

MINI-REVIEW ON RETIREMENT PLANNING BEHAVIOUR: EVIDENCE FROM ASIA (2011-2021)

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1. INTRODUCTION

Retirement planning is an individual's behaviour to prepare for retirement life (Yeung & Zhou, 2017). Individuals would set realistic expectations for the changes they will face (Taylor et al., 2008) and set clear long-term missions for their post-retirement life (Topa et al., 2009). The relevance of retirement planning motivates the researcher to conduct a study on retirement planning behaviour. Previous studies show that women are more exposed to financial distress during their retirement years. Women have a lower income (Almenberg & Dreber, 2015), lower financial literacy (Lusardi & Mitchell, 2008; Van Rooij et al., 2011; Almenberg & Dreber, 2015), lower risk tolerance, and have a longer life expectancy than men (Croson & Gneezy, 2009; Dohmen et al., 2011; Almenberg & Dreber, 2015 and Almenberg & Dreber, 2015).

Financial literacy has become increasingly essential to countries all over the world. However, low financial literacy hurts individuals' financial health and the nation's reputation for not providing appropriate aid and assistance to its citizens. This situation affects developing countries like Malaysia and also developed countries like Japan, Germany, Sweden, Italy, New Zealand, and the Netherlands, despite their mature and well-established financial systems (Lusardi & Bucher-Koenan, 2011). Due to the aging population, there is a societal imperative for individuals to extend their working lives. However, in most countries in Asia, employees still leave their portfolio before the official pension age of 60 due to several factors. According to The Star (2020), the estimated average rate of medical inflation in Malaysia is 10%-15% per year. Therefore, the present qualitative study aims to identify how health influences early retirement (De Wind et al., 2013). This paper highlights the relationship of demographics factors, psychological factors such as savings behaviour, financial risk tolerance, and financial literacy towards retirement planning, especially in women. For example, female workers in Indonesia did not obtain pension guarantees from employers. In addition, there are only a few studies that focus on women's retirement planning behaviour, such as Price (2002), Wong & Hardy (2009), and Noone et al. (2010). Given its novelty, this research contributes to a better understanding of the underlying factors affecting retirement planning.

2. METHODOLOGY

This review on retirement planning behaviour was carried out by reading and analysing 30 peer-reviewed journal articles. According to Eaton (2014), 30 articles are considered appropriate and sufficient for peer-reviewed analysis and the sources have to be relevant to the research field. These articles are summarized based on journal articles, title, authors, publishers, year of publication, contents, objective, and findings. To identify those articles, database engines used for articles' search included Elsevier, Emerald, Taylor & Francis Online, and Wiley Online. These databases support

academics and interested researchers in keeping track of research findings that are outside of their primary area of specialisation. The keywords used to find the articles are retirement planning, financial literacy, financial risk tolerance, healthcare concern, savings behaviour, and working women. The inclusion and exclusion process were carried out by reading 50 articles at first and choose the best 30 articles to be analysed afterward.

3. RESULTS AND RECOMMENDATIONS

The unique discovery from the review compilation is the various finding which is an interesting topic to be analysed. There is a limited study found in Asian countries such as Thailand, the Philippines, and Brunei that related to the research topic. The most variables linked in these 30 articles are retirement planning and financial literacy. This statement reinforces the element of financial literacy in achieving financial inclusion goals. A cross-sectional research design has been employed as the main method of data collection. However, there was one article by Zang (2020) that used a longitudinal research design whereby respondents were followed up every two years. In terms of variables measurement scales, all 23 peer-reviewed articles used nominal and ordinal scales in the form of surveys and questionnaires. Another 7 articles papers included interval scales that can measure the difference between values. The sample of the study varies based on the specific objectives of the research. For example, a study done by Tan & Lee (2018) focused on retirees aged 64-70 years, while research done by Afthanorhan et al. (2020), highlighted respective respondents who were 40 years old and below.

In the case of Malaysia, Employee Provident Fund (EPF) is the central pillar of retirement savings for the private sector and non-pensionable public sector. It is recommended that some amount shall be allocated in the EPF, especially for insurance or takaful as complimentary products for EPF members. EPF may collaborate with any takaful or insurance operators to develop protection plans that benefit its members. Additionally, the investment and insurance companies operating in Asia countries can develop unique pension plans or retirement plans for their citizens to encourage them to save monthly, especially for self-employed people. Last but not least, steps should be taken to improve future vision. It is an essential responsibility of government, NGOs, or financial advisors to educate women about the importance of early planning for retirement. Further explanation on the benefits of savings and their implications should be taken seriously. The government and policymakers can encourage society's saving and investment habits by formulating suitable attractive plans targeted to enhance the country's saving, protection, investment, and retirement planning culture. Future research could focus on retirement planning behaviour in other continents such as Antarctica, Africa, Australia, North America, South America, and Europe. Countries in different culture and socioeconomics characteristics has their specific issues regarding on this topic. To improve, it can be suggested that certain demographic groups could be targeted at younger and less educated people to encourage them in early savings. The future study also should highlight the importance and implementation of diversified investment to prepare for income replacement. The dividend will give pleasure for them to go through the retirement phase.

4. CONCLUSION

This mini-review analysis shows that retirement planning is mainly determined by demographic characteristics, financial literacy, and savings behaviour. We found that most Asian countries agreed that financial literacy is the main factor contributing to retirement planning. On top of that, we conclude that men planned better for their post-retirement life and matured in making a retirement decision compared to women. Besides, health can improve the retiree's life by having an excellent quality of life comprised of disease-free and physically active. Hence, retirees are advised to get

treatment often or do health checks and consume supplement products to maintain their health. This initiative would help them to save their budget for healthcare treatment after retirement. In conclusion, this study found a role and responsibility of government and policymakers in establishing a better mechanism to provide financial education and healthcare awareness.

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