

Retirement Planning Behaviour of Working Individuals and Legal Proposition for New Pension System in Malaysia

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Abstract

Problems have been identified pertaining to retirement scheme of the private sector employees in Malaysia where there is no legislated pension system in force. As a result of that, pension scheme and savings are more of a voluntary basis; although the principle is good but in practice many retirees suffer financially during their retirement. The objectives of this study are to examine factors contributing to individual's retirement planning behavior and the private pension system in the private sector in Malaysia. Retirement planning behaviour in this study was measured with series of questions on behaviour about retirement planning. A total of 500 working individuals from private sectors in the age group of 40 years and above had participated in this study. The results identified several significant variables in the prediction of retirement planning among working individuals in Malaysia, including individual who had higher levels of education, higher levels of income, financial literacy, retirement goal clarity and attitude towards retirement. There is a correlation between retirement planning behavior and saving for old aged. As a response to the result collected from the survey, a legal proposition is put forward to address issues of pension during retirement among private sector's employees.

Keywords: retirement planning, financial literacy, retirement, behaviour, pension law

1. Introduction

Retirement means that a person permanently ends or ceases his or her paid employment. Retirement issue is of concern to many workers especially because many retired workers return to work after retiring from their jobs. This scenario is worrying as retirees are expected to enjoy their old age without having to work hard for their living. Generally, retirement usually happens to an employee who has aged between 50 to 60 years (Denton, Frant, Spencer, Byron G. 2009). Retirement age differs from country to country.

World Health Organization survey in 2007 found that the global population has an average healthy life expectancy of 66 years. With an estimated average life span of 72.0 years for men, and 77.1 years for women (Malaysian Department of Statistics, 2011), senior citizen in Malaysia is expected to be weak and sick for the last 8 to 10 years before he or she died. Like it or not, everyone would retire one day. But the question is whether Malaysians have made plans to retire? Most people are completely dependent on retirement benefits earned to sustain life after retirement. Therefore, retirement planning becomes an essential issue of the employee's life. Apart from that, by reason of the human lifespan is increasing, the question that may arise is whether the money collected for the purposes of retirement or pension sufficient to cover the desired level of quality of life, coupled with rising medical costs and the cost of living.

Most countries have their own retirement systems and the system distinguishes between public and private sector employees (Hassan et al, 2015). Employees in the public sector receive a monthly retirement pension. However employees employed in the private sector do not enjoy such scheme. In Malaysia, most Malaysians tend to put retirement planning at the bottom of the list, as they believe that they can rely on the accumulated savings in Employees Provident Fund (EPF). In 2013, the retirement age of employees in the private sector has been increased to 60; however they are still entitled to get their retirement benefits in lump sum (i.e. the money deposited in the EPF) at the age of 55 (Employees Provident Fund Act, 1991). A concerning issue arises whether employees in the private sector who receives that lump sum saving from EPF are able to accommodate their lives after retirement. Siti Zaharah Jamaluddin and Foo Yuen Wah (2013) in their study noted that although a

person retires from paid employment it does not mean that his or her life stops. He or she still needs to continue life as usual. The only difference lies in the fact that he is no longer working. Therefore, the necessary financial resources that can be used by the group after their retirement need to be catered for either through saving or returning to work.

2. Literature Review

Retirement planning has received great attention from policy makers as the aged population forms a significant number of voters and thus their influence during general election is increasingly important. In fact, retirement planning has been the major concern for many years and it is still the main issues facing policymakers nowadays (Yao, Hanna & Montalto, 2003). Joo and Grable (2005) stressed that population aging, investment uncertainty, baby boomer, and different retirement policies have all heightened the significance or retirement preparedness.

Engel, Blackwell and Miniard (1990) mentioned three factors affect workers' behavior towards planning for retirement: environment, individual, and psychology. Environmental factor refer to culture, social class, third party influence, and working situation. Individuals factors take into account of demographic characteristics like age and races while psychology is characterized by inner state of the person, such as attitude and information processed. Following that, many studies have been conducted surrounding these factors.

