

## Army Veterans Means in Spending the Financial Incentive SVTB1MALAYSIA

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### ABSTRACT

*In the Malaysian Budget 2013 announcement, the Prime Minister has proposed compensation in the form of financial aid to the army veterans who did not opt for the pension scheme after retiring from the military services. The amount of compensation is RM1,000.00 and will start disburse in January 2013. This is a one-off payment and army veterans should spend their money wisely. This survey will study the purpose of money spent by the army veterans and the type of expenditure whether for individual, family, and other purposes. The population of this study is the army veterans who live in the area of Wilayah Jengka, Kota Gelanggi, and Kuala Krau. The study was conducted during the distribution of the form SVTB1Malaysia.*

**Keywords:** *Army veterans, SVTB1Malaysia, financial incentive.*

### Introduction

In Malaysian Budget 2013, the Malaysian government has announced the compensation of RM1,000.00 for army veterans who did not opt for a pension scheme. The announcement has been made by Prime Minister during the tabling of the budget session in September 2012 in the Dewan Rakyat. The government hopes that this compensation will be able to help army veterans in releasing and decreasing the financial problem of army veterans in the form of expenditure for the schooling stuff and apparell, cost of living, and other expenditures in a short term. It is also a part of government recognition to the army veterans who had served in this country in the past. This form of compensation is a one-off payment, and the army veterans should spend their money wisely.

### Objectives

The objectives of the study are:

- i. To examine the type of expenditure spent by the army veterans.
- ii. To identify the army veterans perception towards the SVTB1Malaysia financial-aid.

### Problem Statement

The SVTB1Malaysia is a one-off payment and to be paid to the army veterans who have retired from the military services either armed forces, air forces, and navy without any pension scheme. Every single army veteran will receive RM1,000.00 beginning from January 2013 and the total amount paid up to is RM234.5 million. Army veterans who are not under a pension scheme did not have any fix income compared to those with a pension scheme. Thus, they should spend this financial aid wisely as they only receive the incentive once. The question is, how do these army veterans spend their money and where will this money go? This survey will find out the portion of money that the army veterans will spend once they are paid the financial aids by government. It will also identify the army veterans perception towards the SVTB1Malaysia because the army veterans who did not receive a pension scheme have had demand for the special pension scheme through their association for a couple of time, but non-prevail. When the government announced the financial-aid to be paid to these army veterans, they view that this decision was just to coax them. Whether this phrase is true or not, the survey will proof it once the data is accumulated and analyzed.

## Literature Review

According to the Minister of the Defence Ministry on 30th October 2012 in Sibul, Sarawak during the Dinner of Veteran Day, the number of military personnel retired without pension is estimated about 234,500 including Armed Forces, Navy and Air Force. The army veterans who did not opt for a pension scheme and entitled to the SVTBIMalaysia financial-aid must be Malaysian citizens who had served for full time and had never been terminated nor asked to retire under disciplinary action in any forces of permanent forces of ATM, full time volunteer excluding the period of services, Forces 136, British Army who served in Malaya, Malaysia or Singapore, and also the Sarawak Rangers. This definition of army veterans is stated by the *Rang Undang-undang Veteran 2011*.

Elbogen, Johnson, Wagner, Virginia and Beckham (2012), cited that the veterans who lacked money or financial in meeting the basic needs tend to contribute more to the problems such homeless and other social problems. The basic needs as proposed by Abraham Maslow's Hierarchy Needs Theory is the biological and physiological needs such as basic life needs, air, food, drink, shelter, warmth, sex, sleep, etc. These basic needs have to be full-filled first before people go to the next level of needs. And to full-fill those basic needs, money is a must. Unfortunately, the army veterans with non-pension are quite struggling to full-fill their basic needs especially for those supporting the big size of family and did not have any fix income of secure job, even worst if the army veterans are unemployed.

According to Long, Jahnle, Richardson, Loewenstein and Volpp (2012), financial incentives to army veterans are able to enhance self-care of their health. In other words, it is able to prolong the army veterans' life as long as they have the money to finance the cost of medication and other treatment in hospital. Based on their research, the army veterans who got the financial aids tend to be less affected by the diabetes, and this is probably caused by the routine check-up and treatment in the hospital. However, the army veterans with no financial incentive are highly affected by the diabetes and other illnesses. Based on the research finding by Reisinger, Brackett, Buzza, Paez, Gourley, Weg, Christensen and Kaboli (2011), a majority of the participants in their research responded that the financial incentive totally has the desired effect on other Veteran Affair patients. This statement supports Long et al. (2012) findings that financial incentive will make army veterans more self-care to their health and because of this, the percentage of army veterans affected by diabetes are quite lower as compared to those who never enjoy any financial incentives.

