



THE STUDY AND ASSESSMENT TOWARDS THE RETIREMENT PLANNING: THE LITERATURE REVIEW

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ABSTRACT

Retirement is an important phase of life, bringing with it many challenges in terms of adjustments and changes in lifestyle, self-esteem, friendships, and vocation. In the context of Bangladesh, most of the employees retire after working for many years, therefore their bonding with their work is strong and their life is meaningful once they were attached to work. Therefore, retirement impels to making changes in daily routine, bringing disengagement from work and the individual may enters into a state of devaluation. Retirement may offer an opportunity to establish a more preferable rhythm in life, but, on the other hand, retirement may also lead to some social and personal challenges. The focus of this study is to review and assess the literature towards various dimensions of retirement planning. The literature is reviewed from various articles on retirement planning from various sources which are further synthesised to derive the interpretations. The findings and outcome of the study emphasises on the significance of retirement planning, the importance of financial literacy to smoothen the retirement planning and elements that contributes towards the successful life after retirement.

Keywords: Retirement Planning, Financial Planning, Retirement Savings, Retirement Schemes, Financial Literacy, Private Sector Employees, Social Security

1. INTRODUCTION

The process of deciding retirement income targets and the actions and choices required to achieve those targets is retirement planning. Planning for retirement involves defining revenue sources, forecasting costs, developing a savings programme, and controlling assets and risks. To assess if the retirement income target will be reached, future cash flows are projected. Retirement is a significant stage in life, taking many problems with it in terms of changes in behavior, self-esteem, relationships, and purpose in life. In the context of Bangladesh, most of the employees retire after working 20-30 years, therefore their bonding with their work is strong and their life is meaningful once they were attached to work. Therefore, retirement impels to making changes in daily routine, bringing disengagement from work and the person may arrives into a phase of devaluation.

Many individuals can encounter a relational imbalance before retiring, in which job brings much more time from other professions. Retirement can

provide an opportunity to create a more desirable pattern in life, but retirement, on the other side, can also result in a lack of harmony between various careers, such as using one's expertise and experience, being helpful to others, and meeting people. In another context, after retiring from active service, retirement could become a challenge to many workers who do not recognize what to do with their time and life. It can pose a major challenge for those workers so committed to their jobs, and this is expressed in terms of management responds to changes in schedule, changes in personal behaviours, and changes in social interaction and feedback.

It has been reported that the retirement process has a substantial effect on, or disrupts, everyday activities, social interactions, family and social identities, self-esteem, social engagement and time usage. These results, and the implication that the group of baby-boomers mainly associate with their employee position, cause alarm about the willingness of potential retirees to properly plan for social interests, hobbies or other roles beyond the

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position of the employee. A big life shift for men and women is retirement from paid jobs. Self-identity is more closely related to paid jobs for men than is normally the case for women. If this is so, then the adjustment to retirement for men, in which not only the habits of a lifetime but also the sense of identity have to be dramatically updated, is of significant relevance for the difficulties it can bring to their quality of life-being. Retiring from paid employment is a significant change in life that needs adaptation, the interpretation of which, in conjunction with personal and situational variables, may include both advantages and disadvantages.

Over the years, the definition of retirement has been altered in different ways. Such interpretations differed from the pessimistic to the optimistic. Retirement was couched in pessimistic terms at one end of the spectrum, such as 'being over the hill,' 'the end of life,' or 'the beginning of sickness and early death.' It is recognised that the hypotheses can also be used to clarify life fulfillment and retirement transition centered on how the various phases of growth were resolved. The alignment and life satisfaction in the person's future tend to be influenced by the developmental stages. From the discussion, it is clear that there is no specific method that can clarify all retirement elements. Each theory describes only a certain aspect of retirement adjustment or variables that decide the life satisfaction outcome during the retirement. Despite these shortcomings, the ideas can still be valid and utilized in a study of foreign workers' retirement experiences, since evidence has shown that foreign workers in developed nations have the similar expectations and ambitions as other retirees.

