity	I set clear goals for gaining information about retirement	Stawski, R. S., et al. (2007).
	I thought a great deal about quality of life in retirement	
	I set specific goals for how much will need to be saved	
	I have a clear vision of how life will be in retirement	
	I have discussed retirement plans with spouse, friend or significant other.	
Retirement Planning	I watched/listened to programs on financial planning.	Afthanorhan, A., et al (2020).
	I spoke to relevant person about postretirement works.	
	I discussed financial planning with a professional in the field.	
	I visited health-related sites on the Internet	
	I discussed retirement with retired people.	
	I visited websites on post-retirement work.	

The analyses conducted were the demographic factor descriptive analysis, reliability test, correlations and regression analyses.

Results

Based on the descriptive analysis of the demographic, it is found that most of the respondents are female which made up of 79.5% of the respondents compared to 20.5% male. More than half of the respondents are of the age between 36 to 45 years old (66.7%), followed by above 46 years old (17.9%) and between 26 to 35 years old (15.4%). 61.5% single, while 38.5% are married.

69.2% of the respondents hold a degree, 20.5% are Master/PHD holders, while 7.7% holds Diploma and lastly, 2.6% with SPM. 30.8% of the respondents have a monthly income of RM6,501 to RM10,000 followed by 28.2% of the respondents earning is above RM10,000, 23.1% is earning between RM4,001

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

to RM6,500, while 17.9% earns between RM1,500 to RM4,000.

Correlation Analyses Results

Table 2. Simplified Correlation Analysis

	FA	PA	SB	GC	RP
Financial Literacy (FA)	1	.211*	.224*	.214*	.255**
Personal Attitudes (PA)	.211*	1	.000	-.073	-.068
Saving Behaviour (SB)	.224*	.000	1	.665**	.598**
Goal Clarity (GC)	.214*	-.073	.665**	1	.525**
Retirement Planning (RP)	.255**	-.068	.598**	.525**	1

** Correlation is significant at the 0.05 level (2-tailed).*

***: Correlation is significant at the 0.01 level (2-tailed).*

Based on Table 2, the result shows that FA has a significant positive correlation with all other variables, especially with Retirement Planning (r=.255,p<.01). While PA shows a weak correlation with other variables, with no significant correlations. On the other hand, SB has a strong positive correlation with GC (r=.665,p<.01) and RP (r=.598,p<.01). GC is strongly correlated with SB and RP, suggesting that higher GC values are associated with higher RP values.

Linear Regression Analysis

The data was further analyzed using the linear regression analysis to find the best predictor for retirement planning among the employees at this company situated all over Malaysia.

Table 3 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732[a]	.536	.433	4.17693
a. Predictors: (Constant), GC, FL, PA, SB				

Table 3 explains a substantial portion of the variance in Retirement Plan, with an R2 of .536, while the adjusted R2 suggests that the model remains robust even after accounting for the number of predictors. The value adjusts the R Square for the number of predictors in the model. It provides a more accurate measure of the model's explanatory power, especially when multiple predictors are involved which is about 43.3% of the variance in retirement plan is explained by the model.

While the Anova test explains the F-statistic (5.200) and its associated p-value (.006) indicate that the regression model is statistically significant. This means that the predictors (Goal Clarity, Financial Literacy, Personal Attitude, Saving behaviour) collectively have a significant effect on the dependent variable retirement plan. The model explains a significant portion of the variance in retirement plan, as indicated by the significant F-statistic

Table 4. Linear Regression – Coefficient

Coefficients[a]				
Model	**Unstandardized Coefficients**	**Standardized Coefficients**	**t**	**Sig.**

Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

		B	Std. Error	Beta		
1	(Constant)	35.249	16.494		2.137	.047
	FL	-.499	.269	-.340	-1.855	.080
	PA	.184	.375	.094	.491	.629
	SB	.485	.420	.261	1.156	.263
	GC	1.059	.424	.525	2.496	.023

a. Dependent Variable: RP

Table 4 showed that the significant predictors in this study are the goal clarity, as it is the only predictor with a statistically significant relationship with retirement plan. All the other variables are not predictors of retirement plan in this model.

This indicates that the other independent variables would not matter unless you have goal clarity set up for your retirement planning

Conclusion and Recommendation

In conclusion the predictors which are the independent variables for the study do have a significant impact on the retirement plan as a whole. This is proven from the coefficient table generated from the regression analysis where R (.732) indicates a strong positive relationship between the observed and predicted values of the dependent variable (RP) where 53.6% of the variance in the dependent variable (RP) can be explained by the independent variables (GC, FL, PA, SB) registered by the model's explanatory power with R Square (.536) as shown in Table 3 Model Summary.

On the other hand, deeper analysis on the individual predictor has shown findings which contradict to the overall of the regression analysis where only one predictor that is GC has strong positive relation with retirement plan (RP) with a p-value of .023 ($p < 0.05$) indicating that this relationship is statistically significant. The other three predictors that are FL, PA, and SB are not significant. FL coefficient is -.499 and the p-value (.080) ($p > 0.05$), indicating that FL is not a predictor or RP. The same case is registered for the remaining variables that are SB (.263) and PA (.629), thus indicating that these three variables (FL, PA and SB) are not predictors of RP. The above Table 4 illustrates this succeeding explanation.

