THE IMPORTANCE OF RETIREMENT PLANNING: HOW IT EFFECTS LATE-LIFE SATISFACTION

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ABSTRACT

In this study, retirement planning and retirement preparation are investigated in terms of when & how individual initiated the plan, how different the reality of retired life and the expectation, how did they prepare for late-life, what were the challenges they experienced on preparation, and how they adapted to the change. Previous studies in the literature for retirement preparation and the influence factors on retirement planning are reviewed. Qualitative research is done by conducting in-depth interviews with 8 Thai people aged 60 years and above who are in the late-life stage and have experienced retirement planning journey. It is concluded that retirement planning, investment strategy, and stable income after retirement effect on individual late-life satisfaction. Moreover, a suggestion for the young generation to prepare for their retirement are summarized.

KEY WORDS: Retirement planing/ Late-life satisfaction

35 pages

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CHAPTER I
INTRODUCTION

Thailand is entering into an aging society. According to Thailand's Department of older persons, under the ministry of social development and human security, people aged over the 60s are counted as 16.73% of the total population (as of December 31, 2019). Supported by United Nations, department of economic and social affairs population dynamics (2019), the percentage of Thai population aged 60 years or over has been increasing and projected to strengthen continuously in the future (Figure 1.1). Moreover, with the advance in medical services, people tend to live longer than in the past.

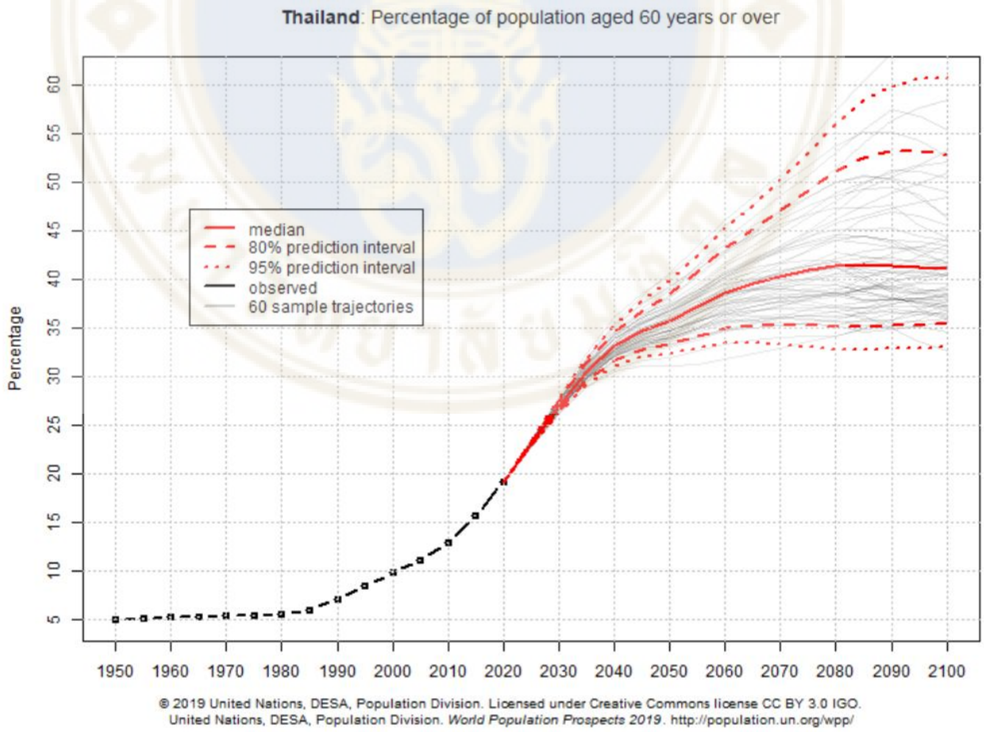

Figure 1.1 Thailand: Percentage of population aged 60 years or over (United Nations, 2019)

However, it’s undeniable that we want to retire early so we are free from work responsibility and that we can pursue the self-chosen activities we want to do (Mishra, 2019). Therefore, before we ended our career life, we should make sure that we won’t get into a financial problem later.

Since not everyone familiars with finance, they are less likely to manage their savings. Besides normal consumption spendings such as food, household, and transportation, facing other financial shocks like major car repair, major home repair, illness/injury, or pay cut, could result in lower savings amount (the Pew charitable trusts, 2015).

Moreover, people tend to have a poor prediction of their health as they think they could remain healthy as when in preretirement ages so that they are not preparing for additional spending like personal care costs, health care costs, etc. Besides, Meier & Sprenger’s study (as cited in Roll et al., 2019) found that people value today’s consumptions over the future’s consumptions, hence individuals prioritize another spending than savings.

From Max's (2018) findings, only 21% of the survey respondents feel confident about their retirement life. It can be implied that approximately 79% of the survey respondents feel less secure about retired life. Without well-planned retirement, many people suffer from an uncomfortable living after retiring. Yang & Devaney (2011) disclose that employees who do not have a retirement plan would have less effort on future preparation, they are more likely to plan for retirement when they get closer to the age. Therefore, it suggests that companies should educate their employees to plan for retirement as soon as possible before employees run out of time, inform them how financial planning important for quality living.

This study aims to understand the journey toward retired life, and to explore the perspective on how retirement planning affects one’s life after retirement. Therefore, the context of this study will focus on the group of people aged over 60 years, using a qualitative study to explore the retirement experience in-depth.

The reason for selecting this topic mainly comes from the author’s interest. As now a day, the young generation seems to choose not to have kids, or have fewer kids than the previous generation. Hence, Thai’s young generation cannot hold on to the old tradition expecting their children to look after them. Also, trends in nursing home care are increasing, due to the rise of demands. Many nursing homes require a monthly payment, therefore, to have a comfortable late-life, one should prepare for future expenditures.

Concerning that Thai people seem not interested in future living planning, they are likely to enjoy the present moments, hence it would be great to understand Thai people's perspective on retired life's expectations and reality. Knowing the difference in retirement gap could be useful for educating the young generation to prepare for the future, show them the importance of retirement planning.

Firstly, this paper will gather information from literature, secondary data, about retirement concern and the effect of unplanned savings. Then conduct in-depth interviews with the group of people aged over 60 years to find insight on retirement planning journey, and also find a recommendation from those who experienced retirement life that they want to share with the young generation. These experiences will be collected as primary data and further analyzed to cover the research scope. Lastly, the research findings and conclusion will be summarized.

CHAPTER II
LITERATURE REVIEW

Retirement is a life stage of those who ended their working life, free from job obligations, moving into the new period that enables them to follow self-chosen activities they wish to do earlier (Mishra, 2019). According to the Consumer Financial Protection Bureau (2015), for one to enjoy their retirement life, economic well-being plays an important role. Having good financial control, can support current and unforeseen financial problems, helps them to achieve financial freedom that allows one to live the life they want.

2.1 Preparation for retirement

Most people expect their future living standard based on their current living standard, not based on their future income, hence, their retirement goal is to maintain the living standard of preretirement life. Despite losing salary income, retirees depend on the replacement of preretirement income from a combination of social security, private retirement benefits and income from investments to maintain their living standard. However, the 'expectations and savings decisions by older Americans' survey indicates that people usually have impractical expectation toward retirement living standard. (Elder and Rudolph, 2000).

Rudzinska; Hung (as cited in Palaci et al., 2018) explain that many studies guiding to the same direction where people with a greater financial literacy plan have greater economic well-being comparing to those who are not well-planned. Also, Russell & Stramoski (2011) point out that the main retirement income to support a comfortable lifestyle is personal savings/investment. For those who had not saved, they are likely to rely on social security as their largest retirement income source believing that these pension benefits are enough for living. However, social security benefits alone are insufficient to maintain one's living standard (Elder and Rudolph, 2000).

