

An Examination of the influence of Retirement Planning on Retirement Adjustment and Retirement Well-Being in Nigeria

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Abstract: *This study was conducted to investigate the influence of retirement planning on retirement adjustment and retirement well-being in Nigeria. The study was a survey with an infinite population. However, 96 retirees who were in the service of AkwaIbom State and who accepted to be part of the survey were selected using convenience sampling method and administered with copies of the questionnaire. The instrument achieved 66% response rate. Respondents' profiles were presented with descriptive statistics while data analysis was by simple regression. Findings of the study indicated that retirement planning has a significant influence on retirement adjustment in Nigeria. It was further established that retirement planning does not significantly influence retirement well-being in Nigeria. In line with the findings of this study, it was recommended that future retirement planning programmes should take into consideration the post retirement hobbies and interests of retiring employees to stimulate their active participation; it was recommended that future retirement planning programmes should have depth that goes beyond mere orientation on retirement and thus make for behavioural influence; it was also recommended that future retirement planning programmes should have an extended training period to make for meaningful interaction between trainers and trainees to generate envisaged impact.*

Keywords: Retirement Planning, Retirement Adjustment, Retirement Well-being, Retirees, Nigeria.

I. Introduction

Retirement is considered an important event as it triggers a cessation of employment and a transition in the life of an employee to a retiree. In defining retirement, Akinade (2011) sees it as the terminus of the employee's active work life, an indication of cessation of employment. Beehr and Bowling (2013) are more detailed in their conceptualization of retirement. These anchors conceptualize retirement as both a process and a period, reflecting three key phases. These phases include retirement image formation, retirement time identification and retirement transition. Being a major issue in life, it is instructive that it should be approached properly to make for a positive adjustment needed for retirees well-being in future. Retiree's well-being is a major concern to both employers and employees. This concern is expressed in various retirement planning programmes initiated to prepare employees towards their exit from paid employment.

In Nigeria, three forms of retirement have been identified by Okechukwu and Ugwu (2011). These are voluntary retirement where the employee on his/her own decides to leave the employment, compulsory retirement where the employer forces the employee to leave his/her job and mandatory retirement which is the normal form of retiring from service in line with statutes. For example, in Nigeria, it is 35 years of service for employees in tertiary institutions with exception of professors who retire at age 70, similar to judges of both court of Appeal and Supreme Court. It is 65 years for judges at the High Court. Other categories of employees in the public service retire at age 60 or as they attain 35 years of service depending on which one comes earlier (FRN, 2014). Since retirement is certain for employees it therefore calls for retirement planning to help retiring employees transit into life of retirement.

Retirement planning involves preparing employees ahead of their retirement. This is aimed at helping retiring employees to transit without much difficulty into a life of retirement and be able to experience well-being while in retirement. In recent times, the increasing number of persons retiring and the aftermaths have generated some level of excitement in retirement planning process (Udofot, 2012). Relevant studies indicate that there is a close link between retirement planning activities and retiree's well-being (Yeung, 2013; Noone, Stephens and Alpass, 2010). Retirement planning activities have been categorized into four major areas by Law, Wan and Wong (2006). These are health, financial, psychological and social. These activities target respective domain interests such as the health status of the individual, his/her psychological preparedness to deal with issues in

retirement and the social aspect of maintaining relationships as well as new activities to be engaged in following retirement from service.

The mentioned activities are expected to facilitate smooth transition of the individual from an employee to a retiree. This requires an adjustment characterized by a transition from work to retirement. Adjustment in this context involves experience channeled towards one's environment while facing new conditions in life, battling with new possibilities and also new challenges. Fadila and Alam (2016) posit that the ease of retirement adjustment was more likely with those who served in the public sector compared to those in private sector, those who had permanent jobs compared to those who served on temporary basis and those who had served in excess of twenty years compared to those who spent less number of years.