Even though it has always been stressed that knowledge is important but to certain extent people may have knowledge yet they may not act according to the knowledge that they have due to personal reasons which may not be disclosed and this entails to the possible explanation why personal attitude does not have a significant relationship with retirement planning. People may have knowledge but if the attitude does not conform to the knowledge that they possess they may not behave according to the expectation due to other reasons which influence such attitude.

However, if they have set their goals clearly, they know they have to achieve that goal no matter how, as long as they achieve it.

Perhaps, future research should be conducted based on the current cost of living and the world's economy which might change people's attitude and saving behaviour towards preparing for their financial well-being during retirement. In fact, there are articles written in the news stating that more and more retirees still continue to work after their retirement age due to the current high cost of living.

References

Abdullah, A., Salleh, Z., Zakaria, M. N., Hassan, H., Merican, R. M. a. R., Aziz, M. I., Muhammad, M. Z., & Shamma, H. (2023). Financial planning literacy among retirees: Issues and challenges. In Contributions to management science (pp. 541–551). https://doi.org/10.1007/978-3-031-27296-7_50

Afthanorhan, A., Mamun, A. A., Zainol, N. R., Foziah, H., & Awang, Z. (2020). Framing the retirement planning behavior model towards sustainable wellbeing among youth: The moderating effect of public profiles. Sustainability (Switzerland), 12(21), 1–24. [xx]

Alias, A., & Foziah N. H., (2022). Analysis towards the factor of inedequecy Retirement fund among EPF members; A review paper. International Journal of Law, Policy and Governance. Vol. 1, No. 2.

Amin, N. N. S. B. M., Mohamed, N. a. a. A., & Torla, N. A. (2021). Retirement Benefit In Malaysia: Understanding The Legal Framework And Its Challenges To The Migrant Workers. IIUM Law Journal, 29(2), 199–220. https://doi.org/10.31436/iiumlj.v29i2.573

Aziz, N. A., & Ahmad, Y. (2019). The Evolution of Government's Attention Towards Older Person: a Critical Review of Malaysia 5 Years Plan. Ageing International, 44(4), 319–330. https://doi.org/10.1007/s12126-019-09347-9

Bernama. (2022, September 28). Life expectancy of Malaysians declines. MalaysiaNow. https://www.malaysianow.com/news/2022/09/28/life-expectancy-of-malaysians-declines

Cao, G., Liu, J., Liu, M., & Liang, W. (2023). Effects of the COVID-19 pandemic on life expectancy at birth at the global, regional, and national levels: A joinpoint time-series analysis. Journal of Global Health, 13. https://doi.org/10.7189/jogh.13.06042

Dattani, S., Rodés-Guirao, L., Ritchie, H., Ortiz-Ospina, E., & Roser, M. (2023, December 28). Life expectancy. Our World in Data. https://ourworldindata.org/life-expectancy

Department of Statistics Malaysia. (2022). Life Expectancy | OpenDOSM. OpenDOSM. Retrieved August 18, 2024, from https://open.dosm.gov.my/dashboard/life-expectancy

FMT (2022) How Much Do You Need to Retire in Malaysia (2022) Taken From https://www.freemalaysiatoday.com/category/leisure/money/2022/05/01/how-much-do-you-actually-need-to-retire-in-malaysia/ Accessed on 1 August 2024.

Frank, D., Singh, R. R., & G, V. B. (2023). Relevance of Employee Saving Attitude Towards Retirement Planning and Satisfaction. International Journal of Professional Business Review. https://doi.org/10.26668/businessreview/2023.v8i5.1290

Haron, H., Nadiah Salihah Mat Razali, N., & Mohamad, F. (2019). Factors Influencing Financial Planning Retirement amongst Employees in The Private Sector in East Coast Malaysia: Literature Review and Research Agenda. KnE Social Sciences. https://doi.org/10.18502/kss.v3i22.5115

Hoffmann, A. O. I., & Plotkina, D. (2021). Positive framing when assessing the personal resources to manage one's finances increases consumers' retirement self- efficacy and improves retirement goal clarity. Psychology & Marketing, 38, 2286–2304. https://doi.org/10.1002/mar.21563

https://www.thestar.com.my/news/nation/2024/03/04/lack-of-retirement-savings-an-ongoing-concern; https://www.weforum.org/agenda/2023/06/longevity-life-expectancy-retirement/ Center for the New Economic Society.

Ibrahim D., Mohamed Isa Z., & Norhidayah A., (2012). Malaysian Savings Behavior Towards Retirement Planning. International Conference on Economics Marketing and Management, IPEDR Vol.28, Singapore

Innocenti, S., Clark, G. L., & McGill, S. (2023). Experience of financial challenges, retirement concerns, and planning: evidence from representative samples of workers in 16 countries. Journal of Pensions Economics and Finance, 23(2), 183–201. https://doi.org/10.1017/s1474747223000082

Kadir, J. M. A., Zainon, S., Ismail, R. F., Aziz, S. N. A., & Amran, A. A. I. (2020). Retirement Planning and its Impact on Working Individuals. European Journal of Molecular and Clinical Medicine, 7(6), 1550–1559.