To prepare savings for retirement, one should estimate the amount of money required for living throughout the lifetime at one's expected living standard (Reiss & Watson, 2019). Peetz (as cited in Palaci et al., 2018) explains that individuals' predictions about future consumption have a strong impact on their savings and financial planning. Furthermore, Cheung; Mooney's quantitative studies (as cited in Palaci et al., 2018) support that the viewpoint on prospects influences one's behavior toward achieving the goals.

2.2 Influence factors on retirement planning

People want to have a good level of economic well-being, however, not everyone will reach that point. What one needs to drive oneself toward the goals is the ability to focus on the future (self-control) and the belief in the value of future planning (motivate one to follow the plan) (Drever et al., 2015).

Yang & Devaney's (2011) study, aimed to find relationships between retirement planning and three psychological aspects of retirement planning (including intrinsic rewards of work, future time perspective and perspective on the economy in the future), found that future time perspective influences on retirement planning. Those households who perceive they still have a lot of time left before retirement tend to not considering retirement planning. The study shows that employees (exclude those self-employed) are more likely to plan for retirement when they get closer to the age, hence it suggests that companies should educate employees about retirement preparation as early as possible before they run out of time.

Meier & Sprenger (as cited in Roll et al., 2019) show that many individuals are failed to prepare for retirement because they tend to find today's consumptions more attractive than future consumptions. Therefore, some people reveal in Jefferson's qualitative research project (2007) that the more money they have, the more they spend, not the more they save. Some people tell that they can save money but only for a specific purpose, such as saving for a vacation trip, buying a car, etc. They cannot save without a goal.

In addition to the point that not everyone can reach the saving goals, Transamerica Center for Retirement Studies (2010, p. 6) states that "about half of the workers in their 50s and one-third of those in their 60s state their greatest financial priority as either just getting by or paying off debt," and Bernstein (as cited in Palaci et al., 2018) supports that empirical results reinforce the fact that households tend to prioritize paying off their debts over saving for retirement.

Furthermore, some people claim that they need to spend on child care expenses or family obligations where they don't have enough income for savings (Jefferson, 2007). Therefore, as time went by, they have less time for savings, most workers admit that even they work until the age of 65, the savings still not enough to meet retirement needs. Moreover, people tend to live longer nowadays, therefore, more savings for retirement is required (Reiss & Watson, 2019).

Nonetheless, the concern is that the majority of workers, especially those in their 20s and 30s, don't know much about investing for retirement because they have other financial priorities that have to be taken care of first (Figure 2.1), such as basic living expenses, house and/or car expenses, and debt that needs to be paid (Transamerica Center for Retirement Studies, 2010). Also, from the survey on people's retirement preparation such as how much have households saved for retirement, how much does a retired person need to maintain their living standard, Morrissey (2019) shows a similar matter that individuals are unknown about retirement preparedness, they are barely informed about retirement benefits and savings.

Moreover, Pew's survey of American Family Finances shows that the majority of households (60%) experienced an unexpected financial shock. Some said that they have to spend on major car repair, major home repair, illness or injury (oneself/partner), or pay cut, where these events impact their savings (the Pew charitable trusts, 2015).

Without sufficient retirement savings, Reiss & Watson (2019) reveal two possible alternatives, either they accept the fact that they are running out of money and try to live with what they have on hand, or they have to work many more years to catch up the shortage to maintain their expected retirement living standard. Even though they do not earn additional savings during the extended work period, at least they don't have to withdraw their savings.

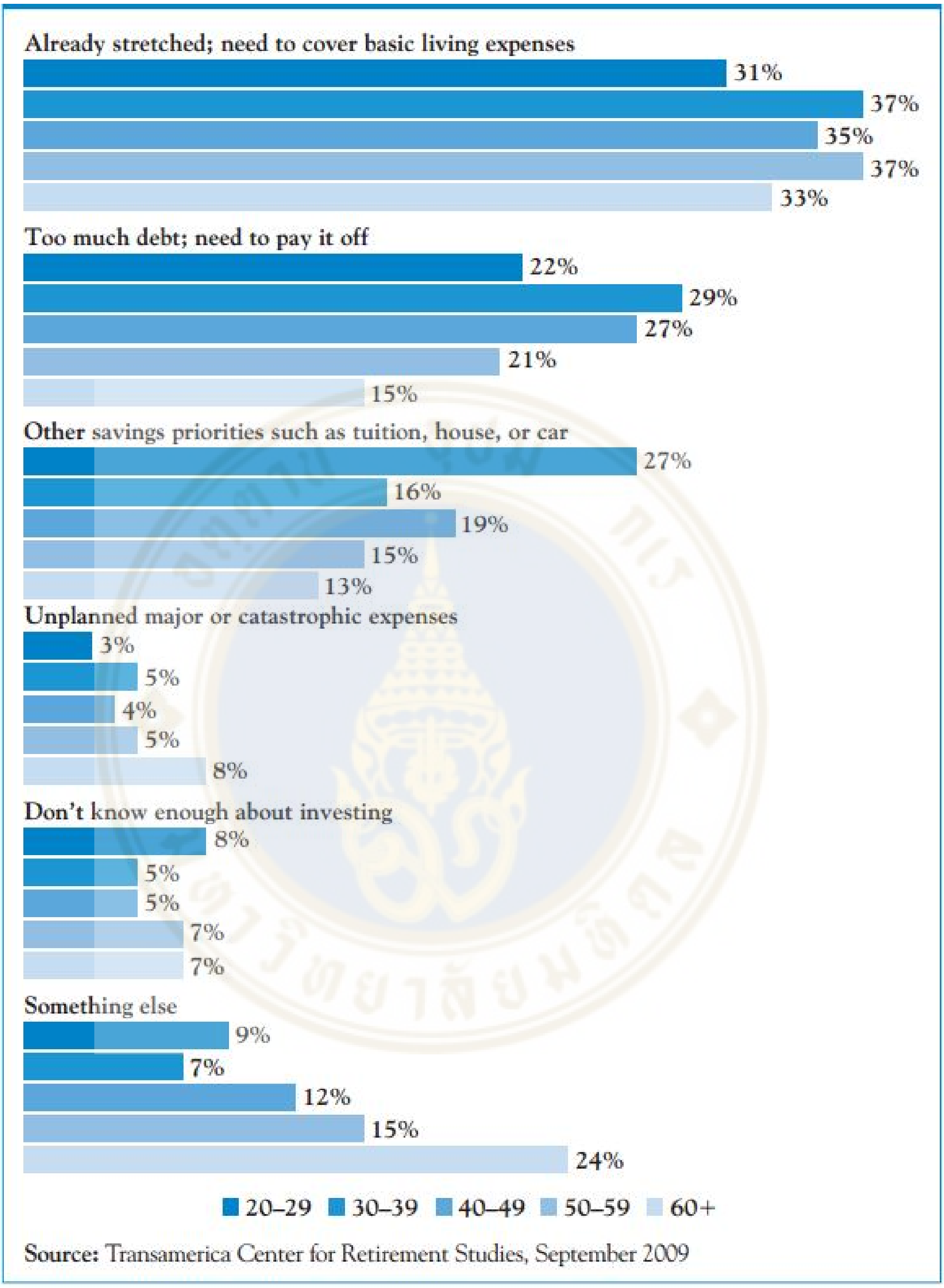

Figure 2.1 The one factor or financial priority most preventing workers from saving more for retirement, by age group (Transamerica Center for Retirement Studies, 2010)

For retirement savings, one should consider an unexpected factor that could affect the savings such as inflation, future health care expenses and return on investment (Max, 2018). For inflation, at a different period, the same amount of money may not worth as same as present value, where it affects the cost of living in the future (Reiss & Watson, 2019). Therefore, one way to win the inflation is to invest in high rates of return investments such as bond yields, stocks market, money market funds, and also avoid investing in a low rate of return market where it could result in depreciation of money value.

