



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) ISLAMIC
BANKING
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA, KOTA BHARU, KELANTAN.**

**DETERMINANTS OF RETIREMENT PLANNING
DECISION AMONG EMPLOYEES IN
PETRONAS CARIGALI SDN BHD**

RESEARCH REPORT

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“DECLARATION OF ORIGINAL WORK”

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We hereby, declare that,

- ✓ This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- ✓ This project paper is the result of our independent work and investigation, except where otherwise stated.
- ✓ All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

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ABSTRACT

During the past several decades, individuals have been asked to shoulder an increasing portion of the burden of the financial preparation for their retirement. Employers have shifted emphasis away from plans that promise retired employees a certain income for life to plans where value at retirement depends on employee investment decisions and market fluctuations.

In this changing planning environment, tax-sheltered retirement savings vehicles such as individual retirement accounts (IRAs), Keogh plans for the self-employed, 401(k), 403(b), thrift plans, and supplemental retirement annuities have gained importance in retirement plans. These plans allow an employee to decide whether or not to participate, and to decide, within certain limits, how much to contribute to the plan.

With these plans, the employee becomes a much more active decision maker in the retirement planning process and the level of living achieved during retirement will depend on the decisions made.

There is some evidence that debt obligations may be keeping employees from taking full advantage of such plans, possibly compromising their opportunities for achieving a desirable level of living during retirement. In a recent survey of investors, over one in 10 respondents stated that high levels of non-mortgage debt prevented them from contributing to their 401(k) plan. Thirty-five percent indicated that debt prevented them from contributing as much as they would like (Gunsaulley, 2000). Given the importance of discretionary savings for retirement, it is of interest to explore the extent to which this situation represents a prevalent problem in the United States. This study uses nationally representative data to examine the relationship between debt levels and participation in and level of discretionary retirement savings.