

Retirement Preparedness of Employees in San Juan City Philippines

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Abstract- After a long period of grinding to finish your education, it's now time to enjoy what you have to earn working. Working yourself to get things you want, with lots of available loans to do what you want and with all the energy you have, sure it's fun as if you're having the time of your life. When the hype of your youth fades, when your energetic stage starts to fade off, are you ready? Life is a series of preparations. We studied to prepare for work so it's ideal to say we work to prepare ourselves to our life later on. What would you like to do after working so long? Are you still financially independent then? How much pension would you have? Are we aware of our health while getting old? And what lifestyle would we have as retired employee? These questions don't often pop-out of our mind when were young that's why this research attempted to know so. This research conducted a survey with workers of San Juan City to know how prepared they are to retirement. The research measures preparedness by productivity after retirement, financial preparedness, expected monthly pension, health and wellness and a meaningful lifestyle. As a result, respondents are very likely to serve their productivity to churches and charitable institution, finishing their loans and debts before retiring, expected an amount of P10, 000 and below monthly pension, quit smoking at the age of 50 and live within their means and stick to a budget. While this research provides some relevant details regarding the retirement preparedness of employees of San Juan city, further specified research is need for validation.

Keywords: - Retirement, Financial Preparedness, Employee's Retirement.

I. INTRODUCTION

Traditional Filipino values emphasize the role that the younger generations, and specifically children, play in providing retirees with a comfortable life once they stopped working. The burden passed onto the younger generations which will make a household's financial security at risk. It's important that Filipino working adults use the financial tools available to them to prepare for financial independence in retirement.

Rationalization of the society that was created by Max Weber is one of the theories that is aimed with

this research. Customs and traditions ruled human behavior can be replaced by behaviors which were supported by reasons and practicality. With that, we are to replace this tradition of children-supported retirement to financially independent retirement.

In Asia, an average person starts to save at 27 and start building retirement plans at the age of 29. For those who failed to save, about 27% of them stated day-to-day cost as the reason. (HSBC's Future Retirement: A new reality survey) Having kids is another factor to consider especially to those with lower incomes. Parents who would have new family members on their middle age are more likely to extend working for 20-25 years or spent their

retirement savings to cover higher education of the little ones. Conversely, those who finished having kids in their 20's may have their later career period as preparation for retirement. (Cussen n.d-9 factors that affect when you retire).

While it's true that it's unsure how long will one live and what would be your health and the market conditions in the future, this kind of thinking requires a different approach than what most financial planning industry commonly use. Liability-driven investing is a concept commonly used when it comes to retirement planning. While this approach focuses on income replacement approach for retirees, it should aim to provide fund for expenses such as housing, medical, transportation, food and clothing for today and for the future. Rather than replacing ones income as its value may depreciate over a period of time and keep in mind that with retirement comes new expenses; when we stop working we have also more time spending. (Branning and Grubbs 2012).

Being productive as a worker sure is common, but a productive retiree is also a goal needed to be foreseen. What can we do upon retirement? Where should we put our time? What things could make us busy? There are so many things that you can do to make yourself productive during retirement but it's important to keep in track of budget and your nest egg. Volunteer is one of the most common things a person do upon retirement other than starting a business, getting a part-time job, taking up new hobby and mentoring. These things are some ways to help also the next generations to learn with our experience and wise words. (Phil Taylor n.d 104 ways to save extra money.)

II. DATA AND METHODS

Researchers used a couple of questionnaires to gather data from selected respondents. One part was for the respondent's profiling and the other one is for the retirement preparedness assessment of each respondents.

The researchers selected respondents based only in San Juan City from private and public companies or government agencies.

In order to know the preparedness level of the private and public employees in San Juan City, the

researchers gathered the following relevant information on their profile to come up with a supported assumption:

1. Sex/Gender: In order to know which gender prepares more for retirement and if there's a present difference or direct effect in preparation for retirement, gender was necessary for gathering.

2. Age: At what age does one prepare for retirement, does older employees think of it more often than the younger ones? This brought the researchers in gathering age details of respondents.