However, From Jefferson's qualitative research project (2007), it found that some participants decide to invest in a property where sometimes it's hard to turn the asset into cash. It's counted as their wealth but it's not what they can use for consumption spending.

2.3 Health-related spending

For future health care expenses, Ozen et al., (2019) disclose that as aging relates to the depletion of many-body function systems, not only they tend to have at least one chronic disease, but they also have a higher risk on disability. Therefore, they would need some help in dairy routine activities such as bathing, dressing or preparing food.

However, many people tend to have a poor prediction of their health as they think they could remain healthy like when in preretirement ages. The level of frailty increase along with the ages and number of chronic diseases, which health care costs increase respectively. Gordon & Hubbard; Eyigor & Kutsal (as cited in Ozen et al., 2019) reveal that frailty in elderly people has increased at a high growth rate, around 4-5 times within 15 years. They state that frailty levels in people above the ages of 65 years are around 7% while it's 30-40% of those in the 80s.

Healthy elderly people might be able to live on their own, but not for those frail elders. With their limitations, they need personal care to support daily living so they usually stay in residential homes, hospitals, or nursing homes.

Besides personal care costs, health care costs increase in the same direction as aging and frailty as well. O'brien (2018) shows that medical expenses rise at a higher rate than other goods and services costs. While annual medical expenses for people aged 65 years are around $11,752, the expenses increase to $31,99 of those aged 85 years which is approximately 170% increase.

Health care costs in late-life are very high, so if one does not have health insurance backing up, one could confront a financial difficulty situation during the recovery process (Saha, 2019). Moreover, it's found that many Indian low and middle-income households face a poverty position due to health-related obligations.

2.4 Dissaving by elderly

Though many people looking forward to retirement life so that they can enjoy the activities they want to do, yet many people are worried about uncertainty after retirement. They all prefer to maintain their preretirement standard of living, however, many countries, like India, are not providing pension and other post-retirement benefits, hence, many people retired without other financial security besides personal savings. Therefore, to spare for retirement life, they have to save as much as possible during the working period. (Saha, 2019).

Many people even take an early retire and yet they still able to sustain a quality standard of living. On the other hand, many people suffer from insufficient and inadequate income, especially for those who had low income during working years (Mishra, 2019).

Late-life is the period of spending, Ando & Modigliani (1963) prove that average people's wealth, total assets net off debts, increases at their early to mid-life. However, their wealth tends to decline after the age of 55 (Figure 2.2), which it can be implied that the annual spending is greater than the revenue.

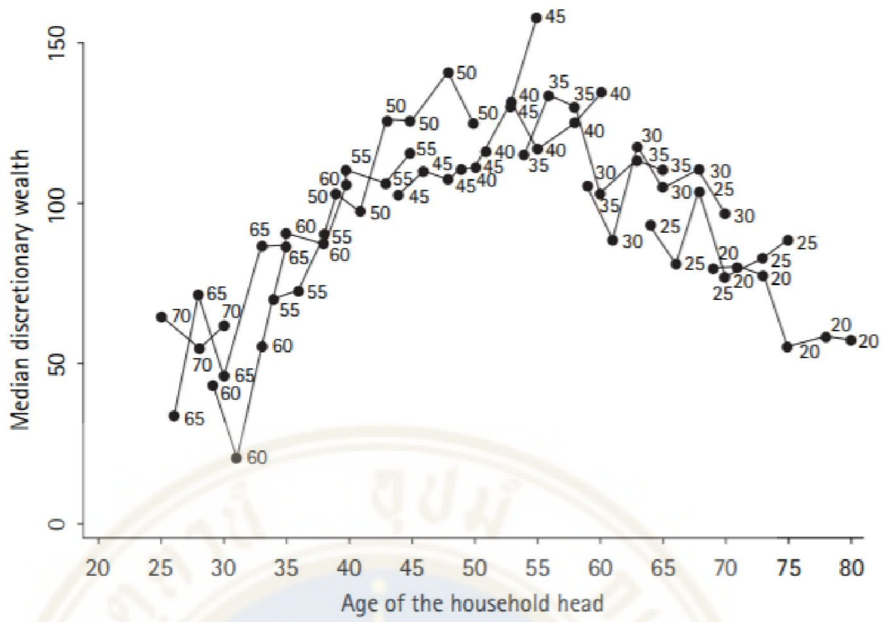

Figure 2.2 Discretionary wealth, by age and cohort (Ando & Modigliani, 1963)

Focusing on only elderly people (Figure 2.3), it can be seen that their wealth remains stable between the age of 60 years and 65 years but after that, it noticeably weakens at the older ages.

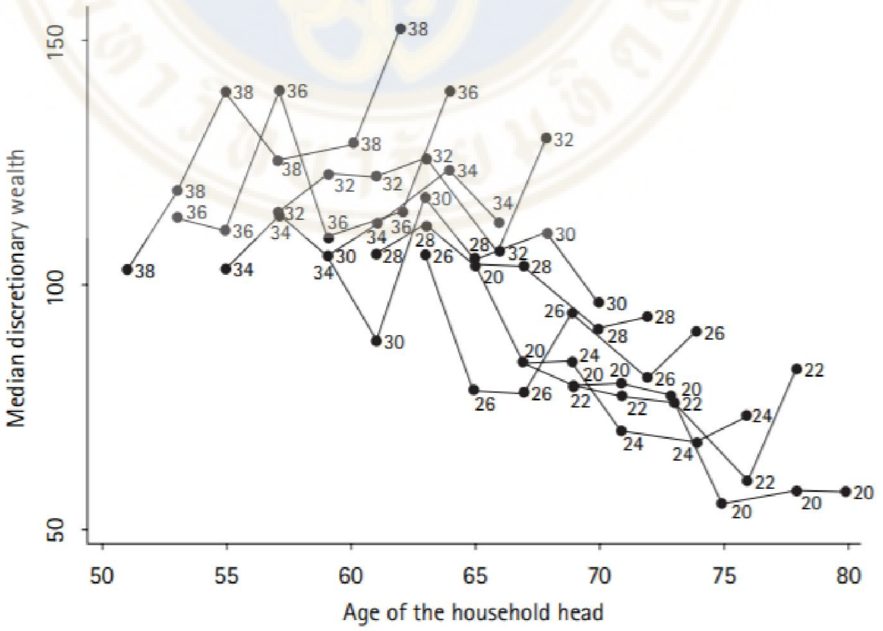

Figure 2.3 A discretionary wealth of older cohorts (Ando & Modigliani, 1963)

Besides normal consumption such as household costs, food, and supply costs, the additional spending of the elder over early and mid-life are these 4 major costs as follows (McKearn, 2018);

1. Home maintenance and Living situation costs – Modifying their home is necessary, change the circumstantial in a way that appropriates for their ages, increases safety.

2. Transportation costs – Depletion of body functions such as vision, hearing or body movement affect the ability to drive. Therefore, Grocery shopping, socializing and health-related trips would increase the spending on transportation.

3. Personal care costs – As mentioned earlier, frailty limits the elder's ability to live on their own, hence, they need someone to help them with daily living.

4. Health care costs – With chronic disease and depletion of body systems, it causes them in higher medical expenses.

2.5 Financial preparation

Since not every country provides pension or other retirement benefits, personal savings become the elder's major source of funds. Hence, the amount of savings influences one's standard of living after retirement (Elder and Rudolph, 2000).

Interest, self-control, and engagement in retirement planning affect one's retirement savings (Deetlefs et al., 2019). However, from Max's (2018) findings, only 21% of the survey respondents feel confident about their retirement life, recognizing uncertainties surrounding the life span. Finding, based on new research from Ameriprise Financial, says that those who are not planning for retirement properly seems to spend money extravagantly and tend to result in running out of money before time.

