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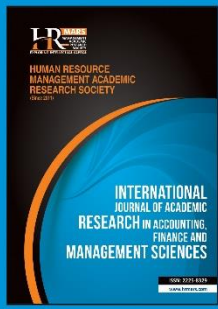
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## Retirement Planning Awareness among Students in Uitm Negeri Sembilan

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### Abstract

Proper financial planning enables individuals to enjoy their retirement by implementing good planning behavior that facilitates them to live the lifestyle they desire as retirees. This study is important to reveal that having proper retirement planning in order to gain after-retirement benefits such as financial health and maintaining a comfortable lifestyle regardless of future economics and global issues. Everyone needs to be aware of retirement planning to properly plan for their retirement especially the young generation. However, university students are unaware of the significance of early retirement planning and future savings planning. Therefore, the purpose of this study is to investigate the relationship between financial literacy, attitude, and retirement planning awareness among students at UiTM Negeri Sembilan campus. This study employed a quantitative method to collect primary data through an online questionnaire survey. A total of 171 students from UiTM Negeri Sembilan at three campuses: Kuala Pilah, Seremban and Rembau have participated as the respondents. Data was further analyzed using descriptive analysis and correlations using SPSS. The findings show that, as a young generation, students are aware of the importance of proper retirement planning and early preparation to ensure a comfortable retirement. This study provides students with valuable insights into the importance of financial literacy and positive attitudes towards money management. However, it is limited to UiTM Negeri Sembilan students, it's finding cannot be generalized. For further research proposed, it is recommended that larger sample size and gaining more information on retirement planning among them. For implication, this study can be referred by financial educators and policymakers to guide them towards attitude most likely to save for retirement and encourage the young generation to plan for their future.

**Keywords:** Retirement Planning, Young Generation, Financial Literacy, Attitude

## Introduction

Malaysia will be an aging society by 2030, with more than 15% of the population aged 60 years and up. This rapidly approaching old-age society phenomenon leads to the concerning situation of insufficient post-retirement savings due to citizens' lack of retirement planning. Retirement planning is the process of making plans to provide individuals with an income in retirement when they are no longer earning a consistent income from employment (Topa et al., 2011). Many retirees do not plan for retirement and do not have any retirement plans in place to help them maintain their current lifestyle during their retirement years (Kumaraguru & Geetha, 2021). Retirement planning is essential for maintaining one's current lifestyle after retirement to live a quality and long healthy life, which refers to regular care for people with a chronic illness or disability (Masran & Hassan, 2017). Only after an individual understands all the important aspects, responsibilities, and rights associated with retirement planning they can properly prepare their retirement plan. Nonetheless, the younger generation, particularly those in university, are generally unaware of the pension system's function and significance (Bongini & Cucinelli, 2019). Some of them believed that early retirement planning was unnecessary because their pensions would be sufficient to maintain a retirement standard of living comparable to their working-life standard of living. Lack of financial literacy affect the retirement planning among the young generation and hamper their interest to secure the necessary fund for their retirement years (Subramaniam, Yu & Tee, 2021).

Furthermore, university students believe that retirement is too far away from their current age, and that the preparation and planning is a burden because it requires long-term planning. Approximately 62% of Malaysian labour force has no formal retirement planning due to a variety of factors, including low salary, which is followed by low saving and insufficiency of retirement financial cash flow, particularly for low-income households with financial instability (Tai & Sapuan, 2018). Besides, only 10.8% of Malaysians can afford to lose their job or face a financial crisis. The rising cost of living and low salary would make saving for retirement difficult, and they are not financially prepared for retirement. Consequently, it is essential for individuals to be aware of retirement planning while they are in university to ensure they are prepared for early and proper retirement planning when they begin working life (Kimiyağhalam et al., 2019). However, a lack of awareness among Malaysians, particularly the younger generation, about the importance of saving for retirement prevents them from living a quality, healthy life and enjoying life after retirement. The lack of financial knowledge and a negative attitude toward retirement years that take a long time to achieve leads to a lack of awareness among the young generation, which must be stimulated beginning in high school (Zandi et al., 2021).

