RELATIONSHIP BETWEEN FINANCIAL LITERACY AND RETIREMENT PLANNING IN NAIROBI COUNTY, KENYA

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A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

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DECLARATION

This study project is my original work and has not been presented for a degree in any other institution of higher learning.

Signature…………… . Date...1/12/2021.........................

Florence Juma Oluoch **D61/9732/2018**

This project has been submitted for examinations with my approval as the university supervisor.

Signed.... .... Date...1/12/2021.........................

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Finally, I wish to thank my family for their support and encouragement throughout my study and research.

DEDICATION

I dedicate this work to my family and all those who supported me in the completion of my study and this project.

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LIST OF ABBREVIATION AND ACRONYMS

ANOVA	Analysis of Variance
DHS	De Nederlandsche Household Survey
DNB	De Nederlandsche Bank
KST	Kwame Nkrumah University of Science and Technology
NCBD	Nairobi Central Business District
NSSF	National Social Security Fund
PACFL	President's Advisory Council on Financial Capability
SASAS	South African Social Attitudes Survey
SD	Standard Deviation
SMEs	Small Medium Enterprises
SPSS	Statistical Package for Social Sciences

ABSTRACT

The aim of the study was to establish the influence of financial literacy as well as retirement planning in Nairobi, Kenya. The study adopted descriptive research design. The population of the study were all the SMEs in Nairobi, Kenya. Nairobi as a county consists of 42,798 SMEs. This was sampled to 396 SMEs. The type of data needed for this investigation was primary information, gathered by utilization of structured questionnaire. Information gathered was analyzed through descriptive plus inferential statistics. Mean and SD was used to present the analysis output. Regression analysis was executed through multiple regression model. The research was carried out with the aim of assessing the extent to which financial literacy had an impact on the retirement planning. Findings from the study reveal that 13.1% of the variation in retirement planning could be explained by financial literacy. The findings further show that if all variables are held constant then retirement planning has a constant value of 1.875. Financial literacy was found to have a positive and significant influence on retirement planning as shown by the beta value of 2.114. The study concluded that financial literacy had a positive impact on retirement planning. This implied that the more people were financially literate the more likely they were likely to engage in activities and planning that would enable them to have a concrete retirement plan in future. The study recommends that the government be more proactive in engaging people through special programs that educate people on financial literacy. Through financial knowledge gained from such programs people would be able to better prepare and plan for their retirement. The study also recommends that the government comes up with affordable and reliable pension schemes that members of SMEs can be incorporated. This would enable more people to engage in a retirement scheme to prepare for their future. The study also recommends that the various SMEs to come up with pension schemes for their employees. This will enable their employees to save up for retirement from the onset of their employment term.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Retirement planning is becoming one of the complex issues that individuals deal with daily. Workers approaching the retirement phase often face the need to undertake critical financial decisions regarding the kind of life to live in the future after their professional lives. Every individual, whether under professional working conditions, or self-employed, needs to make decisions on retirement. Making such choices depend on an individual's financial literacy level. Financial knowledge, which entails one's knowledge capacity about money, plays a crucial role in equipping individuals towards making the right and beneficial choices about retirement (Van Rooij et al., 2012). Financial literacy helps one take advantage of the best tools to lead to lasting wealth accumulation. Individuals with financial knowledge would consider financial choices that would help them make and grow their wealth. Financial literacy also influences retirement planning by guiding an individual into determining the existing balance between risks and rewards in a retirement plan (Moffatt & Heaven, 2017). The best retirement approach helps one fulfill their goals and lifestyle after retirement. Financial literacy helps one weigh their options concerning their financial abilities. Workers require financial literacy to develop optimal plans essential for transitioning from a work-life to full-time retirement life. Financial literacy helps one conquer their fears about life. Such knowledge allows individuals to take appropriate actionable steps to handle their goals and obligations relating to money.

Financial literacy and retirement planning concepts were supported by three major theories: the life-cycle philosophy, the expected utility philosophy, plus the theory of planned behavior. The life-cycle theory was coined by Modigliani and Ando (1957).