The prime objective of this paper is to review and assess the literature towards various dimensions of retirement planning. The researcher has reviewed many literature papers to suffice the purpose of the study.

2. REVIEW OF LITERATURE

Many researchers have worked in the area of retirement planning in various contexts and geographies. This lead to derive the foundation for further specific research in this area. The researcher has evaluated the research literature based on the objectives of the study. It is understood that retirement is a dynamic activity that is affected by several variables. The parameters affect the experience of retirement, by itself or in conjunction. Since the variables are interconnected, it is often difficult to decide which ones are the most relevant.

Retirement's dynamic nature also contributes to individuals being under-prepared for the obstacles they are likely to experience (Motjuwadi, 2013).

The one consideration that retirement has often been perceived as a problem is the difficulty of the retirement process. The explanation for this statement is that retiring has been addressed in the sense of a critical life event and change. It is believed, like many life changes, to create a problem and contribute to a crisis of identity (McGoldrick & Cooper, 1994). Some scholars, such as Sullender (1999) and Theriault (1994), further related retirement to the grieving phase in this sense. This is because they see this as a time of loss in which individuals, through their vocational position, lose a large and valuable part of life. From the above discussion, it is clear that the perception of life fulfillment and retirement transition is part of a dynamic process that is affected by several variables. Some of the variables that have an effect on life fulfillment and retirement transition are noticeable and others are implicit and may seem negligible. Rosenkoeter and Garris (1998) have repeated that retirement planning has mainly concentrated on financial dealings and time availability. A number of variables, nevertheless, impact the achievement of positive affect and retirement transition. The family, economical, health, educational and behavioural condition of the person who is retiring should therefore take into consideration positive affect and transition to retirement. These retirement components influence each other to be optimal and synchronised for the perception of life satisfaction and transition to retirement.

The scientific evidence demonstrating pervasive financial illiteracy and limited pension awareness has been justified by Van Rooij, Lusardi, & Alessie (2012). Around the same time, wealth distribution is widely distributed and many employees with little to no personal property remain on the verge of retirement. The connection between bank literacy and household net worth is explored in this paper, based on detailed financial awareness measures designed for the Dutch Central Bank Household Survey's (DHS) special module. Also after adjusting for several predictors of income, their results provide proof of a clear positive relationship between financial literacy and net worth. In addition, they address two platforms through which financial literacy could encourage the concentration of wealth. First, financial awareness increases the probability of investing in the stock market, enabling the equity advantage to support individuals. Second, financial

education is positively linked to retirement planning, because it has been shown to raise wealth by creating a savings plan. Overall, financial literacy is expected to have a high connection to household income, both direct and indirect. They illustrated and reported evidences significant networks that could lead to the connection between the accumulation of wealth and financial literacy.

Based on the literature review, it is realized that the factors which are influencing the life satisfaction and adjustment to the retirement of the employees are dependent on individual characteristics, self-efficacy, self-esteem, attribution style and educational level in the personal domain. The factors of retirement planning includes family support, health on retirement are related to family aspects. While the factors situation, environment, ethnicity, contentment, satisfaction, change, adjustment effects on the social front. Since these variables combine to create a complete retirement scenario, it is obvious that certain variables are more relevant and critical than the others in affecting retirement change. Nevertheless, based on the variables regarded in the literature study, it is clear that several retirees are not prepared to retire. Most of them could most likely begin their retirement at a deep detriment.

3. RESEARCH METHODOLOGY

This study is based on the review of the articles. It is a qualitative research based on the secondary data. The articles are analysed, synthesized and interpreted to derive the findings related to the retirement planning. The prime objective of this paper is to review and assess the literature towards various dimensions of retirement planning. The researcher has reviewed 100 literature papers to suffice the purpose of the study.