Chitty in the paper "Maximizing Financial Aid for Veterans", (2008), had emphasized that the importance of financial aid for army veterans in order to assist them especially in studying in university and college for acquiring a higher qualification to serve a better life. Chitty also adds that the U.S government is also introducing a new act for army veterans in the form of the maximum tuition and fees for an in-state army veterans who become students, USD1,000 per academic year for books, supplies, equipment, and other educational costs, a monthly housing stipend equal to the amount of basic housing for military personnel in military housing, up to USD100 per month for up to 12 month for army veterans who become students that require tutoring, USD500 relocation/travel assistance grant for those living in a country with fewer than seven persons per square mile and who relocate at least 500 miles to attend school and who must travel by air to attend an institution, and lastly up to USD2,000 for one licensing or certification exam.

Lankford (2012), views that the financial incentive is crucial in assisting army veterans after retirement. During the retirement period some of the army veterans are pursuing their study in the university and college. The financial incentive will help a lot if they intend to further study because during this ample time, they did not earn any fixed income nor securing a good job to maintain their cost of living. Hence, after graduation, the army veterans will be able to start a new life because they have a qualification in seeking a new job and they will get paid after employment.

## Method

### Participants and Procedure

This survey was conducted at the Malaysian Army Veteran Association (MAVA) office located at Wilayah Jengka. The participants are 139 army veterans who did not opt for any pension scheme after retirement from the military services. They consist of three categories of services such Air Force, Armed Forces and Navy, and had served in a military for less than 21 years accordingly. The participants who came to the MAVA

office received a short briefing of the SVTBIMalaysia that was presented by the MAVA representatives. The explanation included the condition of the SVTBIMalaysia scheme, and MAVA was focusing more to the eligible and ineligible of veteran of receiving the scheme from Malaysian government.

Once the briefing was done, each participant was issued a copy of SVTBIMalaysia form and they need to complete and return the form with supporting documents. Before they leave the MAVA office, they were asked to fill in the SVTBIM questionnaire distributed by MAVA representatives. This survey applied the convenience sampling method whereas all the participants who attended the briefing of SVTBIMalaysia were issued a copy of SVTBIMalaysia form without bias.

## Instrument

This survey will use the *Skim Veteran Tidak Berpencen 1Malaysia (SVTBIM)* questionnaire. The questions were designed purposely to adhere to the situation and condition of each participant who were mostly from the age of 40's to early 80's. Some of them have never filled any questionnaire before. Because of the age and the qualification factors, we were wondering whether this could become a boring situation for the participants to complete the SVTBIM questionnaire. If this situation happened, then the data generated from this survey is not accurate and not representing the real situation. Therefore, we designed the questionnaire by only applying short and easy questions in order to overcome the situation. The questionnaire is divided into three parts and consisting of 14 simple questions. Part 1 consisting of general details regarding to the participants background, part 2 will determine the information regarding to the expenditure of the SVTBIMalaysia scheme, while part 3 is the personal participants' opinion regarding to the SVTBIMalaysia scheme.

## Result

Table 1 shows the percentage that veterans spent for kitchen and foodstuff. 78.8% of the veterans are using the incentive of SVTBIM to purchase the kitchen and foodstuff.

Table 1: Expenditure for kitchen and foodstuff.

<b>Kitchen food stuff</b>					
	Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree	1	1.5	1.5	1.5
	Disagree	3	4.5	4.5	6.1
	Neutral	10	15.2	15.2	21.2
	Agree	43	65.2	65.2	86.4
	Strongly Agree	9	13.6	13.6	100.0
	Total	66	100.0	100.0	

Table 2 shows that 89.4% of veterans spent the incentive in order to purchase the school stuff and other things related to the school basic needs.

Table 2: Expenditure for school stuff.

<b>School</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.5	4.5
	Neutral	4	6.1	6.1
	Agree	43	65.2	65.2
	Strongly Agree	16	24.2	24.2
	Total	66	100.0	100.0

Table 3 shows that only 21.2% of the veterans spent the incentive for vacation. While 48.4% does not support the incentive given for vacation.

Table 3: Expenditure for vacation.

		<b>Vacation</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	13.6	13.6	13.6
	Disagree	23	34.8	34.8	48.5
	Neutral	20	30.3	30.3	78.8
	Agree	12	18.2	18.2	97.0
	Strongly Agree	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Table 4 show 59.1% of veterans gave the incentive to their children without mentioning the figure, while 15.1% disagree that the incentive was given to their children.

Table 4: Expenditure for the children.