A study by Krishna Moorthy et al, (2012) which is based on a cross-sectional of 300 working individuals in the age group of 26 to 55 years showed that the different age groups of the working individuals have different perspective toward retirement planning behaviour. Working individuals realized that early planning retirement enables working individuals to have strong financial planning to secure them in their after-life of retirement. The findings showed that three factors (environmental, individuals and psychology) such as age, education level, income level, goal clarity, attitude toward retirement and potential conflict in retirement are the factors influencing the retirement planning behaviour. The younger generation age between 26 to 35 years is the most suitable age to start to plan for retirement because at this age, the young employees have a longer duration to start saving. In addition to this, Devaney, Su, Kratzer, and Sharpe (1997) concluded that respondents who were older, married, with higher income, and with more saving during the past year had larger total retirement savings.

Meanwhile Lim (2003) conducted a straight forward questionnaire survey on senior workers in Singapore about their retirement planning. In general, the respondents are neutral to this issue. This study found that the older respondent (aged above 50 years) tend to adopt a more positive attitude towards retirement compared to their younger counterparts (below 50 years). The result affirms that work plays an important role in one's life. Overall, Singaporeans were positive and realistic in their perceptions towards retirement.

Folk Jee *et al* (2012) examined the influence of financial learning on retirees' retirement financial planning preparation. The study indicated that some mediating effect existed between financial learning and behavioural assessment of personal finance, and that the older age groups (above 50 years) had mediating effect on the relationship between financial learning and subjective perception of satisfaction with personal finance.

In turn, N.S. Mahdzan and S. Tabiani (2013) surveyed a sample of 200 individuals in Klang Valley area to examine the factors that influence individual saving with focus on financial literacy, in the Malaysian context. The result has shown that the financial literacy is an important determinant of individual saving. Although the results indicate that individuals have a relatively good level of basic financial knowledge, such as computing interest rates/percentages and knowledge on relative riskiness of financial assets. The results also found that older people are more likely to have positive saving, holding other factors constant.

Joo and Grable (2005) found that the individual factors like high incomes were found to be more likely to have a retirement saving program. Meanwhile, three psychological process factors (employer education, financial behaviors and attitudes and less pessimistic retirement attitude) were associated with a person having a retirement savings program. In this study, the bigger household size is, the less likely they were to have a retirement savings program. Overall, findings from this study showed that those who had a savings program for retirement were more confident about their retirement.

Lai, Lai and Lau (2009) conclude that those aged above 50 years are relatively more concerned about living expenses after retirement than those aged less than 30 years. Besides, there is significant difference between teaching position, education and age across the annual income levels from academicians' perspective. This survey found that academics exhibited attitudes toward money and income considered to be the prime motivator. Also female academics and those from public universities had more positive attitudes towards retirement. Overall, the survey found that Malaysian academics had positive attitudes towards retirement. But, VanDerhei and Olsen (2000) noted that women tend to invest less of their contributions to qualified retirement plans in

equity assets compared to men.

Tuan-Hock et al (2011) found that not all individuals in Malaysia are financially prepared for retirement. Being older, higher income, more investment experience, and married couples are more likely to plan for their retirement in the future. Respondents from 20 to 29 years old are less concerned about retirement planning. Meanwhile, respondents from age group of 40 to 49 and 50 to 59 consider retirement planning a more serious issue. Investment experience is another factor reported to have significantly affected retirement planning intention in this study.

3. Metodology

3.1 Data

A total of 500 working individuals in private sectors have participated in this study. Sample of this study is limited to working individuals from 40 years and above. The selected areas of this study in Malaysia are Kuala Lumpur and Selangor. Only 443 respondents responded to this survey. This study used survey strategy that collects quantitative data which is through the questionnaire. The data collected were used to explain the relationship between the factors and retirement planning.

Before the actual survey, the questionnaire was pre-tested on 30 prospective respondents in Selangor from January to February 2015. After ensuring the value of Cronbach Alpha of all the independent variables and dependent variable more than 0.7 in range and considered acceptable. In this study, there are twelve independent variables and one dependent variable.

3.2 Analysis

In this study, all variables were checked for evidence of reliability, and factor analysis. In this study, the multiple linear regression analysis was used to analyze the value of the dependent variable based on its linear relationship to all the dependent variables.

3.3 Variables

3.3.1 Dependent Variable

Retirement planning behaviour was used as the dependent variable. Five questions (Items A to E in Table 1) about retirement planning behaviour were combined and used as one retirement planning behaviour variable adapted from Moorthy, et al (2012). Those five questions were; (1) confident about financial preparation for retirement years, (2) confidence about strong financial fund after retirement, (3) confidence about having enough money to live comfortably in retirement years, (4) confidence about allocation of expenses and income during retirement, (5) confidence about having enough saving for retirement. Each question was measured with a 6-point Likert scale, ranging from “not agreed at all (1-point)” to “strongly agreed (6-point)”. Reviewing high correlation among answers from five questions led the authors to use one summated scale in looking at retirement planning behaviour. The answers from the five questions were summed to create a retirement planning behaviour confidence scale. Cronbach coefficient alpha was 0.765. This figure is higher than 0.70 which is the generally agreed upon lower limit for Cronbach’s alpha (Table 1).