Since not everyone familiars with finance, there are many suggestions that one's should consult with a financial planner. For Max's savings advice (2018, p. 35), the steps are as follows;

1. Update your budget – Determine how much you need for retirement living.

2. Organize your income and expenses into "buckets" – Separate savings into many accounts for each purpose such as for basic living, for lifestyle spending, emergency or health care related, etc.

3. Keep paying yourself first – Financial advisors recommend to keep 12 to 18 months of living expenses in cash accounts, to motivate oneself to save more as one sees a large expense ahead.

4. Consider professional advice – Let them help you create the big picture of a long-term goal, plan on future spending and optimize taxes.

In summary, from the literature review, most people want to have a comfortable life and able to live the way they want, yet, they need to have a healthy financial to do so. It can be concluded that those people with a long-term orientation, financial knowledge, and retirement motivation seem to have a greater financial literacy plan, which leads to greater economic well-being. In contrast, the impact of unexpected expenses, such as health-related costs, could result in a declining individual's wealth. All in all, the factors found from the literature review, both positive and negative factors, can be summarized as shown in Figure 2.4.

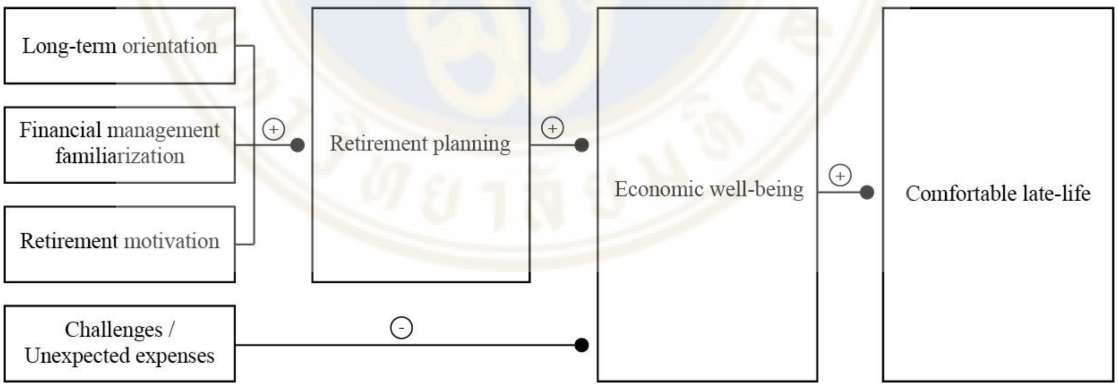

Figure 2.4 Summary of the factors found from the literature review

CHAPTER III
METHODOLOGY

3.1 Primary data collection method

The literature review in chapter 2, it helps to recognize the factors that might affect an individual's retirement savings. However, to better understand the journey toward retired life and to explore the perspective on how retirement planning affects one's life after retirement, the qualitative research approach will be adopted in this study. Using the in-depth interview as the primary data collection will allow the author to uncover an individual's experience and also to engage with interviewees for a deeper understanding of the subject's viewpoint (Adhabi & Anozie, 2017).

3.2 Interview method

The main data finding in this paper will be obtained from conducting one-on-one interviews. With an interactive question, a set of interviewees' in-depth information will be collected. The interview approach will be as follows;

Sample selection: In this study, the interviews will be conducted with 8 interviewees who are Thai people aged 60 years and above (as listed in Table 3.1). The interviewees are selected based on the age criteria, where 60 years and above are considered as the age of retirement. They are in the late-life stage where they have experienced retirement planning journey. However, this study is not focusing on one specific career field, therefore, different past work experiences of each interviewee are accepted. The vary of interviewees' expertise would be an advantage since the author can gain retirement planning insight from the different business fields.

Table 3.1 List of interviewees

Code	Age	Gender	Marital status	Employment status	Past/current career
A	61	Female	Single	Part time	Bakery baker
B	61	Female	Divorce	Full time	Doctor
C	69	Female	Married	Part time	Dean
D	65	Male	Married	Part time	Business owner
E	64	Female	Married	Part time	Associate dean
F	63	Male	Divorce	Part time	Banker/Business owner
G	93	Male	Married	Retired	Doctor
H	62	Female	Married	Retired	Employee

Open-ended question: To understand each participants' journey and perspective, a two-way communication interview with open-ended questions will be applied. In this way, it helps the author to gain in-depth details as open-ended questions give the interviewees flexibility to share their viewpoints.

Table 3.2 Open-ended question list

Findind factors	Interview question
Retirement planning initiation	1. When did you first start to think about retirement planning?
	Why did you start thinking about retirement? What made you think about it?
	2. How did you start considering about retirement life?
Motivation in retirement	3. How did you expect your life to be when retired?
	How is your life now, compared to your previous expectation? (similar or different?)
Preparation	4. How did you prepare for retirement?
	5. Did you have any support on preparation?
	6. What was your investment strategy?
Challenges	7. What were the major spendings?
	8. What were the main problems you face on the preparation?
Adaptation	9. Does retired life goes as planned? Did your experience any unexpected challenges?
	(unexpected expenses / unexpected events)
	10. What is your current main financial source?
	11. What is current major spendings?
	12. What are the problems you face after retired?
	13. How did you cope with challenges?
	14. What would you wish to fix on the retirement planning if you can go back in time?
	15. Do you have any recommend for young generation?

Probing technique: Besides the guiding questions, probing technique is adopted to develop the conversation. This technique is used by asking the interviewees for further details from what they have said. Not only this technique is used for data validation, but it also helps to encourage the participants to tell more about their stories that the author can dig deeper into their perspective.

Interview: The interviews are conducted by using an interactive one-on-one video call interview. The interviews took place during the interviewees' free time in their environment selection, where this helps them feel comfortable and relaxed. Other than what they have explained, the interviewees' body language, gesture, and facial expression will be observed. Note-taking is used during the interviews. Each interview took around 45 to 60 minutes including introduction, open-ended questions and probing conversation.

Research framework: With the primary data collected from the in-depth interview, the journey toward retired life, and the perspective on how retirement planning affects one's life after retirement is covered in this framework (Figure 3.1).

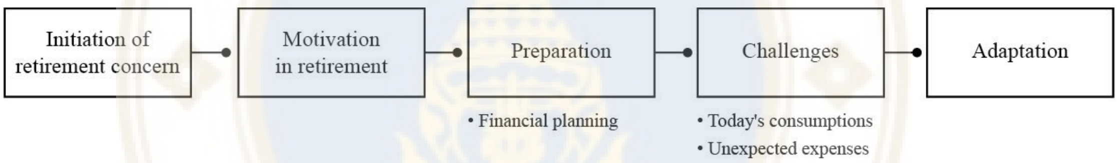

Figure 3.1 Research framework

CHAPTER IV
RESEARCH FINDINGS

After conducting qualitative research, using the interview method, the collected data is analyzed and summarized in this chapter. The findings are grouped into 5 sections; Initiation of retirement concern, motivation in retirement, retirement preparation, challenges, and adaptation.

4.1 Initiation of retirement concern

Asking the interviewees how did they start thinking about retirement life and what made them think about it, each interviewee has shared different reasons that made them initiate the thought. Their answers can be grouped into 4 clusters; 1. Self-initiated 2. Company's support 3. Under no obligation and 4. Failed to plan.

The first group is self-initiated. Surprisingly, 3 out of 8 interviewees; Mrs. E, Mr. F, and Mr. G, were influenced by their work field that they further started considering retirement planning on their own. Mrs. E, she was an associate dean of nursing faculty and she is a speaker/lecturer on the topic of how to cope with retirement life (more on health issue). Therefore, she familiars with elder and see many kinds of retirement life both comfortable and unpleasant living. She saw many retirement people struggle from not having enough savings that they have to ask others for help. Seeing retired people with different living standards, she started to think about retirement planning around 50 years old, 10 years before retiring.