		<b>Give children</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	4.5	4.5	4.5
	Disagree	7	10.6	10.6	15.2
	Neutral	17	25.8	25.8	40.9
	Agree	37	56.1	56.1	97.0
	Strongly Agree	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Table 5 indicates 53% of veterans spent the incentive for paying the utilities while 16.6% disagree that the incentive was used for paying the utilities.

Table 5: Expenditure for utilities.

		<b>Utilities</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.0	3.0	3.0
	Disagree	9	13.6	13.6	16.7
	Neutral	20	30.3	30.3	47.0
	Agree	32	48.5	48.5	95.5
	Strongly Agree	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

Table 6 shown 45.4% of the veterans used the incentives to purchase the farm input while another 27.2% disagree to spend the incentives for purchasing the farm input.

Table 6: Expenditure for purchasing farm input.

		<b>Farm input</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	3.0	3.0	3.0
	Disagree	16	24.2	24.2	27.3
	Neutral	18	27.3	27.3	54.5
	Agree	22	33.3	33.3	87.9
	Strongly Agree	8	12.1	12.1	100.0
	Total	66	100.0	100.0	

Table 7 indicates that 71.2% of veterans used the incentive for home repair, while only 7.6% disagree for the same purpose.

Table 7: Expenditure for home repair.

		<b>Home repair</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.5	1.5	1.5
	Disagree	4	6.1	6.1	7.6
	Neutral	14	21.2	21.2	28.8
	Agree	38	57.6	57.6	86.4
	Strongly Agree	9	13.6	13.6	100.0
	Total	66	100.0	100.0	

Table 8 shown 83.3% of veterans agree to keep the incentive given in the saving account with unknown amount of saving while 4.5% disagree for the account saving.

Table 8: Account saving.

		<b>Account saving</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	4.5	4.5	4.5
	Neutral	8	12.1	12.1	16.7
	Agree	39	59.1	59.1	75.8
	Strongly Agree	16	24.2	24.2	100.0
	Total	66	100.0	100.0	

While in Table 9 indicates that only 3% of veterans spent the money for other purpose.

Table 9: Expenditure for other purpose.

		<b>Other purpose</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	64	97.0	97.0	97.0
	Other purpose	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

The next part investigates the perception of the veterans towards the incentives given by the government. Table 10 shown that 81.8% of the veterans agree that the incentives was a part of government recognition during the veterans' services in the military.

Table 10: Perception: Government recognition

		<b>Government recognition</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	12	18.2	18.2	18.2
	Yes	54	81.8	81.8	100.0
	Total	66	100.0	100.0	

Table 11 shown that 33.3% of veterans agree that the incentives was given because of the budget surplus.

Table 11: Perception: Budget surplus.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	44	66.7	66.7	66.7
	Yes	22	33.3	33.3	100.0
	Total	66	100.0	100.0	

Table 12 indicates that only 12.1% of veterans agree that the incentives were given because the government was forced by the third party.

Table 12: Perception: Forced by third party.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	58	87.9	87.9	87.9
	Yes	8	12.1	12.1	100.0
	Total	66	100.0	100.0	

Table 13 indicates that only 9.1% of the veterans agree that the incentives were provided by the government because of election.

Table 13: Perception: Election.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	60	90.9	90.9	90.9
	Yes	6	9.1	9.1	100.0
	Total	66	100.0	100.0	

Table 14 shown that 78.8% of veterans agree that the incentives were given because the government want to help the veterans.

Table 14: Perception: Help Veterans.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	14	21.2	21.2	21.2
	Yes	52	78.8	78.8	100.0
	Total	66	100.0	100.0	

While only 10.6% of the veterans in Table 15 agree that the incentive was given because of other purpose.

Table 15: Perception: Other purpose.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nil	59	89.4	89.4	89.4
	Yes	7	10.6	10.6	100.0
	Total	66	100.0	100.0	

### Conclusion

The above result showed that most army veterans spent the incentives paid to them for many purposes such as basic purposes such as kitchen and food stuff, schooling, and utilities, and non-basic purposes such as

purchasing the farm input, home repair, account saving, and other purposes. However, the portion of expenditure for each purpose is unknown. With the RM1,000.00 incentives it is predicted that the amount of each expenditure for each purpose is quite smaller because the army veterans need to allocate the financial incentives for more than two purposes as well.

Regarding to the army veterans' perception towards the financial incentives SVTBIM, most of them perceive that the government decision in providing the financial incentives to the army veterans who were not getting any pension scheme is because of the government recognition and government initiatives in helping and assisting the army veterans. Less than 40% of army veterans that agree the financial incentives is given because of the next-coming election, budget surplus and forced by the third party as well.

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