Table 1. Factor analyses results

Variable	Cronbach's Alpha	Mean	Standard Deviation
<u>Retirement Planning Behaviour</u>	0.765		
A. Confident about financial preparation for retirement years.		3.95	1.087
B. Confidence about strong financial fund after retirement.		3.67	1.350
C. Confidence about having enough money to live comfortably in retirement years.		4.87	1.013
D. Confidence about allocation of expenses and income during retirement.		4.19	.973
E. Confidence about having enough saving for retirement		3.87	1.236
<u>Financial Literacy</u>	0.738		
F. Private sector employee shall have additional financial resources other than the EPF to support life during retirement.		4.85	.947
G. The government should establish a law requiring all private-sector retirees regardless of the amount of salary the private pension scheme.		4.53	1.161
H. Private retirement scheme is necessary to meet the expenses during retirement.		4.37	1.068
I. Disclosure of private retirement schemes should be expanded.		4.63	1.071
J. Private retirement scheme lucrative than regular savings / fixed financial institutions.		5.00	1.016
<u>Goal Clarity</u>	0.784		
K. Confidence about having a good live in retirement years.		4.16	1.176
L. I do not worry about financial preparation for retirement years.		3.50	1.442
M. I have clear vision of how life will be in retirement.		4.17	1.018
N. I'm always thinking about the quality of life in retirement.		4.54	1.002
O. I discussed retirement plans with spouse.		4.41	1.206
<u>Attitude Towards Retirement</u>	0.753		
P. I tried hard to get information about retirement.		3.91	1.246
Q. Financial planning information is readily available.		3.79	1.256
R. I have been getting professional advice in financial planning during retirement		3.19	1.415

3.3.2 Independent Variables

Explanatory variables include measuring (1) environmental influences (household size); (2) individual characteristics (Gender, age, household size, education, and income) and; (3) psychology factors (financial literacy, goal clarity, and attitude toward retirement) were analyzed included as independent variables.

A person's reported age was used. Gender, education and income were dummy coded. Respondents were coded 1, if they were male, otherwise 0. The survey measured education using six categories: (a) *No Formal Education*; (b) *Primary School (UPSR)*; (c) *Secondary School (SRP/SPM/STPM)*; (d) *Diploma*; (e) *Degree*; and (f) *Master/PhD*. Due to large responses on each category, four dummy variables were created for education; those who had secondary school and below were coded 1 for education1 dummy variable; those who had diploma were coded 1 for education2 variable; those who had degree were coded 1 for education3 variable; and those who had master/PhD were coded 1 for education4 variable, otherwise 0. The omitted group was respondents with education secondary school and below. The survey measured income using six categories; (a) *less than RM3,000*; (b) *RM3,001 – RM6,000*; (c) *RM6,001 – RM9,000*; (d) *RM9,001 – RM12,000*; (e) *RM12,001 – RM15,000*; and (f) *RM15,000 or above*. Dummy variables also created for income. Those who had income less than RM3,000 were coded 1 for income1 dummy variable, otherwise 0; those who had income RM3,001-RM6,000 were coded 1 for income2 dummy variable, otherwise 0; those who had income RM6,001-RM9,000 were coded 1 for income3 dummy variable, otherwise 0; and those who had income RM9,001 or more were coded 1 for income4 dummy variable, otherwise 0. The omitted group was respondents with income less than RM3,000.

There are fourteen combined questions that measured psychology factor were include in this variable which is (1) financial literacy; (2) goal clarity; and (3) attitude towards retirement. Six questions about financial literacy were combined as one financial literacy variable and five questions about goal clarity were combined as one goal clarity variable. Meanwhile, three questions about attitude towards retirement variable. Each question was measured with a 6-point Likert scale, ranging from "not agreed at all (1-point)" to "strongly agreed (6-point)". The answers from the questions were summed up to create a financial literacy scale, goal clarity scale, and attitude toward retirement scale. A factor analyses with varimax rotation was used to extract three distinct factors; (1) financial literacy; (2) goal clarity; and (3) attitude towards retirement.

