

Readiness in Retirement Life

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Abstract. This study investigates whether the ownership of a retirement program is owned only by those who have a purpose in life in old age or also owned by those who focus on working well now and do not have a purpose in life in old age. The study population is employees, and entrepreneurs who have worked, with sample criteria have a steady income with a specific educational background. The number of samples is 52 respondents. The result revealed that having the purpose of life in old age, and focusing on the purpose of life at the moment encourage someone to have a pension program. The results of the study stated that the effect of the independent variables on the dependent variable appeared weak. The independent variable "has the purpose of old age life" and the independent variable "focus on life goals current" can explain 0.69 % of the dependent variable "has retirement fund program."

Keywords: Old age, pension fund program, purpose of life.

1 Introduction

Welfare is the level of satisfaction a person receives from consuming the income he receives. Everyone always seeks for the welfare during their lives, either someone is still active and able to work or after someone retires. The people will face more problems in living life after retirement from routine activity as the income decreased income due to less work opportunities. Also, the ability to work is declining while the health conditions are getting worse [1]. To anticipate this situation, someone should prepare the retirement program since someone was young, where the opportunity and ability to work is quite high [2]. Worries of living in old age can be eliminated by planning to retire early in the life. Almost all financial planners recommend that retirement program is committed since the young age. People who realize the essence retirement life will prepare it since they are still actively working in their youth [3]. Nevertheless, some people feel no need to think about retirement life for various reasons and only realize the importance of retirement planning when that time is near.

Awareness of the needs of a prosperous life in retirement will be better if someone reacts quickly to invest in old age when someone is still young, where the opportunity to earn higher income and the opportunity to obtain an extended investment return (Projector). The physical and psychological strength of someone relatively young would be ideal to be able to bear the risks and benefits of investing, either investing alone or buying a retirement program offered by several financial institutions known as ownership of a retirement

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program [4]. The ability of work at a young age with a great trust in being able to work and be successful, causes one to neglect preparing for his old life and not have a retirement program. Ownership of retirement programs that are in financial institutions and self-planned according to their interests, will significantly help provide a sense of security and motivation at work, which will ultimately improve business performance and personal performance.

This study examined whether the ownership of a retirement program that aims to obtain welfare in retirement is only owned by those who have a purpose in life in old age or also owned by those who focus on working well now and do not have a purpose in life in old age.

1.1 Problem formulation

This study examine two research question, namely: (i) Does having a life goal in retirement affect the ownership of the retirement program? (ii) Does focusing on the purpose of life in the present influence the ownership of pension plane ?

2 Literature review

Everyone aspires to stop working at a time and enjoy his old age. However, the decision to stop working and lose income remains a big gap. In the old days, many people not only want to maintain a lifestyle that they are accustomed to but also do other things that they cannot do because of time constraints and busy working at a young age. Pensioners in Japan have a policy of respecting workers, by maintaining and returning to giving jobs to retired employees so that they continue to reward workers [5]. The biggest mistake many people make is to delay the preparation of old age. Some people think that a successful career and hard work when young is enough for their old age. Although this possibility is real, but they should not delay and play around with their old-age planning. Everyone will feel that welfare at a young age will be easier to achieve than well-being in old age because of higher work skills [6]. This consideration has the consequence that life in old age needs to be thought about and planned early before old age. This is known as having a retirement program. Old age thinking and planning often do not get priority or many obstacles. Most people focus more on short-term goals, or meeting needs current so that it only spends very little time thinking about retirement [7]. They failed to commit to preparing for retirement, being apathetic, and surrendering without any effort and then focusing on the current job by hoping for success to be obtained in the future to support their retirement [8].

There are several stages in making a retirement plan as follows :

- (i). Determine the goals to be achieved in retirement.
- (ii). Estimate the amount of retirement life needs in present value.
- (iii). Estimate retirement income.
- (iv). Anticipate the retirement life needs by considering the inflation adjustment factor.
- (v). Calculate the total number of retirement living needs during the estimated retirement.
- (vi). Calculate the amount to be invested annually in the current period until retirement.
- (vii). Carry out retirement planning by investing according to calculations.

They established an essential goals because it determines the direction of old age planning [8]. The Goals/plans must be specific and measurable. The stages in setting up the goals are as follow:

- (i). Determine retirement age
- (ii). Identifying goals such as lifestyle choices in old age, pilgrimage, traveling, doing hobbies, small business to supplement income, buying a home for old age. The

objectives identified must be realistic and can be achieved so that the priority of goals is absolute.

- (iii). Determine when to reach the goal
- (iv). Determine current lifestyle and career choices. The quality of old age lifestyle depends on projected income and expenditure, that is, depends on the ability and willingness to channel income into retirement funds.

3 Research hypothesis

Based on the above theoretical review, the following hypothesis are proposed:

- (i). Having a life purpose in retirement affects the ownership of the retirement program
- (ii). Focus on the purpose of life in the present affects the ownership of the retirement program

3.1 Population and sample

The study population is employees, and entrepreneurs who have worked, with sample criteria, have a steady income with a specific educational background. The number of samples is 52 respondents

3.2 Data source

Type of data based on the source is divided into two, namely primary data and secondary data, while based on its nature, it is divided into quantitative data and qualitative data. This study uses primary data, which researchers must collect directly through the collection of questionnaires data.