On the other hand, she saw well-prepared people that have delightful life. Therefore, she started preparing for the future so she can live the life she desired. For Mr. F, he was a banker hence he familiar with financial planning. When he was promoted to top management position, around 50-51 years old, he wished to retire early at the age of 55, so his retirement planning begins at that time. Lastly, Mr. G., he was a doctor so he is conscious about health recession, around 53-54 years old, he started to plan for late-life living on both financial and health point of view.

For the second group, Mrs. C and Mrs. H declared that their company provides retirement-preparation training 2-3 years before they retired. Mrs. C got informed about retiring benefits such as retirement pension she will receive monthly after retired hence she knows in advance about what and how much she will gain at the end of her working life. For Mrs. H, she gained advice on how to invest for retirement and how to handle the retired life, however, she thinks that it could be better if she got informed earlier. Preparing 2-3 years before retirement is a little too late, if she knows this before, she could have invested more in the company's investment fund. With company activation, they start considered financial management for the future.

The third group started thinking about planning when they were freed from obligations. Ms. B and Mr. D both have children and they were the family leader. There were so many things that need to be taken care of. The actual time they can think for the future is when they finished paying out debt (housing loan and car leasing) and when their children graduated from college. Both of them started to think about retirement planning for around 55 years old.

The last group is categorized as no plan. Ms. A had retired without having any plan. She was a bakery baker who was not familiar with financial planning nor preparing for the future. She was the kind of person that lives on a day-to-day basis and lives as the way life goes.

4.2 Retired life: Expectation versus Reality

Asking the interviewees how did they want their retirement life to be, is the reality meet the expectation, their answers can be grouped into 3 situations; 1. Life goes as plan 2. Continue working without financial necessity and 3. Continue working because of financial necessity.

Expectation: After retired, 4 out of 8 interviewees, Ms. A, Ms. B, Mrs. C and Mr. D, expect to have a slow life. They want to chill out at home, hang out with friends, and spend time with family. On the other hand, another two interviewees, Mrs. E and Mr. H want to contribute to society such as volunteer as a caregiver for the elderly with chronic diseases, engage in sharing proper exercise/movement for the elderly, advice on how to be a happy elder. At last, the other two, Mr. F and Mrs. H expected to explore the world. As they cannot do during working life, they want to travel as long as they enjoyed it.

Reality: It can be split into 3 groups; (1) Life goes as plan (2) Work without financial necessity and (3) Work because of financial necessity.

2 interviewees, Mr. G and Mrs. H have the desired life as everything goes as plan. Another 4 interviewees, Mrs. C, Mr. D, Mrs. E, and Mr. F, are working without financial problems. For Mrs. C, her partner's dream is to own a resort but he didn't have time during his work life, therefore, he pursues his dream after retirement. Hence, Mrs. C has to support her partner on the resort project, where she cannot be chilling out at home as she expected. Next is Mr. D, he was a business owner so some of the customers still asking for the product. Therefore, he is doing business but only when he received an order. For Mrs. E, she was asked to be a guest speaker / special lecturer for a couple more years. As this would help her colleges, she accepts the request. However, she has set the limit at 65 years old where she will end her career to live the life she desired. The last one is Mr. F, he owns 1 apartment building. He rents it out and receives income from it. Nowadays, he hires employees to manage the building for him so he doesn't have to spend much time on it, just check over once in a while and receive rent income monthly.

The last 2 interviewees are Ms. A and Ms. B, who still work nowadays. They are not yet ready for retirement and they want to generate income as long as they can. Luckily, Ms. B is a doctor, she said she saw many doctors working at the age of 70s so she may work until 70 years old as well. However, Ms. A was a bakery baker who was employed, not owning the shop. Her old workplace policy is not accepting any employee over 60 years old, therefore, she doesn't have a place to continue working, like Ms. B, that provides a secure income. Currently, she uses her expertise by baking a bakery to order as it is the only way she can generate income. She started by giving the bakery to friends and relatives, have them brought to their workplace and let their colleagues try it. With the taste and word of mouth, she starts receiving orders. However, the sales income is not enough for living that she has to reduce her lifestyle so she doesn't have to use much of her savings.

4.3 Retirement preparation

Seeking how the interviewees prepared for retirement, it was found that most of them focus on preparing just the financial part, only some of them had prepared on other aspects such as health issues and accommodation. Most of the interviewees gained support on preparing for retirement from their family; partners and offspring. One of them gets support from her company, but the other one doesn't have any support at all. Their investment strategy can be summarized into 3 forms of investments; 1. invest in liquid assets such as savings 2. invest in property and 3. risk transferring in the form of insurance.

How to prepare: More than half of the interviewees, 6 out of 8, prepared by focusing on saving money only. However, only 2 of them, Mr. F and Mrs. H had a specific goal. Mr. F worked in the banking industry so he familiar with finances that he came up with the plan by himself, while Mrs. H has her daughter and husband’s supports. The other 4, Ms. A, Ms. B, Mrs. C, and Mr. D, had just saved what they have left after deducting monthly consumption. Even Ms. A, who didn’t have a certain plan for retirement, still saves money for the future without estimating the future spending.

For the others, 2 interviewees, Mrs. E and Mr. G, both of them had prepared for other aspects besides the financial part. Mrs. E had prepared for the accommodation. According to ages, she knew that her health will be getting weaker, therefore, she prepared to live nearby a hospital and close to her friends so they can take care of each other. In case something occurs, she will be sent to the hospital in time. For Mr. G, he concerns about health issues as well, hence he exercises to keep himself as healthy as possible.

Support on preparation: Most of the interviewees, including Ms. B, Mrs. C, Mr. D, Mr. F, Mr. G, and Mrs. H, gain support from their family; partners and offspring. Some of the supporters just give a piece of advice on how to invest and recommend a high yield investment, but some of them will help on investment strategy planning and manage all of the savings for the interviewees. For Ms. A, she didn’t have any support. She saves money by herself without a specific target in which she majority saved in a savings account. Lastly, Mrs. E gains support from her company. They offered her to invest in the company’s investment fund, only employees can join the fund, where the interest rate is higher than the market and they payout dividends to the investors every year after retiring. Moreover, when employees invest each month, at their choice of selected salary's percentage between 5-15%, the company will provide another 15% of the salary on top. For example, if the employee decided to invest 10% of their salary monthly, the company will add on another 15%, hence they will get the total investment at 25% of the salary.

Investment strategy: It can be summarized into 3 main forms of investments; (1) invest in liquid assets such as savings, fund, stock market, gold, jewelry (2) invest in property such as land, house, condominium and (3) risk transferring in the form of life, health, and accident insurance. All of the interviewees invest in all 3 forms of investments, especially in the form of savings and funds in which it's the easiest way to save money.

For the investment in liquid assets, besides savings and funds, Mrs. C invests in bonds. She is a kind of risk-averse person hence she invests in low-risk investments with a secure return. On the other hand, Ms. B and Mr. F are risk-seeking people who invest in the stock market, seeking a high return. The last assets in this category are gold and jewelry. Mr. F and Mr. G had invested in these assets saying that the price has been increasing and tend to value more in the future. Moreover, it's a secure investment since it's a global product where the price is standardizing around the world.

Second investment form, property, all of them buy a house as their accommodation. Ms. A also bought lands, saying that it's hard to turn back into cash where it helps to keep her away from spending too much money. However, it can be turned back into cash in the future. Besides, Ms. B bought a condominium, intended to rent it. She expected the rent income to cover its price while she owns the right in assets that she can sell in the future. However, it didn't go as planned, she couldn't find a tenant so she kept it for her living in late life. For Mr. D, Mr. F, and Mr. G, they bought land and building, then they developed and rent it out. From renting the property, they receive rental income in return.