Modigliani and Ando's (1957) theory states that people make informed financial decisions on their expenditure depending on their stage of life. The philosophers stipulate those individuals opt for smooth financial consumption (Deaton, 2005). Such individuals tend to borrow more during low-income phases and save more in times of economic upsurge (Bloom et al., 2007). The second theory, the expected utility philosophy, was developed by von Neumann and Morgenstern (1953) explained the rational behavior of people when making financial choices regarding the unpredictable future ahead. The model informs that people ought to make choices specifically tailored to the situation through rational conduct. The theory of planned behavior coined by Icek (1991) points out that attitudes, shared impact, supposed behavior regulation, subjective norms, and easiness or struggle form the basis for the intent of a given action (Safari & Njoka, 2021). Hence, the behaviors of individuals towards a given financial choice stem from such issues. Therefore, the economical choice of an individual depends on the financial literacy one has that influences their intention towards that given choice.

A 2019 survey conducted by the Star Newspaper indicates that 38% of Kenyans lack the financial capability to engage in a retirement plan, while 12% show no interest in retirement planning (Ilako, 2019). The same research indicates that most Kenyans do not trust in the presence of a trustworthy retirement plan in the country. The study also shows that 58% of Kenyans have dreams of retiring after hitting 60 years of age. However, the same percentage do not know about retirement planning. They show no preparedness for engaging in a retirement plan. The increasing poverty levels and low-income levels contribute to many Kenyans not taking part in retirement planning. Such failures result in many individuals incurring high costs in taking care of the aging population in the country. Despite several retirement schemes in the country, a larger percentage of the population fails to take part in such systems for better retirement planning. Such data indicates a high financial illiteracy level, especially on retirement planning.

1.1.1 Financial Literacy

Monetary knowledge connotes one's aptitude to manage their finances. Lusardi and Mitchell (2014) describe monetary knowledge as one's aptitude to compute financial data as well as create knowledgeable choices relating to financial preparation and wealth acquisition. President's Advisory Council on Financial Capability (PACFL) (2013) provided a consensus explanation of monetary knowledge as one's capability to utilize their knowledge and skills in effectively managing available financial resources to create life-long financial well-being. The concept denotes understanding financial elements and abilities, including taxation, investment plans, managing personal finance, budgeting, and financial borrowing. Financial literateness undertakes a substantial function in the lives of individuals. Monetary knowledge helps individuals attain successful life in old age (Ibrahim & Alqaydi, 2015). The concept guides one into developing the best financial attitudes towards life. Individuals with financial literacy exhibit confidence in their retirement age since they find the best ways to acquire money, making them prepared for the best lifestyle at old age.

Financial literacy also helps individuals manage their finances by taking advantage of the best investment opportunities around them. Githui and Ngare (2014) state that an individual's likelihood of not having a saving plan increases when the individuals exhibit minimal financial knowledge. People with financial power often make informed monetary choices. Such individuals budget effectively, manage their credits and debits properly and assess their needs towards insurance plans. With financial literacy, one can evaluate risks and returns in a savings and investment plan, including the social, political, and ethical issues surrounding their financial choices (Oppong & Kansanba, 2013).

The indicators of financial literacy include having a household budget. A budget shows that the specific individuals understand their financial expenditures and manage their finances depending on the income. The presence of a budget points to the understanding of the need for proper financial budgeting (Hung et al., 2009). Another indicator of financial literacy considered purchases. Such an indicator entails undertaking various financial considerations before making a purchase. Active saving also indicates financial literacy. Saving plans often stem from the knowledge of the need to plan for the unpredictable future. Keeping a watch on financial affairs also shows financial literacy. Having updated knowledge of the financial affairs in a country helps one understand financial trends hence making the best choices and adjustments to the financial plans and goals. Another indicator of financial literacy was long-term financial goal setting. Such purposes show an individual best understand the need to set a goal and tailor their income towards achieving the same goal. Awareness of available financial products also indicates financial literacy.

