

FINANCIAL PLANNING FOR SUSTAINABILITY IN RETIREMENT OF UNIVERSITY EMPLOYEE

Yuthapoom Thanakijborisut

Suan Sunandha Rajabhat University, 1-U-Thong Nok, Dusit, Bangkok, Thailand,

E-Mail: Yuthapoom.th@ssru.ac.th

ABSTRACT

Abstract—This research aimed to study personal financial planning for the economic sustainability in retirement of university employee which the universities were located in Bangkok, and to study the relationship between personal factors and personal financial planning for economic sustainability of employee which the university located in Bangkok. The results revealed that university employee had a high level of knowledge in personal financial planning and personal financial planning attitude, while personal financial planning behavior was at a moderate level. Moreover, the results of the relationship between personal factors with personal financial planning and financial planning attitude for the economic sustainability in retirement, it was found that duration of work, job title and number of family members were related to financial planning knowledge with statistically significant at the level of 0.05. In addition, liabilities, operational period, number of family members, and job position were correlated with financial planning attitude with statistical significance at the 0.05 level.

Keywords— Financial planning, Sustainability in retirement, University employee

INTRODUCTION

The rapid increase in the number and proportion of the elderly population has resulted in Thailand becoming an aging society. This increase is a consequence of the high fertility levels in the past between 1953 and 1983, i.e. People born during the period of high fertility which is a large population entering the old age. This is coupled with a decrease in mortality or an increase in longevity. The Office of the National Economic and Social Development Board (2020) expects that the population structure of Thailand will enter a fully aging society in 2024, resulting in demographic changes becoming more and more important. When considering the data on the labor force aged 15 years and over in Thailand from 2001 to 2018, it was found that in the past 15 years, the age structure of work labor has clearly changed. In 2001, most of the labor force was aged between 30-39 years, 27.20 percent, while in 2016, most of the labor force was aged between 40-49 years, 24.97 percent, and the trend of the labor force aged between 50-59 years still had increased dramatically from 12.60 percent in 2001 to 20.11 percent in 2016. It also found that the number of workers aged 60 years and over tends to increase continuously from 5.70% in 2001 to 11.09% in 2018. Therefore, the number of workers aged between 40-60 years is the majority of the country's workers who are about to retire in the next 10-20 years. It is urgent to prepare for life after retirement.

Retirement goals are very important in life to cope with today's aging society. But most people tend to overlook this issue because it places more emphasis on the present than on the future (Gridwichai, 2022). Therefore, when we turn our attention to and recognize the current data that about 9% of the population aged 65 and over now will gradually increase to 25% of the total population in 2040. Statistical data shows that up to 2 in 3 of the elderly in Thailand currently do not have savings. The part with savings of more than 1 million baht is only 5% of the total number of senior citizens. When welfare for the elderly in Thailand is still at a limited level, we therefore want to prepare to enter the aging society. The cooperation between the public and private sectors should be undertaken at the individual, community and country levels. In particular, the government sector should encourage them to jointly stimulate awareness of the importance of stepping into an aging society, preparation for savings, living at the end of the cooperation in the community, organizing activities to disseminate knowledge in the health of the elderly, social and psychological adaptation of the elderly, including training to educate about investment and savings to prepare for the elderly. Which with good management and development, we will definitely get out of the crisis without being too worried (Network Capacity Building and Development Group Senior Potential Promotion Division, 2021).

The survey of the elderly population in Thailand in 2021 (National Statistical Office, 2021) found that most of the working elderly with 83.6%, work belonging to one's own or family business as a person self-employed without employees was the highest with 64.8 per cent, followed by people who help in household businesses without receiving wages with 18.8 percent, and 3.4 percent were employers, including elderly people who work as employees (government, state enterprises and private sector) with 13.0 percent. (National Statistical Office, 2021). A study of preparation for financial planning for retirement among formal sector workers aged 40-60 years from a study by Nithichai (2013) found that 40 percent of salaried workers have the opportunity to that savings will not be enough for retirement. According to the report on Financial Skills Survey of Thais using the OECD Survey Guidelines, which covers three areas of measurement: financial literacy; financial behavior and financial attitudes, it was found that Thais were poorly financially literate with an average score of less than half of the full score and more than 30% of Thais had a low financial literacy score. In addition, the survey of Adult Financial Literacy Competencies (OECD, 2016) included 30 countries participating in the survey, asking 51,650 people aged 18-79, it was found that countries participating in the project had an average financial skill of 13.20, Thai people have lower than average financial skills, which is 12.80. The results indicate that the situation in Thailand is facing more and more household financial risks. Therefore, the government needs to implement a quasi-compulsory program and make personal finance a national priority in preparation for workers retiring in the next 10-20 years.