Lastly, they invest in insurance. Most of them mainly bought life and health insurance for tax reduction. However, Ms. A, Ms. B, Mr. D, and Mrs. H bought accident insurance in addition to transfer the risk. They think that if something happens, it could cost them a lot amount of money that affects their savings. Therefore, they willing to pay for insurance premiums in the exchange of risk coverage. Moreover, Ms. B also bought savings insurance, thinking that it will provide her a stable income in the future.

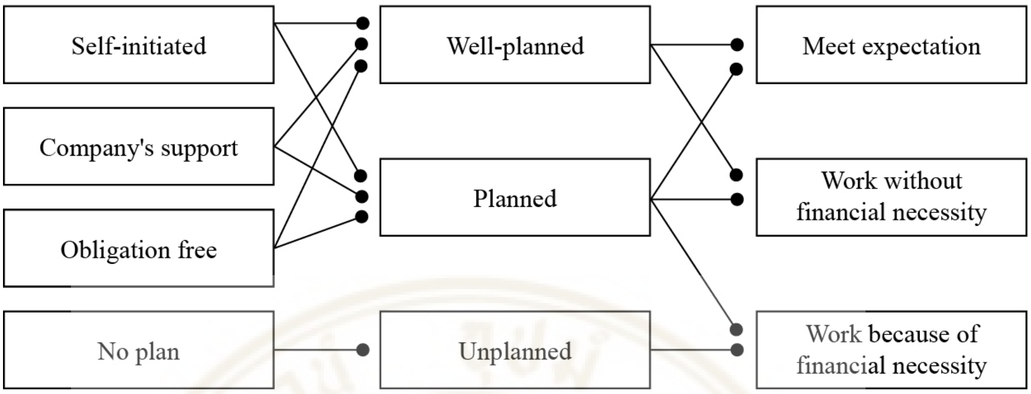

Figure 4.1 Retirement planning and retired-life expectation

4.4 Challenges

This part is asking the interviewees about the spending that keeps them back from savings and their answers can be grouped into 2 costs; 1. Cost of living and 2. Obligation such as child-related expenses, housing debt. Moreover, from questioning what are the problems they faced on the preparation, it's found most of them didn't face any problems, but some of them experienced an unexpected expense.

Major spending that holds back the increase in savings: 2 main use of funds are (1) cost of living and (2) obligation. Every interviewee mentioned that basic consumptions were the major spending. At the beginning of work-life, their wages barely enough for living, hence it's quite hard to save for the future. When they get older, not only the social expenses that increased but they also have a new expenditure like the cost of settle down. When they, all of the interviewees, build the house, buy a car, or having their own family, these costs affect their savings. To own a house or a car, they used debt to finance those spending and that debt repayment, including interests, was counted as another major cost. Besides, other than self-consumption, 5 of the interviewees, Ms. B, Mr. D, Mrs. E, Mr. F, and Mrs. H, were engaged in other obligations. All of the 5 interviewees have child-related expenses. Moreover, Mr. F and Mrs. H also have to look after their parents, where those expenses become their major expenditure. Ms. B seems stressed. She is a single mom who raises her children alone by herself. To handle these expenses, she has to borrow money in which it means that she has to extend her work period. However, the other 4 people, Mr. D, Mrs. E, Mr. F, and Mrs. H, have the support from their partners hence they seem to manage the expenses well.

Main problems faced on the preparation: Most of the interviewees didn't face any problems with retirement preparation. However, some of them experienced an unexpected expense. Start with Ms. B, her unexpected expense was child-related costs. For example, she didn't plan on having her daughters studied abroad but when her children asked her so, she decided to trade off savings with her children's future. Not only she uses her savings, but she also lends the money where nowadays she still has to work to pay off debt. For Mr. D, he exposed to the partner's health expenses. His wife had cancer and the cost of medical treatment was quite huge. Even though he claimed the insurance, but it's not 100% covered. Therefore, he needs to pay for the rest and it reduced his savings. Even though he is a business owner and he had invested in the property where he rents it and receive the rental income, he still stressed that he cut the unnecessary expenses for a while to fill back the savings gap. Once his savings are close to the previous status, his lifestyle is back to normal. The last one, Mrs. H, owed a housing debt and car leasing, hence when she had extra money such as a bonus, she decided to pay off her debt early. She prioritized the debt first since she could save some interest expense, however, it delayed her saving where she needed to save more later to catch up her goal.

4.5 Adaptation

After retired, the interviewees' life is changed. Therefore, to discover the changes, the problems they face after retired were asked. With their answers, it can be summarized into 3 changes; 1. Income sources 2. Major spending and 3. Emotion. Moreover, asking them to share life lessons on things they wish to change and recommendation for the younger generation, it's found that 1. Don't want to change anything 2. Want to spend less on unnecessary stuff such as expensive meals and 3. Want to learn more about investment. For the suggestion, it can be grouped into 2 opinions; 1. Try to save as early as they can, should have self-discipline in saving money and 2. To create a passive income.

Income sources: In the working period, everyone, except Mr. D who was self-employed, had a stable and secure income. However, things changed when retiring where the interviewees' source of income can be summarized into 3 forms. First, income from investment, the most popular investment form is dividend funds. Not only the dividend they receive yearly, but they could gain the capital gain as well. Mrs. H had invested in the funds as a long-term investment. It pays out dividends once a year so she has to divide the revenue into 12 portions that she knows the maximum spending each month. However, dividend alone is not enough for living hence she needs to use some of her savings as well. For Ms. B, she invested in savings insurance thinking that it will provide her a stable income in the future. For Ms. A, she bought land in which the price raises for almost triple times of the investment. She wants to sell the land so she can turn it back to cash, however, it's not that easy to sell. These investments are not providing returns monthly, hence, it's more like a bonus they will retrieve, but they cannot depend on it for livings.

The next one is a passive income, what those who have a comfortable retired life have in common is to have a stable monthly income. All of the interviewees had invested in property such as land, condominium, house for their use. However, Mr. D, Mr. F, and Mr. G had more than 1 property and they further developed the properties to generate income back to them. For example, Mr. F had developed an apartment after retirement. Nowadays, without any time consumption, he receives rent income every month which is more than enough for monthly consumption. He planned that rent income is like a salary to him and his savings are for emergency or unexpected events.

The last one is a benefit from the workplace. Mrs. C, Mrs. E, and Mr. G get a monthly retirement pension. They shared that even the income is not as high as when they were working, but the consumption cost is going down as well since they don't have to go to work, they can save on transportation costs, moreover, they don't have to spend much on appearances such as cloth, brand name items, and hairstyle. They are still taking care of themselves, but not aiming to look as good as when they were working. Therefore, the retirement pension is quite enough for living and it's a great supporter that helps them maintain a comfortable life.

Major spending: Their major spending still is a basic consumption such as food, transportation, and household expenses. Only a few of them have an obligation. Ms. B, her children have reached the working age, yet her youngest daughter still needs support from Ms. B. The child-related cost may not as high as when they were young but this would also be some costs that happen normally. However, an extra cost that the interviewees have is health-related costs. Some may not pay by themselves since they get employee's benefits, even retired, but they noticed that it's quite a big amount. Most of them have to pay for it and said that this is savings consuming. Not only the cost on their health but also partners and their parents' health as well, where these become one of their major spendings.

Emotion: It can be grouped into 2 types of feelings; 1. Positive feeling and 2. Negative feeling. Those who have stable income tend to enjoy their retired life, at least more than those who are not. When losing their salary, the interviewees feel frustrated and insecure. However, some of them don't experience any financial concern but have a negative feeling toward retired life. Mr. G, he feels lonely since he is too free and feels a disconnect with work colleagues and friends.