The research have the following research questions in mind to address the objectives of this research

- A) *What is the significance of retirement planning?*
- B) *Does financial literacy smoothens the retirement planning?*
- C) *What contributes towards the successful life after retirement?*

On this context, the researcher have reviewed the papers to find the answers to these research questions.

4. FINDINGS AND DISCUSSION

It is known that many individuals with critically low levels of financial capital and practically no assets other than their houses are entering retirement. In case of female headed households facing several lean decades ahead, this is a significant concern. Nevertheless, little is understood about why individuals struggle to prepare for retirement, and how pension planning and knowledge shape the cost of saving choices. For saving and portfolio selection, lack of preparation has major consequences and those that do not prepare appear to acquire much less capital than those who prepare, and non-planners are therefore less likely to invest in stocks and tax favored investments (Lusardi & Mitchell, 2008).

It is understood that financial literacy and numeracy are closely related. In addition, it has been shown that financial literacy relates to key economic activities. Using a metric that involves increased effort numeracy, it was explored that there is a connection between financial literacy and retirement planning. For a sample group of 1,024 Australians, they performed a personalised survey. Overall, average levels of financial literacy are equivalent to those seen in similar countries with young people, the lowest skilled, those who are not working, and those who are not at greatest risk in the labour force. Their assessment of financial literacy is positively linked to preparing for retirement (Agnew, Bateman, & Thorp, 2012).

The association among retirement planning and retirement satisfaction has been examined by Elder & Rudolph (1999). It addresses the questions like are people thinking about retirement and planning it? Do they make use of financial planning resources if they do? When they intend to retire, are they happier with retirement than those who have not? The first stage of the Health and Retirement Study (HRS) integrates information for 1,781 retired individuals using an organized probit model. Even when earnings, assets, family status and wellness are used as response variable, the findings show that stressing about retirement and attending preparation activities have a substantial positive effect on satisfaction.

The extents of retirement planning was explored in the context of how do public sector employees determine their retirement prospects? Where extant developments reflect the projected demographics of the nation. Like their colleagues in the private industry, their respondents agree that the

retirement standard of living would be favourable. Nonetheless, many respondents seem to be inadequately saving for retirement and fail to understand that part time work is likely to be an important part of their retirement journey. As predicted, in the "Golden Years," socioeconomic factors, especially education, gender, and ethnicity, play an important role in deciding retirement planning and perceived standard of living. Among most of their respondents, especially women and minorities, financial literacy is low. In view of increased dependence on defined benefit pensions and proposed social security changes, this is essential (Frank, Condon, Dunlop, and Rothman, 2000).

The associations between retirement planning, retirement decision and its history and implications are known to exist. In the analysis of the 341 independent samples of respondents from 99 systematic reviews. A smaller effect size (ES) was observed for retirement planning contexts, including ill health, unfavorable workplace conditions and optimistic retirement behaviours, while a medium ES was estimated for workplace engagement and job satisfaction. Relatively low effect sizes were reported with respect to retirement decisions. For retirement planning and bridge jobs, for retirement decision volunteer work, and for retirement decision retirement satisfaction, main effects for the associations with implications were moderate. Using the clustered correlation coefficients, structural equation analysis enabled us to test a more detailed scenario. The prospective moderator variables were tested, and only a small percentage of the variance of the systematic reviews was identified to be clarified. The findings are discussed and there are implied conceptual and analytical interpretations (Topa et al., 2009).

CONCLUSION

It is realised that retirement planning is crucial in everyone's life, and it is an essential part of the financial wellness. The retirement planning is important and helps to avoid the situation of running out of money in life after the retirement. So as to deal with this the efficient financial literacy is necessary which includes understanding returns, interest, investments and risks. Achieving the retirement goals takes a proactive approach and balanced strategies. Hence, it is necessary to start the retirement planning early to have the better life in the future. The retirement life will be more enjoyable

if the income is structured to fit the lifestyle choices and have developed a retirement plan to protect the assets.

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