From the above reasons, it can be seen that good financial planning is like a compass that will lead to success and stability in life. Because financial planning is regarded as a model for living a life of people with consciousness and wisdom, reasonableness, knowing what they are doing and ready to deal with the uncertainty that arises. It will help elderly to lead a purposeful life and follow them in the right direction. The elderly with good financial planning will surely give them the opportunity to succeed in life and able to live happily retired without having to worry about debt. Therefore, the researcher is interested in studying personal financial planning to build economic immunity of teachers and educational personnel in order to be useful in setting guidelines. in managing the personal finances of teachers and educational personnel further.

LITERATURE REVIEWS

Financial Literacy, as defined by the Organization for Economic Cooperation and Development (OECD), is a universal definition and accepted approach to measuring financial skills. In many countries, financial skills mean to realize understanding, expertise, attitudes and behaviors in a way that influences individuals to make sound financial decisions. It will eventually result in that person have good financial health. Financial knowledge is to empower people to effectively and use their knowledge and skills to manage their money for lifelong well-being, which not only makes life not negative but there must be a vision in order to set goals and plan. The OECD measures of financial skills are structured into three areas: financial literacy; financial behavior and financial attitudes (OECD, 2016).

Personal Financial Planning is a concept to prepare and lead a life towards financial stability which should start from the habit of instilling good savings and money spending habits and discipline since childhood. Financial planning is therefore a process of evaluating financial status, being of the person, and to develop and improve income generation, spending and investment to have a better position by going to study economic factors and the process of making that person's financial decisions. Personal financial planning covers all financial planning plans and processes. The aspects that are directly related to the financial activities of individuals are planning savings for retirement, insurance planning, tax planning, and investment planning, etc. Good financial planning for retirement will help elderly have a quality life after retirement from work, have enough money to cover monthly expenses and health care. Components of personal financial planning include the preparation of financial statements, investment planning, tax planning, insurance planning, retirement planning, and debt planning.

Research studies on financial planning, there are many different ways to do this. The study of Kongkaew, et al. (2014) on investment planning for retirement life of personnel in Rajamangala University of Technology Srivijaya found that the level of knowledge, understanding and perception in investment planning for retirement life have average knowledge at moderate level. The results of the analysis of factors affecting investment planning for retirement life, the most important factors are: desired return on investment, source of income before and after

retirement, security of funds and current liabilities. Factors that are very important are: tax benefits, income stability individual spending behavior, job characteristics, job security in practice, macroeconomics, expenses after retirement and savings and assets. Including, the study of Chaiphath (2020) found that the sample group had good financial health 43.02%, risky financial health 23.26% and critical financial health 33.72%. Including the results of the study also found that the demographic factor. financial skills and financial planning All are factors that affect financial survival. The study of Saraphat, et al. (2022) on personal financial planning for working age population in Chonburi, found that the findings revealed that the type of personal financial planning mostly chosen by the workers in Chonburi is to create wealth (through saving plan, expenditure control plan, and debt management plan). In addition, it was found that the difference in age, average income, and education level resulted in the difference in all four types of personal financial planning. However, personal financial planning in terms of wealth creation is also different according to different genders. Moreover, the difference in marital status affected a decision making to plan personal finance for wealth protection. In addition, the study of Pongpal (2020) on Personal financial planning to strengthen the economic immunity of teachers and educational personnel, the results revealed that overall, teachers and educational personnel had knowledge of personal financial planning at a high level, the attitude towards personal financial planning was at a high level, and personal financial planning behaviors were at a moderate level. In addition, it was found that the duration of the operation was related to the knowledge of financial planning. Job position correlated with financial planning knowledge. Debt burden and number of family members had no relationship with financial planning knowledge. Debt burden was related to financial planning attitude. As for the duration of work, number of family members and job title had no relationship with financial planning attitudes. Debt burden is related to financial planning behavior. As for the duration of work Number of family members and job title had no relationship with financial planning practice behavior.