3. Civil Status: "Marital status has a big impact on how prepared an individual is for retirement." (Micheal Hurd and Susan Rohwedder, working paper RAND corp., July 2011) Does this status affect the retirement preparation of an individual? Does a single employee think of it less than a married individual? Researchers gather the information to support these questions.

4. Number of dependents: If a respondent have dependents, does it make him/her more mindful of retirement? Does the number of dependents affect their preparations? This might support the difference in civil status results.

5. Extended Family: A common in Filipino culture, having extended family does affect budgeting thus might have an effect in retirement preparation.

6. Length of Service: As we serve longer to a company, does one expect a favorable giveback upon retirement? While this might be true for public employees, is it also true for those who are in private companies?

7. Financial Liabilities: Financial liabilities take a lot to our monthly income. This is why researchers assume that preparation for retirement would probably be affected by financial liabilities.

8. Employment: Employment plays a big role in saving and providing needs to our everyday lives. The researchers take into perspective the employment status of an individual in retirement preparedness.

9. Interest after Retirement: Taking something to work on, picking up new hobbies, or replacing

employment life with productive activities would be a great start to plan your preparations for retirement.

III. RETIREMENT PREPAREDNESS KEY MEASUREMENTS

To measure the employee's retirement preparation, researchers had set these categories to identify one's idea and preparedness for the after-employment period:

1. Productivity after Retirement:

After working millions of hours being employed, from taking mundane tasks and spending the whole week working shifts to having the rest of your life the times for things we might have missed during our busy employment years. This would measure the preparedness level by having to do something productive even after being a worker for the community. Having something productive would mean a more prepared retirement.

2. Financial Preparedness:

There is many factors which could affect financial preparedness such as monthly income, other businesses, savings, and investments. Having these factors would measure the preparedness level for employee's retirement.

3. Health and wellness:

One's health is a key to enjoying more of the retirement days so having a healthy living would enable one to prepare more for his/her retirement period. Bearing health conditions would adversely affect savings, income, activities and lifestyle for our planned retirement.

4. Meaningful Lifestyle:

Does an individual plan to continue what his/her lifestyle used to be? This will measure employee's preparedness by having to foresee their future lifestyle upon retirement.

IV. RESULTS

Researchers conducted a survey to both private and government employees of San Juan City to know how prepared they are when the retirement talks take into place.

Here are the results:

1. Respondent's Information:

Table 1. Ages of Respondents.

Age	Frequency	Percent
50-53	85	56.7
54-57	32	21.3
58-60	19	12.7
61-63	9	6
64	5	3.3
TOTAL	150	100

"Seventy one percent (71%) of people aged sixty six (66) to sixty-nine (69) are adequately prepared for retirement." (Micheal Hurd and Susan Rohwedder, working paper RAND corp, July 2011).

Data gathered were carefully analyzed to come up with a supported conclusion. As per profiling, age of respondents ranges from 50-64 years old.

As a result, it is concluded that respondents are aged mostly between 50 to 53 years old. Employees at their fifty's maybe familiar with the sandwich generation concept which referred as the struggle to put their kids in college even as they assume greater financial responsibility for their long-lived, under-saved parents which have made it nearly impossible for their fast-approaching retirement. (Retirement Plans under Siege, Dan Kadlec)

Table 2. Civil Statuses of Respondents

Civil Status	Frequency	Percent
Single	21	14.0
Married	129	86.0
Total	150	100.0

Categories by married and single, there are twenty-one (21) respondent which are single and one hundred twenty-nine married respondents. This concludes that respondents were mostly married in time of the survey.

"There's a big difference in retirement preparedness between single and married individuals however education, gender and changes in both consumption and income also play a role." (Micheal Hurd and Susan Rohwedder, working paper RAND corp, July 2011)

"Having kids can be one of the largest factors affecting retirement, especially for those with lower

incomes" (9 Factors that Affect When You Retire-Mark P. Cusen, 2010)

Table 3. Numbers of Dependents of Respondents.

Number of Dependents	Frequency	Percent
None	25	16.7
One	32	21.3
Two	40	26.7
Three	29	19.3
Four & above	24	16.0
Total	150	100.0

The result shows that most of the respondents who have more dependents struggle more for their future retirement especially on the financial aspect. This may be brought by prioritizing their dependents' needs rather than retirement planning.