Kalemli-Ozcan, S., & Weil, D. N. (2010). Mortality change, the uncertainty effect, and retirement. Journal of Economic Growth, 15(1), 65–91. https://doi.org/10.1007/s10887-010-9050-1

Kerdvimaluang, N., & Banjongprasert, J. (2022). An Investigation of Financial Attitudes and Subjective Norms Influencing Retirement Planning. The EUrASEANs Journal on Global Socio-economic Dynamics, 1(32), 67–76. https://doi.org/10.35678/2539-5645.1(32).2022.67-76

Kumaraguru, L., Geetha, C., & Mohidin, R. (2022). The Factors Influencing Retirement Preparation Among Gen Y In Malaysia. Advanced International Journal of Banking Accg, 4(10): 01-12.

Lusardi, A., & Mitchell, O. (2011). Financial Literacy and Planning: Implications for Retirement Wellbeing (w17078; p. w17078). National Bureau of Economic Research. https://doi.org/10.3386/w17078

Malaysia. (2024, January 8). Datadot. Retrieved August 18, 2024, from https://data.who.int/countries/458

Moorthy M.K, Chelliah T.D., Chiau S.S., Lai C.L, Ng Z.K., Wong C.R., Wong Y.T. (2012) A Study on the Retirement Planning Behaviour of Working Individuals in Malaysia. International Journal of Academic Research in Economics and Management Sciences. Vol.1 No.2.

Muda, S., Musman, M., Hussin, A. H., Idris, A. R., Kamarulzaman, M. H., Zainal Abidin, N. F., & Mohd Zaid, N. A. (2024). Relationship Among Financial Literacy, Attitude and Retirement Planning Awareness: A PLS-SEM Approach. Global Business & Management Research, 16(2).

Mun Lee, W. K., & Law, K. W. (2004). Retirement Planning and Retirement Satisfaction: The Need for a National Retirement Program and Policy in Hong Kong. Journal of Applied Gerontology. https://doi.org/10.1177/0733464804268591

Ndou, A. (2023). The relationship between demographic factors and financial literacy. International Journal of Research in Business and Social Science (2147-4478) 12(1): 155-164

Ntalianis M., Wise V (2011) The Role of Financial Education in Retirement Planning. Australian Accounting Business and Finance Journal, vol 5(2)

Ratna Juwita, Lini Ingriyani, Adzra Karamina Rivani, Maria Regina Yofanka, Saffana Putri Andriana, & Siti Maghfiroh Aulia R. (2024). The Determinants of saving behaviour for retirement preparation for the millennial generation. Global Business and Management Research: An International Journal, 16(2). http://www.gbmrjournal.com/pdf/v16n2s/V16N2s-66.pdf

Saieed, Z. (2022, December 14). Malaysians saving less, most do not have enough in retirement funds: Survey. The Straits Times. https://www.straitstimes.com/asia/se-asia/malaysians-saving-less-most-do-not-have-enough-in-retirement-funds-survey

Journal of Ecohumanism
2024
Volume: 3, No: 7, pp. 1141 – 1153
ISSN: 2752-6798 (Print) | ISSN 2752-6801 (Online)
https://ecohumanism.co.uk/joe/ecohumanism
DOI: https://doi.org/10.62754/joe.v3i7.4283

Selvadurai V., Kenayathulla H.B., Siraj S. (2018) Financial literacy education and retirement planning in Malaysia, Malaysian Online Journal of Educational Management Vol. 6, Issue 2, 41-66 https://doi.org/10.22452/mojem.vol6no.2.3

Shanmugam, A. (2019). Determinants Of Retirement Confidence Among Working Adults In Northern Region Of Peninsular Malaysia. PhD Dissertation, UUM.

Shariff N.S.M., Isah N.A.M., (2019) An empirical study on the determinants of retirement savings attitude in Malaysia. Journal of Physics: Conference Series

Ramli, N. N. I. S., & Shariff, N. N. S. M. (2023). A Study on Retirement Preparedness and Confidence among Private Sector Employees in Malaysia. Malaysian Journal of Science Health & Technology, 153–163. https://doi.org/10.33102/mjosht.v9i2.328

The Star (03/2024) Lack of retirement savings an on-going concern.

Tomar, S., Baker, K. H., Kumar, S., & Arvid O.I., H. (2021). Psychological determinants of retirement financial planning behavior. Journal of Business Research, 133. https://ideas.repec.org/a/eee/jbrese/v133y2021icp432-449.html

Whiting, K. (2023). We're living longer. Here's how that will change retirement. World Economic Forum.

Zazili, A. S. A., Ghazali, M. F. B., Bakar, N. T. B. A., Ayob, M. B., & Samad, I. H. B. A. (2017). Retirement Planning: Young professionals in private sector. SHS Web of Conferences, 36, 00024. https://doi.org/10.1051/shsconf/20173600024.