When they retired, it's the time they can spend time on what they want to do, without work obligation. However, they could enjoy retired life only when they have a stable income so that they can live the life they desire with a less financial concern. For Mr. D and Mr. F, they have passive income from property investment. Mrs. C and Mrs. E earn a monthly retirement pension, while Mr. G receives money from both sources of income. Therefore, they are likely to have a positive feeling toward retired life than those who have financial concerns.

For the other interviewees, Ms. A, Ms. B, and Mrs. H, they feel frustrated when they lost their salary. They feel insecure when spending on their savings and know that their wealth may not be filled back again. Therefore, some of them like Ms. A wants to do something that generates income. She continues to bake the bakery, trying to sell a lot and target to own a bakery shop in the future. For Ms. B, she needs the money as well so she extends her work period until she can't work.

However, some of them may not concern about the financial issue but they feel lonely. For example, Mr. G, he had been busy with work the whole life, hence when he retired, he feels desolate. To deal with the feeling, he tries to socialize more, with friends, offspring, and engage in a social activity such as sharing proper exercise/movement for the elderly. Also, with health recession, the interviewees have to control eating, select what's good on health and spend more time on exercise. Like Mr. F, he wants to travel. However, he feels tired easily and it reduces his joy. Hence to prepare for trips, he has to take care more of himself.

4.6 Life lessons

Things they wish to fix: Asking the interviewees what do they want to change if they can go back in time, only two interviewees, Mrs. E and Mr. G, that satisfy with their life and don't want to change anything. Three of them, Mrs. C, Mr. D., and Mr. F, wish to save more, spend less on unnecessary stuff such as expensive meals and brand-named items so that they can spend more in the future. To maintain quality both in early and late life, they wish to balance a current pleasure and a future comfortable life. For the other three interviewees, Ms. A, Ms. B, and Mrs. H, they want to learn more about investment. For example, besides having money deposit in bank accounts where it generates little interest, they would rather invest in something else that provides a better benefit if only they know about financial literacy or other investment options.

Suggestion for the young generation: All of the interviewees suggest that the young generation should save as early as possible. Young people get distracted easily, therefore, they need to have self-discipline in saving money. Enjoy life, of course, but not too much, think more about the future as well. Ms. A also recommends that if they can't invest in the form of savings because it's easy to spend, then invest in property. It's one of a way to create a discipline that prevents ones from overspending, however, it can turn back into cash in the future. Besides, there's a recommendation from Mr. D, Mr. F, and Mr. G to create a passive income. Invest in things that work itself and provide a constant income. This is very helpful when the salary is no longer received. Lastly, Mrs. E, Mr. F, and Mr. G also suggest taking good care of yourself when you were young. It's hard to stay healthy in late life. However, well taken care of oneself can delay the health recession that they can enjoy late-life longer.

From the findings, all factors mentioned above can be summarized as follows;