Therefore, the objective of this study is to examine the relationship between financial literacy, attitude, and awareness regarding retirement planning. This study is expected to contribute insight into university students' awareness of the significance of retirement planning. Concerning the new findings, the study may provide insight into how financial literacy and attitude influence awareness in planning for difficult retirement years. The issue of retirement awareness is critical and must be addressed. Retirement planning is critical, particularly in the aftermath of Covid-19. Retirement planning helps to improve mental health by reducing retirement anxiety, keeping stress under control, and effectively enhancing retirement preparedness and confidence. Hence, it is important for the younger generation

or university students to plan wise investments and savings decisions to own a pleasant retirement phase in the future.

### **Literature Review**

Retirement planning refers to “a goal-oriented behaviour in which individuals devote effort to prepare for their retirement life” and consists of the series of activities involved in the accumulation of wealth to cover needs in the post-retirement stage of life (Yeung & Zhou, 2017). Retirement planning contributes towards reducing retirement worry, keeps stress under control, and enhances retirement preparedness. Importantly, early retirement planning is important because it takes many years to accumulate funds when they no longer having a job in their life. Financial literacy is defined as “knowledge and understanding of financial concepts and risks, and the skills, motivation, and confidence to apply such knowledge and understanding to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life” (OECD, 2014). Financial literacy is essential for working adults beginning at a young age. It is common knowledge that most young working adults will have to manage a variety of financial commitments. Many older people are lacking with knowledge of basic financial concepts which required making saving and investment decisions, and as a result, they failed to prepare for retirement due to a lack of financial literacy. Consequently, financial literacy is critical even at a young age for effective retirement planning, and the task of managing money has become even more difficult (Garg & Singh, 2017). Inadequate knowledge of the retirement savings process may result in an inability to make optimal retirement saving decisions.

Financial risk tolerance and financial literacy were thought to be vital components of successful retirement planning, as well as important factors in how much individual saved for retirement. Higher levels of these two characteristics were associated with more active saving profiles. Higher financial literacy increases the likelihood of saving compared to lower financial literacy (Mahdzan & Tabiani, 2018). Financial literacy encourages individuals meet the challenge of staying current with the constantly changing financial landscape while also promoting financial satisfaction. Adults in Malaysia who have completed higher education levels intend to participate in retirement planning. This indicates that individuals with a high level of education will have more chances to explore retirement information (Liu et al., 2021). Financial education programmes should be implemented in schools to increase students' and adolescents' financial awareness and knowledge. Regulators, public institutions, and financial educators should disseminate information to families first and then to younger generations to encourage young people to plan for their future and guide them toward attitudes and behaviours that will increase their retirement savings (Kimiyağhalam et al., 2019).

Financial literacy is critical to retirement planning, particularly increasing wide selected of long-term financial products, schemes and services marketed to future retirees. It is crucial aspects to know and learn about in order to choose the best financial guarantee and to ensure it is worth for long term retirement life. According to Meir et al. (2016) there are two aspects of financial literacy which are financial knowledge and financial decision-making behavior. The results reveal that the activities of finding for financial information and monitoring household expenses are positively correlated with retirement literacy. In addition, other important factors related to a person's retirement literacy for instance the tendency to

monitor long-term savings accounts, one's awareness of allocations to retirement, and active engagement in the long-term savings management.

Attitude is described as a person's perception, outlook, or perspective on a person, idea, thing, or situation. Someone with a positive opinion of a specific behaviour has a higher propensity to follow such behaviour (Mahdzan & Tabiani, 2018). A financial attitude is the ability to plan and manage financial matters. The emphasis should be on developing positive financial attitudes among individuals and improving financial literacy among generations, which will result in real benefits from any financial education programme. Individuals with a strong financial attitude are more likely to be optimistic because they save more, spend less, and have a high-risk tolerance (Garg & Singh, 2017). A positive attitude of working people towards retirement planning is also one factor influencing them to have good planning for their retirement. People who must make preparations prior to the retirement age will feel more secured and comfortable as compared to individuals that did not have early retirement planning that enables them to achieve adequate retirement income and relaxed retirements (Zulfaka & Kassim, 2021).