1.2 Statement of the Problem

There is certainty that someday in the future individuals in paid employment would experience a cessation in such jobs. The cessation in employment introduces a transition from work to retirement. This transition requires the retiree to adjust to changing conditions and challenges. To assist the retiree to transit into a life of retirement and make the necessary adjustments, retirement planning programmes have been initiated by employers.

In Nigeria, retiring employees undergo retirement planning programmes mounted to recondition their minds to their impending exit from service and as a measure to help them experience well-being in retirement. Studies in this area in Nigeria have not clearly shown the extent to which retirement planning has facilitated seamless retirement adjustment, an objective addressed by this study. Also, these studies are only limited to the retirees' financial well-being compared to current research efforts which in addition to the retirees' financial well-being addresses retirees' physical well-being, general wellbeing and psychological well-being.

1.3 Research Objectives

This study had two objectives, namely:

- i. To examine the relevance of retirement planning to retirees' retirement adjustment in Nigeria.
- ii. To investigate retirees' perceived influence of retirement planning on retirement well-being in Nigeria.

1.4 Research Questions

Two questions were raised in this study:

- i. What is the relevance of retirement planning to retirees' retirement adjustment in Nigeria?
- ii. What is the perception of retirees on the influence of retirement planning on retirement well-being in Nigeria?

1.5 Research Hypotheses

The research hypotheses formulated in this study were:

- H_{Q1}: There is no significant relationship between retirement planning and retirement adjustment in Nigeria.
- H_{Q2}: There is no significant relationship between retirement planning and retirement well-being in Nigeria.

II. Review Of Literature

2.1 Conceptual Framework

2.1.1 Retirement Planning

When employers initiate retirement planning activities for their employees, they target the preparation of retiring employees towards their life in retirement. Such activities help employees in transiting to a life of retirement which contrast with what they were used to while working.

Retirement planning is a multi-dimensional construct which focuses on assisting the retirees to adapt to their new realities and to have retirement bliss (Noone, *etal*, 2010). Retirement planning covers a wide range of areas. In literature, issues bothering on the well-being of retirees have been treated to include health, psychological state, financial/economic matter and social life/life style (Law et al, 2006). In the aspect of health, the retiree is

prepared on how to maintain physical health, in view of the fact that his/her health situation may largely determine his/her general well-being; psychologically, the employee has to be prepared towards transiting to retirement life and also dealing with its accompanying changes. In the financial/economic aspect, the employee is prepared on how to manage financial resources and business in retirement to have some level of comfort following leaving employment and cessation of monthly salary. In the social life / life style aspect, the employee is prepared towards having network of persons, friends and relatives that may be useful in retirement; it also enables the retiree to come up with new activities that can keep him/her busy. In addition, Topa, Moriano, Depolo, Alcover and Morales (2009) hint that such activities may assist the employees in setting their goals following their retirement.

2.1.2 Retirement Adjustment

Employees who retire from work life to retirement life are greeted with new challenges and realities. According to Olatomide (2017), retirement adjustment deals with the capacity of retired individuals to be resourceful in using opportunities and resources in addressing issues in order to live in happiness while in retirement. The author reasons that an exposure to retirement planning activities would potentially assist those retiring in preparing properly for life in retirement, be equipped with skills needed in transition as well as in post retirement period.

As individuals exit their jobs, adjustment would be needed as a result of reduced amount of resources, reduction in their financial security and loss of self-worth and identity socially from reduced frequency of interacting and relating with former co-workers. Van Solinge (2013) notes that attempts by retirees to adjust to life in retirement have been largely determined by three key issues: Their predisposition psychologically, variations in their resources and variables linked with transition to retirement.

2.1.3 Retirement well-being

As a concept, well-being does not have an agreed definition. However, the Organization for Economic Cooperation and Development (OECD) (2011) considers well-being as dealing with the ability to meet the needs of individuals such that they are able to actualize their goals, progress in their existence and experience satisfaction. Furthermore, Hall, Giovannini, Morrone and Ranuzzi (2010) and OECD (2011), identify what they consider as three key pillars in assessing well-being. Economic well-being, non-financial attributes, Socio-cultural and environmental systems sustainability. Again, Forgeard, Jayawickreme, Kern and Seligman (2011) and Povey, Boreham and Tomazewski (2016) suggest that well-being be assessed from multiple sources.

