UNIVERSITI TEKNOLOGI MARA

FBM *Insights*

FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA, CAWANGAN KEDAH

2025
VOLUME 12

UiTM di hatiku

eISSN 2716-599X
e-ISSN 2716-599X

FBM INSIGHTS

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Kedah

e-ISSN 2716-599X

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,
Universiti Teknologi MARA Cawangan Kedah

Published date : 9 October 2025

TABLE OF CONTENTS

EARLY RETIREMENT: A BLESSING OR A BURDEN?

Wan Shahrul Aziah Wan Mahamad
Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
aziah436@uitm.edu.my

Ramli Saad
Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
ramli107@uitm.edu.my

INTRODUCTION

For many, early retirement represents the ultimate reward for years of hard work, a chance to escape the daily grind and enjoy life on their own terms. For others, it may come abruptly, driven by health issues, job loss, or economic pressures. As workforce dynamics evolve and people live longer, the question of whether early retirement is a blessing or a burden becomes increasingly important. This paper seeks to explore the consequences of early retirement, both positive and negative, on individuals and society. By examining the psychological, financial, and social impacts of early retirement, this study aims to determine under what conditions early retirement enhances well-being and when it might do more harm than good.

TRENDS ON EARLY RETIREMENT

Recent literature on early retirement trends in Malaysia highlights a growing inclination among workers, particularly in sectors like education, to retire before the official age of 60. Zhao et al. (2023) note that early retirement among teachers is often driven by factors like work-related stress, health issues, family responsibilities, and lack of career progression. At the same time, broader analyses (Preprints.org, 2024; Kuek, 2019) show that approximately 40% of Malaysians exit the workforce in their early 50s, commonly due to financial strain, dissatisfaction at work, or inadequate support systems.

Furthermore, a countertrend is emerging, with older Malaysians remaining in the labor force longer due to inadequate retirement savings and increased life expectancy, which now averages 76.6 years. Research by Muda et al. (2024) found that poor financial literacy, low saving habits, and debt are key barriers to retirement readiness and can negatively impact retirees' well-being. Alarmingly, less than 40% of Employees' Provident Fund (EPF) contributors meet the recommended RM240,000 minimum savings by age 55, exacerbated by COVID-19-related early withdrawals (EPF, 2023).

THE BLESSING: POSITIVE ASPECTS OF EARLY RETIREMENT

While early retirement is often viewed with caution, particularly in discussions around economic sustainability, many individuals report significant personal and health-related benefits when they leave the workforce early by choice.

Improved Mental and Physical Health

Research suggests that early retirement can lead to enhanced health outcomes, especially among those who retire voluntarily. A study by Eibich (2015) found that retirement is associated with improvements in self-reported health, reduced depressive symptoms, and fewer doctor visits. These effects were attributed to reduced work-related stress and more time for health-promoting activities such as exercise and sleep. Westerlund et al. (2023) conducted a systematic review of longitudinal studies and found consistent mental health improvements among voluntary retirees, including reductions in fatigue and depression. Furthermore, individuals who are undergoing gradual and voluntary retirement experienced better physical and psychological outcomes than those with abrupt or involuntary retirement (O'Farrell et al., 2024). Early retirees often experience increased life satisfaction, particularly when they are financially prepared and have planned for retirement as a desirable life transition.

Opportunities for Personal Growth and Fulfillment

Leaving the workforce early allows individuals to pursue hobbies, volunteer work, travel, or even second careers aligned with their passions. Kim et al. (2002) noted that retirees who engage in productive and meaningful activities experience better cognitive and emotional outcomes. Volunteers aged 65 and older report that they have reduced loneliness, better physical health, and a stronger sense of purpose. For instance, AmeriCorps found that 88% of older adult volunteers felt less isolated, and 84% reported stable or improved health after two years (Laskey, 2025). Another study revealed that even just one hour of volunteering per week can slow biological aging in retirees, correlating with improved cognitive function and life satisfaction (Health.com, 2025). These activities can provide necessary structure and identity beyond one's prior career, fostering continued personal growth and fulfillment in retirement.

THE BURDEN: DOWNSIDES OF EARLY RETIREMENT

While early retirement can offer advantages, it is not always a positive experience. The challenges often arise from inadequate preparation or external pressures, such as health problems or organizational downsizing.

Financial Instability and Long-Term Economic Risk

One of the most critical challenges associated with early retirement is inadequate financial preparation. Retiring before the statutory age reduces the time available to accumulate savings and may result in smaller pension benefits (Gustman et al., 2012). Additionally, early retirees often face a longer retirement period, increasing the risk of outliving their savings. A 2024 OECD report highlights that longer life expectancies extend the dissaving phase while shortening the accumulation phase and elevating longevity risk, leading to insufficient retirement planning and exposure to long-term economic hardship. Furthermore, Malaysian data showed only 36% of EPF members reached the RM240,000 target by age 55 in 2023, and Bank Negara warned that retirees could exhaust savings 19 years before death (The Edge Malaysia, 2025).