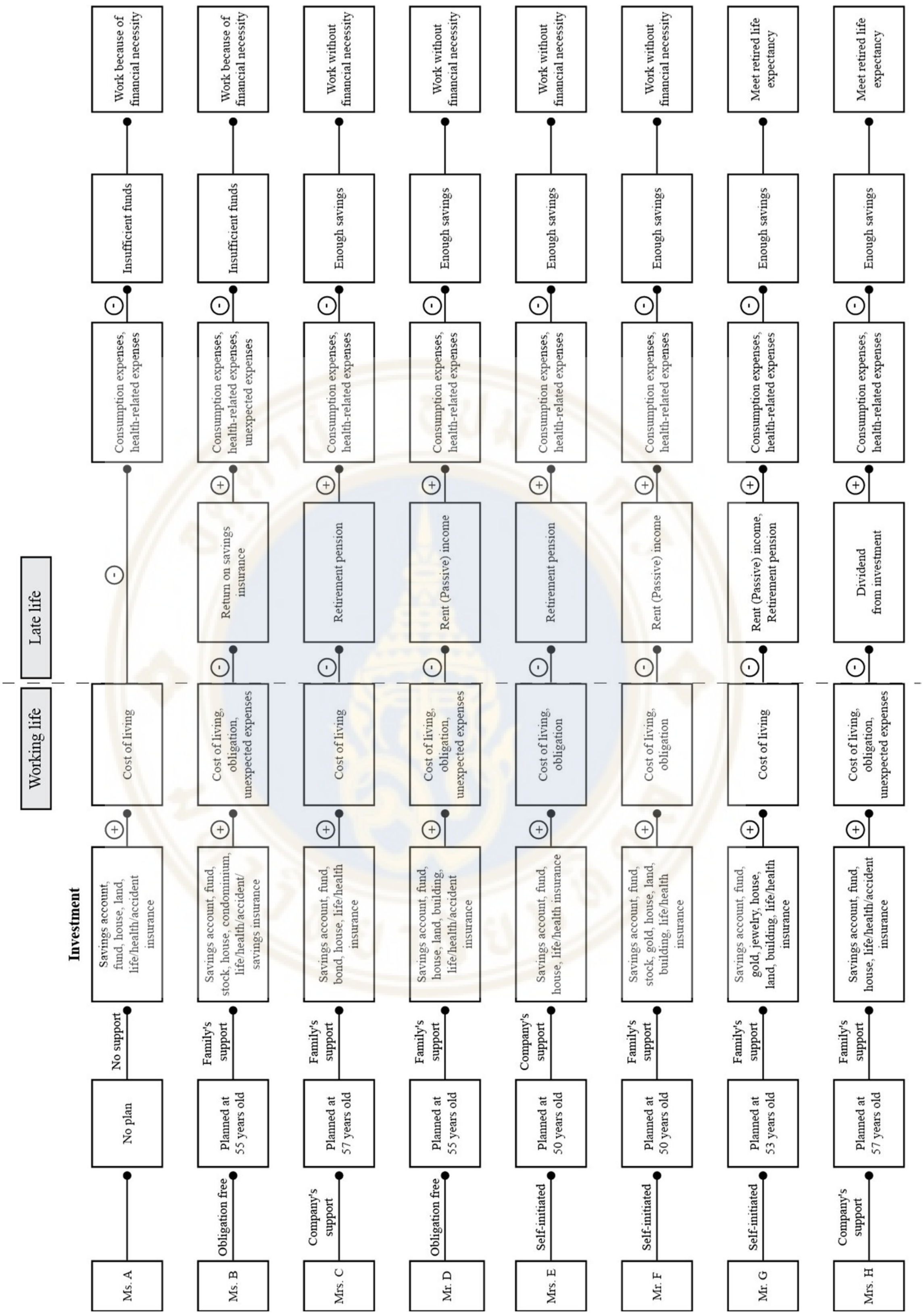

Figure 4.2 Interviewees' journey

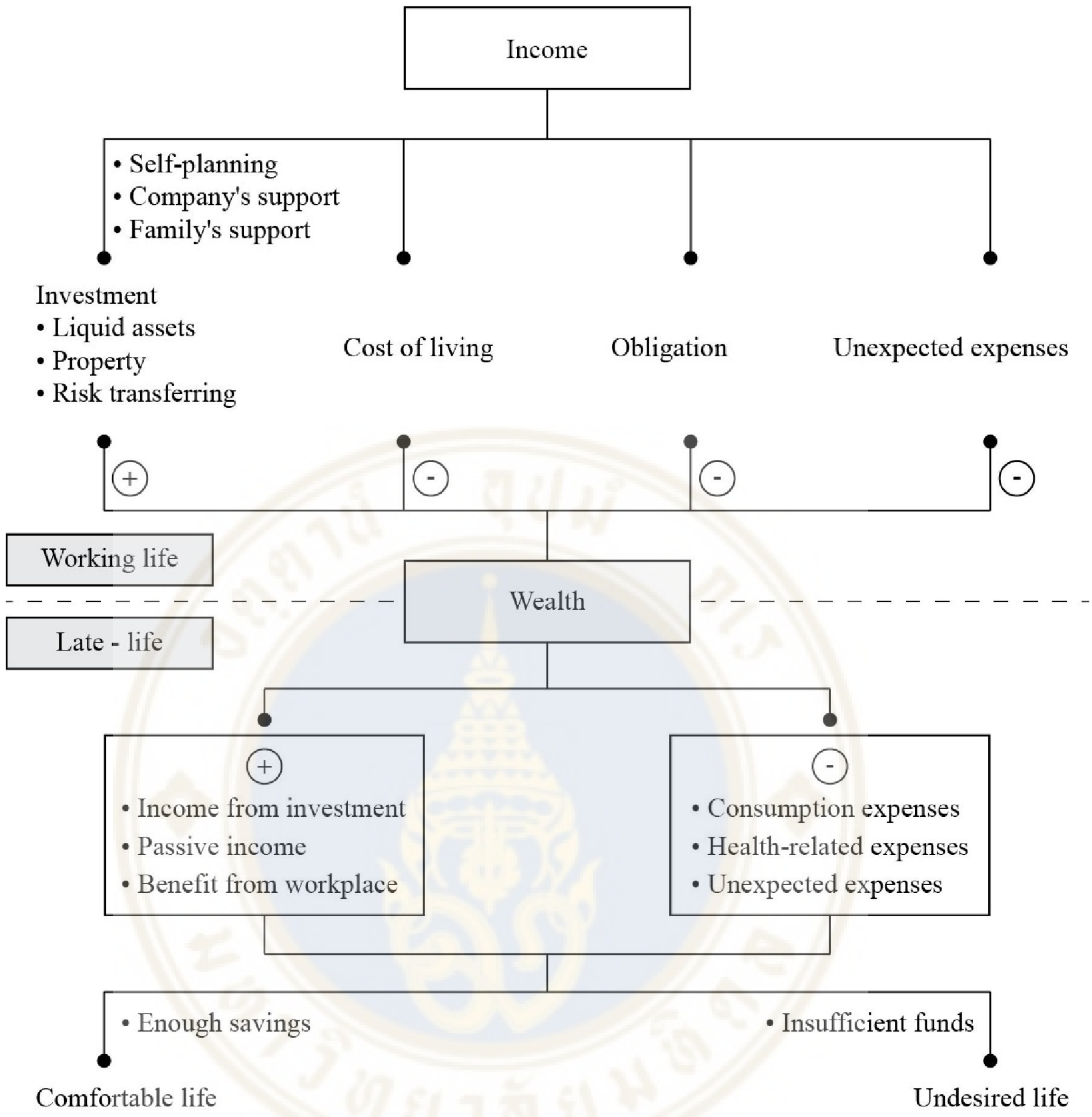

Figure 4.3 Findings summary

CHAPTER V
RECOMMENDATIONS AND CONCLUSION

5.1 Conclusion

To conclude, the interview findings are compared with the literature. There are several factors from the literature review that are confirmed by the findings. However, some factors are different, due to the cultural diversity and social factors, since the literature review is based mostly on USA and European countries while the interviews are conducted in Thailand. Therefore, the similarities and differences are summarized as follows:

In accordance with Meier & Sprenger (as cited in Roll et al., 2019) the interviews confirmed that some respondents failed to prepare for retirement because they found today consumptions more attractive than future consumptions. Also, the finding shows that most people started to plan for retirement less than 5 years before they retired and it supports Yang & Devaney's (2011) study in which people are more likely to plan for retirement when they get closer to the age.

The literature claims that people with a greater financial literacy plan have greater economic well-being comparing to those who are not (Rudzinska, 2017; Hung, 2009, as cited in Palaci et al., 2018). From the findings, it was confirmed that those who prepared on retirement planning tend to have a more comfortable life than those who have no plan. However, not everyone familiar with financial planning and investment knowledge, but with other people's support, such as family and company, they could also come up with a great retirement plan and investment strategy that allow them to have a comfortable retired life as well. On the other hand, people without financial literacy plan and don't have any support on planning/investment seem to have an undesired retired life.

Anyhow, even one has planned for retirement life, it doesn't guarantee that one will have a comfortable life. With unexpected expenses or obligation expenditures such as child-related expenses, it could decrease one's economic well-being. The literature review shows that the main retirement income to support a comfortable lifestyle is personal savings/investment (Russell & Stramoski, 2011). However, the basic investments are saving accounts and funds in which the return is secure but quite low. In this source of investment, they will receive interests or dividends only a few times per year. With the low returns rate and the low frequency, it's not enough for one's living throughout the year.

For investing in property, most of the respondents plan to sell in the future. The property prices are normally increasing as time goes by and it could generate a big return when they sell it. However, some of the interviewees want to sell the property so they can get cash for late-life consumption spending, but it's not easy to sell that they have to depend on other sources of investment such as savings. Therefore, it’s found from the interviews that to have a comfortable life, one must have a constant and secure income. Some of them have a retirement pension that their workplace provides, but some of them have created their passive income from renting the properties; land, and building. Knowing that they will receive income every month, they are more willing to live toward the life they want as they can maintain their life standard without financial concern.

In conclusion, having monthly income after retirement seems to be the most important factor for having a comfortable late life. Some of them gain support from their company in the form of a retirement pension, but some of them have to create their monthly revenue, a passive income.

For those who receive a retirement pension, a good investment strategy is an advantage for enhancing economic well-being. However, for those who have to create their future income, retirement planning initiation is the beginning of all, and a good investment strategy is required to maximize the savings return. Some of them have investment knowledge so they invest by themselves. Some of them don’t know but receive other’s support. However, with no investment knowledge and no support, one risks having insufficient funds, due to the lack of good investment strategy, when experienced an unexpected expense.

In contrast, without a retirement planning initiation, one’s likely to have an unsatisfied life since one also not plan on investment strategy due to having no goal to achieve.

From the findings, it can be seen that one of the interviewees has no retirement plan, no self-initiated nor receive support from others. Also, she had no investment knowledge and didn’t get any support on investment strategy so she didn’t maximize her savings return. Besides, she didn’t receive a retirement pension and her investments didn’t generate a stable income. As a result, she had insufficient funds and it made her continue working due to the financial necessity in which it’s not the life she desired.

Meanwhile, one of the interviewees has financial knowledge. He initiated retirement planning earlier than other interviewees. He realized that he won’t get retirement pension so he, with family’s support, decided to create a passive income. With early retirement planning and a good investment strategy, he able to live his late-life the way he desired.

5.2 Recommendations

Based on the conclusion that we derived from the findings and the interviewees’ suggestion for the young generation, recommendations for Thais to prepare their retirement can be summarized as follows;

Start to save as early as possible: New jobbers are having other financial priorities such as basic living expenses, house and/or car expenses. Therefore, they should set a saving target after deducting the basic needs expenses from income. Then they could spend on what they want within a budget that already contributed part of it to savings. In this way, it would help them to create savings behavior. However, it requires self-discipline on creating saving behavior.

Try to spend less on unnecessary stuff: Young people will get excited when they generate their income. The more they gain, the more they tend to spend. It's okay to spend on what they want since everyone deserves a happy life, however, there's a suggestion to reduce the spending on unnecessary stuff such as expensive meal and brand-named items. When they getting older, they will realize it’s not necessary spending where they could turn it into savings that allows them to have a better quality of life in the future.

Create passive income: For those people whose company doesn't provide a retirement pension, they should consider creating their passive income. This will help in generating a constant future income in which it could support them to maintain their living standard. Moreover, it's suggested that passive income generates a higher return than saving in a bank account.

Take good care of yourself: When getting old, health-related expenses definitely cannot be avoided. However, taking good care of themselves could mitigate the health-related expenses. Not only they save money on medical expenses, but they also have better health that allows them to enjoy late-life living. The recommendations are to exercise and to eat healthy food since they are young, it will help them to stay healthy longer.

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