2.2 Theoretical Framework

Life Cycle Income Theory-This theory was developed by Modigliani and Brumberg (1954). These theorists observed that it was in the habit of people to make decisions bothering on their consumption in line with the incomes available to them over their own existence in life, in which their current stage of life is anchored. In later years, Modigliani and Brumberg made an observation that people were in the practice of building up assets as they initially start working. Upon their retirement, such individuals would make use of such assets. This theory is relevant to this study in the sense that people plan the way they consume and save over their existence as human beings thus they would choose to accumulate as they earn money and would cease to save upon their retirement. The implication of this is that every human would want to save as much as possible in certain times so as to wisely utilize the saved resources in maintaining his/her life style in other times.

2.3 Empirical Review

A study by Amaike (2014) established a link between level of education and retirees' well-being. Sarracino (2013) found in a study that similar variables determine subjective well-being in both advanced and developing countries of the world. Addai, Opoku – Agyeman and Amanfu (2014) in their survey of Ghanaian well-being, found that cultural, economic, health and social capital factors were germane in influencing subjective well-being. The study by Adebowale and Atte (2012) in Nigeria which was on well-being and employed social relationship, physical, environmental and psychological dimensions, identified being in marriage relationship with family members, tender age and resource assistance from the family as variables accounting for the well-being of the aged.

Test of Hypotheses

Hypothesis 1

H_{Q1}: There is no significant relationship between retirement planning and retirement adjustment in Nigeria.

Table 2:Regression analysis on Retirement planning and Retirement Adjustment in Nigeria

Model Summary					
		R ²	Adjusted R ²		
Model	R				
1	.782 ^a	.612	.551		

a. Predictor: (Constant), Retirement Planning

ANOVA^a						
Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	11.216	1	17.313		.000 ^a
	Residual	22.357	60	.801	23.166	
	Total	33.573	61			

a. Dependent variable: Retirement Adjustment
b. Predictor: (constant), Retirement Planning

Coefficients^a						
Model		Unstandardised coefficient		Standardized coefficients		Sig.
		B	Std Error	Beta	T	
1.	(constant)	1.092	.603		2.132	.000
	Retirement Adjustment	.637	.197	.283	3.234	.000

a. Dependent variable: Retirement Adjustment

Source: Computed from SPSS

Table 2 presents regression analysis between retirement planning and retirement adjustment. It indicates R – valued as .782, an indication of a positive and strong influence of retirement planning on retirement adjustment. The R²- value of .612 which represents coefficient of determination indicates that 61.2% of variation in retirement adjustment by retirees is influenced by variation in retirement planning. The ANOVA table indicated that the regression model has the capacity to predict the dependent variable significantly. The F – value of 23.166 and the corresponding value P – value of 0.000 indicated a significant effect of the independent variable, retirement planning on retirement adjustment (p<0.05). The constant (Y intercept) which represents value of retirement adjustment when all other variables were zero is 1.092. This results in the model 1.092 + (0.637 x RPL) te₁. The coefficient for retirement planning (b₁) was 0.637, with the implication that for every unit increase in retirement planning activities, a 0.637, unit increase in retirement adjustment was to be expected, other variables held constant. Since R = .782 and P < 0.05, the null hypothesis which stated that retirement planning has no significant relationship with retirement adjustment in Nigeria is rejected. The outcome of test of hypothesis provides evidence to show that retirement planning significantly relates with retirement adjustment in Nigeria.

Hypothesis II

H₀₂: Retirement planning has no significant relationship with retirement well-being in Nigeria.