In other previous study, Shabor et al (2018) examined that many people do not start to prepare and save until very late of their life cycle, and do not manage to have adequate savings for their retirement. It indicates that role of savings intention as a mediating factor between attitudes toward retirement and retirement planning behavior. According to theory of planned behavior, it is proposed that the behavioral intention is the closest forecaster of behavior. Thus, the probability that behavior will actually occur will depend excessively on intention to perform a particular behavior.

## **Methodology**

### **Sample and Data Collection**

A total of 171 students from UiTM Negeri Sembilan have participated as the respondents to examine their retirement awareness towards retirement planning. The sample of the respondents were from Kuala Pilah, Seremban and Rembau Campus and currently pursuing either degree or diploma program. This study employed a quantitative method to collect primary data through an online questionnaire survey. The questionnaire was distributed to the respondents through a google form.

### **Measurement development**

The questionnaire consists of four parts: Part A for demographic information, Part B for financial literacy, Part C for attitude, and Part D for awareness. All measurement scales were adapted from a combination of existing scales from the literature, and their reliability and validity were empirically tested. The measurement for financial literacy, attitude, and awareness were adapted from (Lai et al., 2009; Zulfaka and Kassim, 2021). A 5-point Likert scale ranging from "1 = strongly disagree" to "5= strongly agree" was used to record the responses from the respondents. Data collected were analyzed using IBM SPSS Statistics 28.



## Result and Discussion

### Demographic profile of respondents

A total of 171 questionnaires from 171 students were usable for the purpose of data analysis in this study. Table 1 demonstrates the demographic details of students sampled for this study.

Table 1  
*Respondents Profile*

Respondents' characteristics		Frequency	Percentage
Gender	Male	28	16.4%
	Female	143	83.6%
Programme	Science	62	36.3%
	Science Social	109	63.7%
Campus	Kuala Pilah	63	37%
	Seremban	48	28%
	Rembau	60	35%
Programme level	Diploma	134	78.4%
	Degree	37	21.6%
Attended seminar	Yes	12	7%
	No	159	93%
Sources of information	Family	47	27.5%
	Friends	3	1.8%
	Media Social	78	45.6%
	Government	6	3.5%

The respondents comprised 143 female and 28 male students respectively. 62 students are in the scientific and technology stream, and the remaining students are in the science social stream. 37% of the students are studying at the Kuala Pilah campus, 28% at the Seremban campus, and 35% at the Rembau campus. Most of the students (134) are pursuing diploma, and the remaining students are pursuing degrees. Majority of the students across all respondents had never attended the retirement planning seminar (90%). According to information collected on information sources, 78 students obtained about the retirement plan from social media, 37 from family, and 46 from other sources.

### Descriptive Statistics

Table 2 summarizes the descriptive statistics for the measurement items in the questionnaire.

Table 2  
*Descriptive Statistics*

Variables	N	Cronbach's Alpha	Minimum	Maximum	Mean	Standard Deviation
Financial Literacy	171	0.848	2	5	3.91	0.661
Attitude	171	0.789	2	5	3.82	0.589
Awareness	171	0.894	1	5	3.76	0.645

The research instrument was tested for reliability using the Cronbach's coefficient. The closer the Cronbach's Alpha value is to 1.0, the higher the internal consistency reliability of the questionnaire. A questionnaire considers attaining a high level of reliability when the value of Cronbach's Alpha exceeds 0.70 (Sekaran and Bougie, 2010). The Cronbach's Alpha value for all variables is above 0.7. Descriptive statistics computed the maximum, minimum, mean and standard deviation of the variables and the indicators. The mean for financial literacy, attitude and awareness are all above the average scale. All variables scored in the affirmative (1=Strongly disagree, 5=strongly agree, with 3 the mid-point) with mean value greater than 3. Financial literacy has the highest mean score of 3.91, followed by attitude with the mean of 3.82. Overall, the findings suggest that students are financial literate and possess a positive attitude towards retirement planning.