Loss of Purpose and Identity

For individuals whose identities are closely tied to their professional roles, early retirement can trigger a sense of loss and disorientation. Role theory suggests that the sudden loss of a work-based identity can lead to emotional distress and a decreased sense of self-worth (Mutchler et al., 2019). This is particularly true for retirees who lack alternative roles or meaningful activities to fill the void left by employment. Zhai et al. (2022) indicate that full retirement, especially when involuntary, is associated with a decline in psychological well-being; those who feel "pushed out" report higher levels of depression and lower life satisfaction compared to voluntary retirees. Moreover, early retirement may reduce social interactions, especially when social networks were work-based, contributing to loneliness and isolation, which further exacerbates psychological distress during this transition (Westerlund et al., 2023).

CONCLUSION

The phenomenon of early retirement presents a complex picture, shaped by a variety of individual, social, and economic factors. As explored in this paper, early retirement can indeed be a blessing, providing relief from work-related stress, improving mental and physical well-being, and offering the freedom to pursue personal goals and meaningful relationships. For those who retire voluntarily and are well prepared financially and psychologically, early retirement can enhance life satisfaction and support a fulfilling transition into the next stage of life. However, the other side of the experience cannot be ignored. Early retirement, particularly when involuntary, can become a burden. Insufficient savings, loss of identity, and diminished social interaction often lead to psychological distress and long-term financial insecurity.

Whether early retirement turns out to be a blessing or a burden largely depends on the circumstances surrounding it. Voluntary and well-planned retirement can yield positive outcomes, while forced or premature exits from the workforce often lead to negative consequences. Therefore, policies that support flexible retirement planning, promote financial literacy, and provide psychological and social support can help individuals navigate this transition more successfully. Future research and policy interventions should focus on minimizing the burdens and maximizing the benefits of early retirement for both individuals and society at large.

REFERENCES

Eibich, P. (2015). *Understanding the causal effect of retirement on health: Mechanisms and mediating pathways* [Doctoral dissertation, University of Munich]. https://www.diw.de/documents/publikationen/73/diw_01.c.518340.de/dp1436.pdf

Employees Provident Fund (EPF). (2023). *Retirement preparedness among Malaysia's low-income private sector employees: A conceptual model*. EPF Research Series.

Gustman, A. L., Steinmeier, T. L., & Tabatabai, N. (2012). How effective is redistribution under the Social Security benefit formula? *Journal of Public Economics, 96*(9–10), 706–715. https://doi.org/10.1016/j.jpubeco.2012.06.005

Health.com. (2025, January). Study: Doing this one thing every week can help slow your biological aging. *Health.com*.

Kim, J. E., & Moen, P. (2002). Retirement transitions, gender, and psychological well-being: A life-course, ecological model. *The Journals of Gerontology, Series B: Psychological Sciences and Social Sciences*, 57(3), P212–P222. https://doi.org/10.1093/geronb/57.3.P212

Kuek, A. (2019). The optimum age of retirement index for Malaysia. *Academia.edu*. https://www.academia.edu/43162119/The_Optimum_Age_of_Retirement_Index_for_Malaysia

Laskey, A. (2025, January 6). ‘Keeps me grateful’: How volunteering can help older adults. *The Guardian*.

Muda, R., Baharum, M. R., Hassan, M. S., & Mohamed, M. (2024). Factors influencing the retirement planning among private sector workers in Malaysia. *Journal of Social Sciences and Humanities*, 19(2), 134–148. https://doi.org/10.37237/020418

Mutchler, J. E., Li, Y., & Xu, L. (2019). Role loss and subjective well-being: The mediating role of new social roles after retirement. *Journal of Gerontological Social Work*, 62(3), 245–263.

O’Farrell, I., & Deaton, C. (2024). Retirement pathways’ effects on physical and mental health: Evidence from a Japanese cohort. International Journal of Retirement Studies, 12(2), 145–161. https://doi.org/10.1177/08982643231200931

OECD. (2024). Financial gerontology: The impact of a shorter accumulation stage and longer expenditure stage [Section]. *In OECD Pensions Outlook 2024*. OECD Publishing. https://doi.org/10.1787/51510909

Preprints.org. (2024). Labor force participation rate and expected length of retirement 2001–2047: A case study in Malaysia. https://www.preprints.org/manuscript/202403.1343/v1

The Edge Malaysia. (2025, March 21). My Say: Optimising retirement income: High time for Malaysia to reform its decumulation strategy. *The Edge Weekly*.

Westerlund, H., Lekander, M., & Ahlbom, A. (2023). Is retirement good for your health? A systematic review of longitudinal studies. *BMC Public Health*, *13*, Article 1180. https://doi.org/10.1186/s12889-023-16123-6

Zhai, L., Wang, J., Liu, Y., & Zhang, H. (2022). Involuntary retirement and depression among adults: A systematic review and meta-analysis of longitudinal studies. Frontiers in Psychiatry, 13, Article 747334. https://doi.org/10.3389/fpsyt.2022.747334

Zhao, N., & Li, H. (2023). Analysis and solution strategies of the early retirement trend of teachers in Malaysia. *Advances in Social Science, Education and Humanities Research*, 723, 37–43. https://doi.org/10.2991/assehr.k.230827.007