Table 3: Regression Analysis on Retirement planning and Retirement well-being in Nigeria

Model Summary

Model	R	R Square
1	.496 ^a	.246

b. Predictor: (Constant), Retirement Planning

ANOVA^a

Model		Sum of Squares	df	Mean square	F	Sig.
1	Regression	9.643	1	3.935		.244 ^b
	Residual	13.038	60	1.263	2.126	
	Total	22.681	61			

a. Dependent variable: Retirement Well-being

b. Predictor: (constant), Retirement Planning

Coefficients^a

Model		Undstandardised coefficient		Standardized coefficients		Sig.
		B	Std Error	Beta	T	
1.	(constant)	2.016	.622		4.021	.000
	Retirement Well-being	.137	.097	.283	1.412	.217

b. Dependent variable: Retirement Well-being

Source: Computed from SPSS

Table 3 presents analysis of regression between retirement planning and retirement well-being in Nigeria. It shows R – value of 0.496. This indicates a positive but weak influence of retirement planning on retirement well-being in Nigeria. In the analysis, the R² – value of 0.246 is the co-efficient of determination and indicates that 24.6% of variation in retirement well-being was explained by retirement planning. The ANOVA table gives an indication that the regression model could predict the dependent variable. The F-value of 2.126 and its corresponding p-value of 0.244 shows insignificant influence of retirement planning on retirement well-being (P>0.05).

The constant (Y intercept) which represents value of retirement well-being when all other values were zero is 2.016 + (0.137 x RPL) + e₂. The coefficient for retirement planning (b₂) was 0.137 with the implication that for every unit increase in retirement planning, 13.7% increase in retirement well-being should be expected if other variables are held constant. Given the above results, the null hypothesis that retirement planning has no significant relationship with retirement well-being in Nigeria is accepted. Thus, the outcome of test of hypothesis II provides evidence to show that retirement planning has no significant relationship with retirement well-being in Nigeria.

V. Discussion Of Findings

Result of test of hypotheses conducted in this study shows that there is a significant relationship between retirement planning and retirement adjustment in Nigeria, hence the rejection of hypothesis 1. A study by Olatunde and Awosusi (2011) revealed that studied retirees had successfully adjusted socially and economically following their retirement. This goes to support the positions of Olatomide (2017) and Osborne (2012) that

retirement planning activities would help those about to retire to prepare towards transiting into retirement life. Earlier study by Olatomide (2017) established non adjustment of retired teachers by the majority of those surveyed, adducing that this may here been due to nonpayment of entitlement by the employer.

In hypothesis II, outcome of test of the hypothesis indicated that the relationship between retirement planning and retirement well-being was insignificant. This outcome contrast with the findings of Yeung (2013) who established a significant relationship between the two variables. The difference in outcome may have been due to the depth of retirement planning activities where this study was conducted. It may also suggest that many of the respondents in current study were not actively involved in retirement planning activities.

VI. Conclusion

The growing interest in retirement planning in recent years is due to ample evidence which suggests the rather not-too good state of many retirees in both developed and developing countries of the world. In this paper, it has been established that retirement planning could predict the ability of retirees to transit and adjust to retirement life in Nigeria. Beyond, the exposure to orientation which empowers adjustment to retirement life, the well-being of retirees in Nigeria has not been boosted by retirement planning. This is possible given certain conditions as highlighted in the study.

VII. Implications For Future Retirement Planning Programmes /Recommendations

From the foregoing analysis, the following constitute the major implications:

- i. Future retirement planning programmes should take into consideration the post retirement hobbies and interests of retiring employees to stimulate their active participation. Information on this could be obtained through pre-retirement surveys.
- ii. Future retirement planning programmes should have depth. This will go beyond mere orientation on retirement to imparting knowledge and influencing behavior that supports well-being in retirement.
- iii. Future retirement planning programmes should have an extended training period of at least 1 year to make meaningful interaction between trainers and trainees. A situation where a pre-retirement seminar is hurriedly organized for retiring employees and lasting for a few hours and days is unlikely to generate the envisaged impact.

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