The Reliability Test results depicted in Table 1 shows that Financial Literacy variable were measured with five items (Items F to J), Goal Clarity variable was composed of five questions (Item K to O) and Attitude Toward Retirement variable was composed of three items (Items P to R). Cronbach coefficient alpha for financial literacy was 0.738; for goal clarity was 0.784; and attitude toward retirement was 0.753.

4. Result

4.1 Demographic Characteristics of the Sample

Descriptive statistics are presented in Table 2. A descriptive analysis on respondent demographic profile revealed that 52.4 per cent of respondents were female and 47.6 per cent are male. About 85.6 per cent of them are married, 10.6 per cent are single, 2.3 percent are divorced and about 2.3 per cent are the widow. Exactly 70.4 per cent of the respondents are Malay, about 21.7 per cent are Chinese, 6.8 per cent are Indian and the remaining are other races. The mean age of respondent was 44 years old. On average about four people ($M=4.18$) lived in the household.

Most of the respondents possess a secondary school (34.5 per cent), bachelor's degree (30.0 per cent), diploma holder (23.5 per cent), master's degree/ PHD (10.2 per cent) and primary school (1.8 per cent). 22.6 per cent of the respondents work as a clerk, 22.1 per cent as a sales and service workers, 20.5 per cent as a professional and many others. Respondents earning less than RM3,000 per month recorded the highest percentage at 44.0 per cent, followed by respondents who earn per month income between RM3,001 to RM6,000 (39.5 per cent), and 10.0 per cent reported they earn more than RM6,001 per month.

Exactly 42.2 per cent of the respondents invest part of their saving in the Unit Trust like Amanah Saham Berhad (ASB). Majority of respondents contribute to life insurance for retirement preparation purpose (51.2 per cent). Most of them have their assets other than unit trust to the retirement saving like rented house (38.1 per cent), lot of land/farm (14.9 per cent), stock/bond/deposit premium (14.4 per cent) and the remaining are other assets.

Table 2. Descriptive characteristics of variables

Characteristics	Frequency	Percent
1. Gender		
<i>Male</i>	211	47.6
<i>Female</i>	232	52.4
2. Marital status		
<i>Single</i>	47	10.6
<i>Married</i>	379	85.6
<i>Widow</i>	7	1.6
<i>Divorced</i>	10	2.3
3. Race		
<i>Malay</i>	312	70.4
<i>Chinese</i>	96	21.7
<i>Indian</i>	30	6.8
<i>Others</i>	5	1.1
4. Education		
<i>No Formal Education</i>	3	.7
<i>Primary School (UPSR)</i>	5	1.1
<i>Secondary School (SRP/SPM/STPM)</i>	153	34.5
<i>Diploma</i>	104	23.5
<i>Degree</i>	133	30.0
<i>Master/PhD</i>	45	10.2
5. Income		
<i>Below RM3,000</i>	195	44.0
<i>RM3,001 – RM6,000</i>	175	39.5
<i>RM6,001 – RM9,000</i>	46	10.4
<i>RM9,001 – RM12,000</i>	20	4.5
<i>RM12,001 – RM15,000</i>	6	1.4
<i>RM15,000 and above</i>	1	.2
6. Invest part of the Unit Trust		
<i>Yes</i>	187	42.2
<i>No</i>	256	57.8
7. Having a Life Insurance		
<i>Yes</i>	227	51.2
<i>No</i>	216	48.8
8. Assets besides Regular savings/Unit Trusts/		
Life Insurance	169	38.1
<i>House for rent</i>	11	2.5
<i>Stores/buildings for rent</i>	66	14.9
<i>Land lot/agriculture etc</i>	64	14.4
<i>Stock/bond/deposit premium</i>	171	38.6
<i>No assets</i>		

4.2 Multiple Linear Regression Analysis

Correlation and multiple regression analyses were conducted to examine the relationship between retirement planning behaviour and various potential predictors. The relationships between the independent variables and dependent variable within this multiple linear regression model can be described in the following formula.

$$Y = 0.546 + -0.012x1 + 0.006x2 + 0.032x3 + 0.123x4 + 0.026x5 + 0.252x6 + 0.073x7 + 0.308x8 + 0.187x9 + 0.063x10 + 0.632x11 + 0.071x12$$

Where;