3.3 Operational definition

Dependent variable (Y) is "Having a retirement fund program." The concept is to analyze whether the respondent is aware of the importance of life in retirement that will be experienced by having a retirement program from a company or a retirement program from a financial institution

To assess the extent to which that the respondents have a pension fund program, the study used the four indicators as follow:

- (i). I feel safe because I still have an income when I reach retirement age.
- (ii). I feel I get a better compensation from the company
- (iii). I have a pension program from a financial institution
- (iv). I have an annuity program from a financial institution

The independent variable (X₁) "Has the purpose of old age life," the concept is to analyze whether the respondent is aware of life in retirement that will definitely he experience with various plans so that he has a purpose in life for his old age.

Independent variable X₁, Having a goal for old age, is measured using the following four indicators.

- (i). I will do my hobbies when entering retirement
- (ii). I will do certain activities when entering retirement
- (iii). I feel the need to maintain my lifestyle in retirement
- (iv). I trying to keep the quality of life from declining during retirement

The independent variable X_2 , focus on current life goals, analyze whether the respondent does have a plan about his retirement activities because of his current business, or feel no need to plan it. This variable is assessed using the following four indicators :

- (i). I am busy at work right now and have not yet thought about retirement plans
- (ii). It is likely that retirement activities are following the current business trends.
- (iii).Most likely I deposited the pension at the same time that I will receive
- (iv).I will continue to work and feel still strong working in retirement

3.4 Data analysis techniques

The goal of the analysis is to investigate and interpret the influence of having the purpose of living day old, and the focusing on current life goals on having a retirement fund program [9]. This study used measurement scale of Likert scale from 1 up to 5 and regression analysis for linear relationship probability models using Eviews program software [10].

4 Results

Table 1. Linear probability model

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|------------------------------|-------------|-----------|
| C | 0.450189 | 0.697501 | 0.645431 | 0.5217 |
| X1 | 0.023805 | 0.141370 | 0.168388 | 0.8670 |
| | 0.132887 | | | |
| | -0.573887 | | | |
| X2 | 0.5687 | | | -0.076262 |
| R-squared | 0.006862 | Mean dependent var | | 0.307692 |
| Adjusted R-squared | -0.033674 | SD dependent var | | 0.466041 |
| SE of regression | 0.473823 | Akaike information criterion | | 1.399996 |
| Sum squared resid | 11.00091 | Schwarz criterion | | 1.512568 |
| Log-likelihood | -33.39989 | Hannan-Quinn criteria. | | 1.443153 |
| F-statistic | 0.169289 | Durbin-Watson stat | | 1.629077 |
| Prob (F-statistic) | 0.844756 | | | |

Dependent Variable: Y

Method: Least Squares

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Sample: 52

Included observations: 52

The result of analysis revealed the regression equation for the research which is: $Y = 0.4502 + 0.0238 X_1 - 0.0763 X_2$ which means that the ownership of the retirement program will increase by one unit if there is an increase in people who have a life goal in retirement of 0.0238 units and there is a decrease in people who only focus on the current life goal of 0.0763 units. In this regression equation it appears that the probability of all occurring above 0.5 the decline H_0 , which means that the independent variable "Has the purpose of life in old age" and the independent variable "Focus on the purpose of life at the moment" affects the dependent variable "Has a pension program." The coefficient value of variable X_2 is higher than the coefficient value of variable X_1 so that ownership of the pension program will be easier to increase by decreasing the number of people who focus on current life goals rather than increasing the number of people who have life goals in the old days. The results of the study, which were read from the results of the regression equation stated the effect of the independent variables on the dependent variable, appeared weak. The independent variable is only two variables, so it is enough to see the R-squared of 0.0069,

namely the independent variable "Has the purpose of old age life" and the independent variable "Focus on life goals current" can explain 0.69% of the dependent variable "Has program

Retirement fund in R-squared functions is to measure the success rate of the regression model that we use in predicting the value of the dependent variable. Concurrent test the effect of variables independent on the dependent variable is minimal at 0.17 which can be seen from the value of F-statistics. It is not significant. Standard Error regression reflects the accuracy of the sample is chosen for its population. The smaller the standard error, the more the sample chosen represents the population. In this study, the standard error is 0.47 which means the sample represents the population. The Durbin-Watson value is 1.62 which means there is no autocorrelation of data in this study.

5 Conclusions

Based on the results of the discussion, it is found that focus on the purpose of life in the present and purpose of life for old age provide an increase in employees who have a work retirement program. Workers in companies need to make retirement plans to prepare for their welfare that will be obtained after they retire. This condition needs ownership of retirement plans that will be easier to increase by reducing the number of people who focus on current life goals than increasing the number of people who have a purpose in life in the old days. An increase in retirement planning by employees will contribute to the government in bringing prosperity to the people of Indonesia. Further researches need to be carried out in post-retirement welfare levels for employees.

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