Table 4. Living with Extended Family.

With Extended Family	Frequency	Percent
Yes	40	26.7
No	110	73.3
Total	150	100.0

Having an extended family can affect everyday budget thus affecting expenses which could bring difficulty and delays in having financial planning for future retirement.

Table 5. Monthly Incomes of Respondents.

Monthly Income	Frequency	Percent
Php 10,000 and below	3	2.0
Php 10,001 – Php 15,000	14	9.3
Php 15,001- Php 20,000	37	24.7
Php 20,001- Php 25,000	54	36.0
Above Php 25,000	42	28.0
Total	150	100.0

The respondents of this study are employees who are already candidates for retirement and may mean that they have already gained Experiences for their jobs and therefore are earning more than the minimum wage and so most of the respondents have high monthly income.

Majority of the respondents were working for 20-30 years already which qualifies them for retirement

benefits from SSS and GSIS. These benefits can make an individual predict how much would he/she gets as monthly pension which can help in planning your retirement period.

Table 6. Length of Service of Respondents.

Length of Service	Frequency	Percentage
10 years and below	0	0
11-20 years	44	29.3
21-30 years	76	50.7
31-40 years	25	16.7
41 years and above	5	3.3
Total	150	100.0

Table 7. Financial Liability of Respondents.

Financial Liability	Frequency	Percent
With existing loan	92	61.3
Without existing loan	58	38.7
Total	150	100.0

This shows that majority of the respondents at the time of survey to have existing loans. Having liabilities can hinder one to plan for his retirement. They tend to pay their loans than to save for their retirement plans which makes them more reliant to pensions and other benefits paid by during their employment period.

Table 8. Employment of Respondents.

Employment	Frequency	Percent
Private	75	50.0
Government	75	50.0
Total	150	100.0

There are lot of benefits working in a company whether government or private company. Agencies such as Social Security System (SSS) which supports private company employees and self-employed person and the Government Service Insurance System (GSIS) which supports our government employees have provided loans available to its members and pension in their retirement period.

There's a big difference between the two when it comes to benefits that's why people are calling for the standardization of pension rules as private sector also plays a big part in economic progress. (Wilma I. Miranda, www.businessmirror.com.ph)

In this study, the researchers decided to divide the number of participants equally to know if there's a huge gap between retirement preparation of employees in private and government companies.

Table 9. Interest after Retirement.

Employment Interest	Frequency	Percent
Part time job	19	12.7
Start a business	98	65.3
Not interested in having job or business	33	22.0
TOTAL	150	100.0

The table shows that majority of the participants would most likely start a business. This could mean that they are preparing and saving up for the capital they need to launch a business. A small portion of these participants were most likely to take part time job which could indicate that they haven't saved enough for their retirement or they don't want to rely their finances on the pension that they would be receiving.

2. Respondents Level of Retirement Preparedness

In this study, the researcher tried to measure the retirement preparation of the employees using 4 categories: productivity after retirement, financial preparedness, health and wellness and meaningful lifestyle.

Table 10. Productivity after Retirement.

Financial Preparedness	Weighted Mean	Verbal Interpretation
I will start a new business	3.61	Very likely
I have adequate savings for my future	3.69	Very likely
I will give other source of income after retirement	3.65	Very likely
I don't have loans or debts after retirement	3.93	Very likely
Grand Mean	3.72	Very likely

It can be seen in the graph that majority of the respondents were most likely to volunteer to church or charitable organization for opportunities that require their skills.

The result indicates the respondents' willingness to volunteer. A recent study showed that changes in

work status didn't affect volunteer retention and stopping work or stepping down to part-time was associated with starting volunteering. Volunteering was also found to have positive health effects of having a strong sense of meaning in life.

Table 11. Financial Preparedness of Respondents.

Financial Preparedness	Weighted Mean	Verbal Interpretation
I will start a new business	3.61	Very likely
I have adequate savings for my future	3.69	Very likely
I will give other source of income after retirement	3.65	Very likely
I don't have loans or debts after retirement	3.93	Very likely
Grand Mean	3.72	Very likely

The results may imply that the respondents of this study were very likely to start a new business since they have adequate savings and don't have loans or debts after retirement.