METHODS

The study was a quantitative research. The target population including the university employee, aged 20-60 years, with an unknown number and the population proportion is unknown. The working-age population has to plan financial matters in many areas, including planning to start a family, savings and investment planning, insurance planning, retirement planning as well as tax planning when income increases. The sample was created by using Cochran's calculation formula (Cochran, 1977) at the confidence level of 95 percent, the error of 5 percent was 385 people, but kept 400 samples because it would reduce the error and convenience sampling method was used.

The tool used for data collection in this research covered the content of the study, was a closed-ended questionnaire and open-ended question consisted of 3 parts. Reviewing the quality of educational tools by testing content validity by applying theoretical definitions and question structure together with a questionnaire from 3 experts in order to consider the consistency between question items and definitions stated in the questionnaire. The researcher selected specific questions with the Item-Objective Congruence Index (IOC) between 0.6 - 1 to be used in the questionnaire. After testing for content validity and improving the questionnaire, Then the questionnaire was tested on 30 non-sample working populations and the results were analyzed for confidence by Cronbach's alpha coefficient method, which is used to measure the reliability or internal consistency of the questionnaire. The result of the test is between 0.812-0.906. Statistics used in data analysis were descriptive statistics to describe the demographic characteristics such as frequency, percentage, mean and standard deviation, and the inferential statistical analysis was used to test research hypotheses by using Pearson correlation coefficient analysis.

RESULTS

The general information of the majority respondents was female, age between 31-40 years old, marital status, had the highest level of master degree, and average monthly income are 25,001-40,000 baht, have professional level positions, have sufficient income, and most of them are indebted.

The results revealed that university employee had a high level of knowledge in personal financial planning and personal financial planning attitude, while personal financial planning behavior was at a moderate level. The level of personal financial planning knowledge of the educational personnel found that the knowledge of financial planning was at a high level. When considering each aspect, it was found that the aspect of consumption planning, liabilities planning, assets planning, retirement planning, and inheritance planning have knowledge at a high level. While savings and investment planning have knowledge at the moderate level.

The level of personal financial planning attitude was found that the attitude of financial planning was at a high level. When considering each aspect, it was found that the attitude in the aspect of consumption planning, liabilities planning, assets planning, retirement planning, and inheritance planning have knowledge at a high level. While the attitude in the aspect of savings and investment planning have knowledge at the moderate level.

The level of personal financial planning behavior was found that the behavior of financial planning attitude was at a high level. When considering each aspect, it was found that the behavior in the aspect of consumption planning, liabilities planning, assets planning, retirement planning, and inheritance planning have knowledge at a high level. While the attitude in the aspect of savings and investment planning have knowledge at the moderate level.

The results of the relationship between personal factors with personal financial planning and financial planning attitude for the economic sustainability in retirement, it was found that duration of work, job title and number of family members were related to financial planning knowledge with statistically significant at the level of 0.05. In addition, liabilities, operational period, number of family members, and job position were correlated with financial planning attitude with statistical significance at the 0.05 level.