Y = Retirement planning behaviour

$x1$ = environmental factors

$x1$ – household size

$x2$ until $x9$ = demographic factors

$x2$ – gender; $x3$ – age; $x4$ – dummy education level_2; $x5$ – dummy education level_3;

$x6$ – dummy education level_4; $x7$ – dummy income level2; $x8$ – dummy income level3; $x9$ – dummy income level4

$x10$ until $x12$ = psychology factors

$x10$ – financial literacy; $x11$ – attitude towards retirement; $x12$ – goal clarity

Table 3 show regression results on factors related to retirement planning behaviour. As shown in Table 3, the result found that characteristics with statistically positive relations with retirement planning behaviour include education, income, financial literacy, goal clarity, and attitude toward retirement. On the other hand, proximity to retirement, gender, age, and household size, were not significant. The multiple regression model with all twelve predictors produced $R^2 = .599$, $F(12, 442) = 56.740$, $p < .001$.

Table 3. Variables related to retirement planning behaviour: Regression

Model	Un-standardized		Standardized		t	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
(Constant)	.546	.326			1.671	.095
Male	.032	.052	.019		.603	.547
Age	.006	.006	.033		1.016	.310
Household Size	-.012	.013	-.028		-.875	.382
Edu2	.123	.069	.064		1.793	.074*
Edu3	.026	.069	.014		.369	.712
Edu4	.252	.100	.093		2.534	.012**
Income2	.073	.059	.044		1.243	.214
Income3	.308	.096	.115		3.190	.002**
Income4	.187	.120	.055		1.553	.121
Financial Literacy	.063	.035	.055		1.797	.073*
Goal Clarity	.632	.035	.667		18.040	.000***
Attitude Toward Retirement	.071	.027	.093		2.607	.009**

a. Dependent Variable: Retirement Planning Behaviour

From the Table 3, it is noted that males are more likely positive relations with retirement planning behaviour. The similar study to this, VanDerHei & Olsen (2000); Joo & Pauwels (2002) found that males had higher confidence than female in planning for their retirement. In contrast, Tuan-Hock, et al. (2011) and Lai, Lai & Lau (2009) found that females tend to allocate more contributions for retirement saving.

Findings from the study showed that age group of 40 years and above consider retirement planning a more serious issue. This finding lend strength to what Hogarth (1991); DeVaney, et al. (1997); Lim (1997); Tuan-Hock, et al. (2011) that retirement planning correlated with being older.

Household size was not found to be significant to predict retirement planning in this study. This finding was consistent with previous studies (Joo & Grable, 2005) that, the bigger the household size is, the less likely they were to have a retirement planning.

In this study, education showed a significantly positive relation with retirement planning behaviour. People who had higher levels of education (diploma and above) were more confident in their planning for retirement than others. This result is similar to previous findings that found a positive relationship between those who had higher level education and retirement planning behaviour (Hogart, 1991; Joo & Pauwels, 2002; Joo & Grable, 2005).

The results show that those earn more than RM6,001-RM9,000 monthly are significantly different from the category of below RM3,000. Specifically, high wage earners are more likely to have a plan for retirement. Consistently, a similar result has been reported in Joo & Grable (2005); Joo and Pauwels (2002); Tuan-Hock, et al (2011); Moorthy et al. (2012) that higher income group tends to have a saving plan for retirement purpose.

This study illustrates the positive effect between psychological factors and retirement planning behaviour. Financial literacy, goal clarity, and attitude toward retirement were positive factors on retirement planning behaviour. According to the results, when financial literacy, goal clarity, and attitude toward retirement increase by one unit, the value of retirement planning behaviour will increase by 0.063 units, 0.632 units and 0.071 units respectively.

These findings are consistent with several previous researches. For example, the study in Joo and Pauwels (2002) and Rob, et al. (2011) found that employer-provided financial education had a positive effect on retirement confidence. Meanwhile, in Lusardi and Mitchell (2011) said that people who score higher on the financial literacy question are also much more likely to plan for retirement.

Respondents who had positive goal clarity tend to be more confident about their retirement planning. The similar results has been reported in Moorthy, et al. (2012), revealed that goal clarity statistically influences the working individuals' retirement planning behaviour. Positive attitude of working people toward retirement planning also important factors that influence them to had a good planning for their retirement. In a study of retirement planning, Moorthy, et al. (2012) provided the same finding that positive attitude toward the retirement planning would enable individuals to achieve adequate retirement income and relax.