### Correlation Analysis

Table 3 summarizes the result of correlation analysis.

Table 3  
*Correlation Analysis*

	Financial Literacy	Attitude	Awareness
Financial Literacy	-	0.658*	0.673*
Attitude	0.658	-	0.525*
Awareness	0.673	0.525	-

\*Correlation is significant at the 0.05 level

Correlation analysis was conducted using Pearson correlation coefficient to determine the strength and direction of the relationship between variables of financial literacy, attitude and awareness. From the results obtained, all variables are significantly correlated. The correlation between financial literacy and awareness is significant at 0.673 ( $p < 0.05$ ), followed by financial literacy and attitude at 0.658 ( $p < 0.05$ ), and lastly attitude and awareness at 0.525 ( $p < 0.05$ ). The value of more than 0.5 indicates a high level of strength for all relationships.

### Discussion of Findings

The significant correlation between financial literacy and awareness suggests that financially literate students are more likely to understand the significance of retirement planning. Financial literacy demonstrates knowledge of financial concepts as well as skills that can be translated into good financial management behaviours such as retirement planning, savings, and investing. The finding was consistent with Zulfaka and Kassim (2021); Safari et al (2021), who found positive relationship between financial literacy and retirement planning awareness. Students with strong financial literacy can make wise decisions about how to invest their money, how much to invest, diversification risks, and long-term financial planning. The higher financial literacy helps students to embark in optimal retirement planning because they have more time to learn on several attractive financial instruments to obtain good returns. Particularly, financial literacy is required even at a young age to plan for retirement.

The results of the significant relationship between financial literacy and attitudes suggest that knowledge and skills in financial planning help students have positive attitudes toward investing in products that provide retirement benefits in financial, lifestyle, and health

aspects. Higher levels of knowledge may promote positive human intentions and serve as better predictors of behaviour. Despite their young age, the students understand the importance of investing in retirement-related financial products to take pleasure in their retirement years. The result was in line with Zandi et al (2021); Subramaniam et al (2021) who found a positive relationship between attitude and the importance of early retirement preparation among young generation. Even if they believe that early retirement planning is a burden and a problem because it requires long-term and continuous planning, their attitude demonstrates the younger generation's awareness of financial decision-making for retirement preparation, asset accumulation, and appropriate use of their pensions.

### **Conclusions and Limitations**

The aim of this study is to investigate the relationship between financial literacy, attitude, and awareness of retirement planning among students at the UiTM Negeri Sembilan campus. According to the findings, financial literacy, attitude, and awareness have significant correlations. Knowledge, skills, and positive attitudes all play important roles in encouraging students to start saving for retirement early so that they can enjoy their retirement years with good lifestyles and health. Attending financial seminars or courses assist individuals about investment decisions, asset accumulation, and risk management, which can help them prepare for difficult retirement years. Early retirement planning is therefore important for younger generations because it necessitates continuous and long-term planning. The study contributes to the existing literature by highlighting the significance of retirement planning awareness among the younger generation, despite their youth. It is recommended that universities, colleges, governments, and other organizations provide programs or courses that cover the importance of retirement planning from a young age to help tertiary students be more aware of their future retirement life. In conclusion, financial literacy and attitude will raise the awareness of younger generations to begin saving to enjoy their retirement phase and avoid an unhappy retirement life.

The present study was not without limitations and inspire some suggestions for future studies. This study was performed on students from three campuses of UiTM negeri Sembilan only. Further studies with a larger sample size and respondents from other universities and colleges need to be investigated to obtain a greater substantiation of outcomes and generalizability. The second limitation is related to the usage of questionnaire in gathering data. Future studies should consider employing mixed methods in gathering data relating to retirement planning awareness. Data collection can be done through interviews with students to gather as much information as possible and then followed by sending questionnaires by considering the information obtained in the interview session.

### **Conflict of Interest**

Author declares no conflict of interest.



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