Most of the respondents were women which contrast the study findings of Epperson and Sanicola (2016) which state that women may not fully comprehend financial literacy. This difference in results may have been brought by technology and social platforms which educates and discusses financial planning.

Table 12. Monthly Pension of Respondents.

Monthly Pension	Frequency	Rank
Php 10,000 and below	62	1
Php 10,001 –Php 20,000	57	2
Php 20,001 –Php 30,000	20	3
Php 30,001 –Php 40,000	5	5
Above Php 40,000	6	4

According to the Philippine Statistics Authority in its 2012 Annual Average Income and Expenditure by Region and Province, San Juan City ranges from Php 18,699.58 to Php 35,633.67.

The results imply that most of the respondents (62 out of 150 respondents who were expecting a Php 10,000 and below monthly pension) were not prepared to retirement in terms of expected monthly pension. Receiving smaller pension than their

monthly expenditures may push them to extend their employment period or find another source of income.

Table 13. Health and Wellness.

Health & Wellness	Weighted Mean	Verbal Interpretation
I will quit smoking and drinking starting at the age of 50 or I didn't smoke at all	4.46	Most Likely
I will visit the doctor regularly to have a routine medical check-up.	3.67	Very Likely
I have a well-planned physical exercise regimen after retirement	3.55	Very Likely
I will take a healthy diet.	3.97	Very Likely
I will have an adequate rest.	4.05	Very Likely
I will join a fitness group	3.25	Likely
Grand Mean	3.83	Very Likely

Health is commonly the concern when it comes to retirement and the results shows that most of the respondents are prepared when it comes to health and wellness. According to a study of Myers and Degges-White (2007), older adulthood can be a chance for enhanced wellness. In fact, there are evidences in this study that implies higher level of wellness of older adults compared with the younger norm group. This can be brought by more awareness and concern of adults when it comes to their own health which leads them to more conscious healthy practices.

The results imply that the respondents were ready for retirement in terms of living a meaningful lifestyle. A study of Ben Heaven et. Al. (n.d) social roles are important for people heading towards retirement. The study identified a range of social role interventions which is evidently produce health and well-being benefits for older people.

Table 14. Meaningful Lifestyle.

Meaningful Lifestyle	Weighted Mean	Verbal Interpretation
I will take up a new sport	3.04	Likely
I will get a new hobby	3.24	Likely
I will live within my means and stick to a budget	4.03	Very Likely
I will find time for socializing and spend time with friends and relatives	3.93	Very Likely
I will travel to new place	3.65	Very Likely
Grand Mean	3.56	Very Likely

V. CONCLUSION

There are lots of things to consider as we grow older, but it is never a wrong move to plan for letting go of your employment period. The researcher wanted to know how prepared these employees look into their retirement in terms of financial preparedness, productivity, expected monthly pension, health and wellness and their idea of a meaningful lifestyle through a survey.

After the study had been conducted it is found that employees of San Juan City are prepared for retirement. The results have no large difference when grouped by their profile. Most of the respondents was female aged 50-53 years old, married and had two dependents, didn't have an extended family and had earned Php 20,001 to Php 25,000 with a monthly income of Php 10,000 and below. The majority of respondents were found to be employed for a period of 21 to 30 years and have financial liabilities.

Number of respondents was evenly divided to both government and private employment. Most of the respondents would most likely to volunteer to church or any charitable institution that would require their skills. Most of them were looking forward to have no more loans to pay upon retiring and would most likely to quit smoking or haven't smoked at all.

This implies that employees of San Juan City were prepared for retirement.

These results may indicate the trend of financial awareness of people heading towards retirement. These results which were may contrast some of the reference studies could also change over time. Factors like technology, a wider spread of financial literacy and education available nowadays may improve the future results or the next studies related to the researcher's work.

The results gathered from this study could be an interest in educators, employers, the government, and employees who look forward in preparing and saving for their future retirement. These results were conducted to a small group of people which is why it is recommended to narrow down the broad selection of respondents in this study to have more accurate and defined results.

Future studies could be just a focus on financial literacy of retiring employees, financial preparedness of retiring employees, health and wellness planning of retiring employees or other much specific studies that could narrow down the broad results of this study.

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