5. Legal Proposition

It is argued that there is a correlation between retirement planning behaviour and amount of retirement saving among employees. Lack of retirement planning behaviour will usually result on small savings and will cause hardship to the retiree during their old aged. Money from their EPF saving usually is insufficient to meet their needs as cost of living increases yearly. The existing pension system in the private sector is deemed inadequate as majority of the workers depend wholly on their full withdrawn EPF savings and such money lasted only a few years during their retirement. Thus in order for Malaysia to become a developed nation by 2020, high priority should be given to renew the existing pension system. The country needs an integrated pension system, including publicly funded social pension and better management for longevity, inflation, and survivors' benefits, particularly for private sector workers under the EPF. In short, this reform will make Malaysia's pension system in line with the goals of a new economic power and will facilitate its emergence as a developed and high-income country. A question that needs to be asked is: is it viable for the government to enact legislation requiring young workers in the private sector to participate in private retirement schemes or other similar scheme that allows the private sector retirees to regularly receiving monthly pension after they retire? Actually it is not an easy question to answer directly by saying that the country needs such legislation and to make the scheme mandatory for employers and employees?

From our conducted survey we received mixed answers from the respondents (employees) pertaining to the existing and proposed pension system in the private sector. We asked respondents on the existing and proposed pension system, i.e. (i) to maintain the existing system that is contributors can withdraw their whole savings; (ii) the proposed system that is EPF savings to be paid monthly after retirement, and (iii) the proposed system that is half of EPF savings to be paid monthly and another half to be paid in lump sum. For question (i), most of the respondents (294) agreed to maintain the existing EPF system where they prefer to withdraw their EPF saving in lump sum (Min 4.44). For question (ii) 211 respondents agreed that EPF savings to be paid monthly to contributors/pensioners (Min 3.71) and for question (iii), 291 respondents agreed to be paid half of the EPF

saving in lump sum and the other half by monthly (Min 4.33). We also asked the respondents on two important questions on legal propositions, (i) whether the government need to be enact legislation to make it compulsory for all employees in the private sector, regardless of the amount of salary, to join the proposed private pension scheme; and (ii) whether the government need to be enact legislation to make it compulsory for employees in the private sector earning salary of RM5,000.00 and below to join the proposed private pension scheme. On question (i), 317 respondents answered in the affirmative (Min 4.84) and for question (ii), 335 respondents answered in the affirmative (Min 4.55).

In the authors' view, there are some pros and cons on the proposed private pension scheme. We propose and support the retirement scheme/private pensions on the following grounds:

(i) most retirees do not have the discipline to save their own money. Within about three years many retirees spend their savings. Thus a compulsory scheme will address and tackle the issues of such indiscipline on spending during retirement.

(ii) the scheme, if enacted as mandatory pension schemes will provide a fixed monthly returns as currently enjoyed by public sector services, thus it will help the private sector retirees more securely in their retirement life.

(iii) deposits in private retirement scheme are eligible for tax exemption.

Grounds which does not support retirement private pensions scheme are as follows:

(i) the private retirement scheme implemented now requires payment of management fees and the fee collected in a longer time will be a lot.

(ii) the lump sum money withdrawn from the EPF can be used to purchase assets or pay any debt or starting a business.

(iii) retirees who has self discipline may invest their EPF money in various investment funds without the need to pay high management.

6. Conclusion

This study concluded that factors affecting retirement planning behaviour in the working population has a major influence in the employees' savings retirement. The finding of this study showed that higher levels of education, higher levels of income, financial literacy, goal clarity and attitude toward retirement are the factors influencing the retirement planning behaviour. Previous studies have found that those who had higher levels of education and higher levels of income have more positive in retirement planning (Hogart, 1991; Joo & Pauwels, 2002; Joo & Grable, 2005; Krishna Moorthy et al, 2012). There is also correlation between planning behaviour and saving for retirement among employees. The study found that pensioners in the lower income bracket faced financial difficulties during their retirement. On the legal proposition to have a fixed monthly pension scheme for the private sector employees, the majority of the respondents agreed to it. Workers in the private sector especially from the lower income bracket feel that government need to support them during their retirement and having a fixed monthly pension is one of viable propositions. If this proposition is accepted, the government has to amend the Employees Provident Fund Act to provide for the implementation the new system. However further study especially from the economic point of view need to be undertaken as the financial implication - both on the employers and the government - would be potentially huge.

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