CONCLUSION AND FUTURE WORK

Conclusion and discussion

A study of financial planning for sustainability in retirement of university employee, the findings showed that, overall, the educational personnel had personal financial planning knowledge and personal financial planning attitudes at a high level. This may be because financial planning is a basic concept of working people that prepares them for life to lead to financial security in the future, which education personnel are well aware of. This is consistent with the study results of Phianluprasit (2017) studying the awareness of working-age people towards financial planning for retirement. The results showed that working-age people had the highest level of awareness of financial planning for retirement. It also found that good financial planning should plan spending appropriately and allocate enough income to meet the savings goal. The factors that have the greatest influence on financial planning for retirement are awareness of one's own financial status affects financial planning decisions for retirement. Saving and investment behavior of working people found that most of them are saving each month about 1-10 % of income, most of them are saved in the form of savings account which the main objective is to keep for emergency expenses and the second is to keep it for retirement. Therefore, financial planning for retirement is something that people of general working age are aware of and see the importance of saving. It shows that people who have savings or investments are aware of their future life and retirement age. While personal financial planning behavior was at a moderate level. This may be due to the basic necessity for daily living and family burdens and debts, resulting in the behavior of spending money being unable to control to create stability in the future as it should. As a result, money spending behavior must be adjusted according to the basic needs of each educational personnel.

The study of relationship between personal factors and personal financial planning, showed that individual factors of duration of work, and job position correlated with financial planning knowledge at the statistical significance level of 0.01, while debt status correlated with financial planning attitude and financial planning behavior with statistical significance at 0.05. This may be due to educational personnel having good attitude towards personal financial planning. This is showing that educational personnel see the benefits and value of financial planning. However, when studying financial planning behavior, it was found that educational personnel had personal financial planning behavior at a moderate level. It shows that the practice behavior does not go in line with personal financial planning attitudes. Therefore, there must be some measure to help strengthen the financial planning behavior in the same direction as the personal financial planning attitude. This is in line with the results of a study by Wansanuk (2017) that researched on saving behavior and financial planning to prepare

readiness for retirement of local employees under local government organizations in Mae Taeng District, Chiang Mai Province. The results of the research revealed that the respondents had a goal of saving for emergency expenses such as sickness and old age. They chose life insurance savings. There is an asset investment in the form of purchasing government bonds. There is a deposit from a financial institution from a bank and has given importance to the financial planning process with clear financial goals. The plan is checked and adjusted according to the situation, that is, the plan is adjusted in accordance with the changing situation. There is a strict implementation of the plan, that is, there is a commitment to achieve the financial plan according to the goals, and have the discipline to spend according to the plan that has been set. The period of the financial plan is allocated in accordance with income and financial obligations. There is a financial status assessment, that is, there is a survey of the necessity or need for future savings.

From hypothesis testing, it was found that personal factors, financial factor and attitude factor were a correlation with personal financial planning behavior for retirement. The most correlated factor was acceptance of risk, followed by monthly average expenses, expected rate of return and experience, respectively. This is in line with Pongpal (2020) on personal financial planning to strengthen the economic immunity of teachers and educational personnel, the results revealed that the duration of the operation was related to the knowledge of financial planning. Job position correlated with financial planning knowledge. Debt burden and number of family members had no relationship with financial planning knowledge. Debt burden was related to financial planning attitude. As for the duration of work, number of family members and job title had no relationship with financial planning attitudes. Debt burden is related to financial planning behavior. As for the duration of work Number of family members and job title had no relationship with financial planning practice behavior.

Recommendations and future work

Recommendations obtained for applying the research results were that the study of savings and investment planning, it was found that the knowledge of the educational personnel was at a medium level. It is agreed that relevant agencies are trained to educate about savings and investment planning, which at present, many financial institutions have online training courses on savings and investments for those who are interested. There should coordinate with banks to provide knowledge and become consultants in savings and investments and personal financial planning for educational personnel. For supporting personal financial planning to build economic immunity of educational personnel. Educational administrators or related agencies should provide training on financial planning knowledge, for example, forcing new civil servants and educational personnel to undergo financial planning training courses. This may be conducted through an online financial planning course through the website of the Stock Exchange of Thailand. In addition, there should be cooperation with financial institutions to help educate and serve as financial advisors to educational personnel. Including providing adequate welfare for new civil servants by requiring government agencies to provide sufficient welfare for new civil servants. In addition, financial planning should be followed up by requiring agencies to follow up and evaluate financial planning periodically in order to identify problems and obstacles in financial planning so that problems can be resolved in a timely manner.

Suggestions for further research, researchers should study other factors such as social and economic factor that will affect financial planning for sustainability in retirement of university employee. In addition, it should study in other population groups or other areas to get wider and more comprehensive information and compare the differences of each area.

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