1.1.2 Retirement Planning

Kalmi and Ruuskanen (2018) point out that retirement planning includes identifying income sources, expenses, and saving plans coupled with proper asset and risk management. Pavia and Grima (2019) define retirement planning as finding the best retirement income goals, taking the necessary steps, and making the best decisions to achieve the set goals.

The indicators of retirement planning include creating a spending plan. Such a plan helps one track their expenses, make a money spending plan, and account for their expenses (Kalmi & Ruuskanen, 2018). Another indicator is the presence of an emergency fund. Such a fund helps to show that one understands the need to plan for emergency events. Another indicator is having a retirement plan that one contributes to regularly. The last indicator is taking advantage of investing in long-term wealth accumulation schemes such as stock market and bonds or real estate (Pavia & Grima, 2019).

1.1.3 Financial Literacy and Retirement Planning

Financial literacy helps one take advantage of the best tools available to lead to lasting wealth accumulation. Individuals with financial knowledge will consider financial choices that will help them make and grow their wealth. Financial literacy also influences retirement planning by guiding an individual into determining the existing balance between risks and rewards in a retirement plan (Moffatt & Heaven, 2017). The best retirement approach helps one fulfill their goals and lifestyle after retirement. Financial literacy helps one weigh their options concerning their financial abilities. Workers require financial literacy to develop optimal plans essential for transitioning from a work-life to full-time retirement life. Financial literacy helps one conquer their fears about life. Such knowledge allows individuals to take appropriate actionable steps to handle their goals and obligations relating to money.

1.1.4 Retirement Planning in Kenya

Kenya has a vast number of retirement planning options one can choose from. The sector has several retirement benefits schemes one can plan for concerning retirement planning. The retirement sector in Kenya has both pension schemes and provident funds managed by the government (Githui & Ngare, 2014). However, all the retirement plans in the country are regulated by the Retirement Benefits Authority in Kenya. The main types of retirement plan in Kenya include government-managed plans. Such techniques are often compulsory for pensionable employees. Individuals enjoy the benefits upon retirement. The Kenyan government runs the National Social Security Fund (NSSF) as an adequate pension plan. The second type is occupational schemes, a program sponsored by employers for their employees. Trusts often manage such a scheme with the specific contributions, benefits, and fees stipulated in the trust deeds. Personal pension plans refer to retirement plans created by self-employed individuals with retirement saving plans.

However, such plans require registration with the Retirement Benefits Authority. Such schemes carry economic and social significance towards their members. Despite the different income levels and contribution amounts, the saving plans help individuals have better financial plans as they approach their retirement age (Agunga, 2016). Such programs ensure that the members have funds, whether enough or not, to start their retirement age. The retirement schemes also help Kenyans manage their finances well and set aside funds for their savings. Such plans also provide social security to the respective members as they enjoy a comfortable life after retirement.

1.2 Research Problem

As already established, monetary literacy takes a substantial purpose in retirement preparation. Individuals today are engaging in retirement planning. The two concepts cut across both developing and developed countries (Ilako, 2019). People choose retirement plans to ensure they have a safeguard in their old age. Such programs help them enjoy the comfortable life they wish to after leaving the employment sector. Therefore, having financial knowledge influences one's retirement saving behavior and also aids in making the best and rational decision. Having a retirement plan first requires one to picture their life in retirement. Creating such a picture involves an understanding of the current financial implications on one's future. Hence, the need for financial literacy. Individuals with adequate financial knowledge on managing their finances have a high chance of preparedness for retirement planning (Kagan & Stapleton, 2021). Several pension schemes in Kenya necessitate sufficient financial understanding before deciding on a given investment plan. As the world population increases, retirement planning concerns also grow.

A 2019 research by the Star indicates that 58% of the Kenyan population is approaching retirement. However, such a population percentage do not know the best retirement plan; others do not know how to approach the retirement phase of their lives, while others fail to find the significance of having a retirement plan. The report indicates the presence of low literacy on financial issues. Low financial literacy leads to poor retirement planning in the country's formal and informal sectors (Githui & Ngare, 2014). Therefore, the research aims to bridge the knowledge gap amongst Kenyan citizens by helping them understand the association amid monetary knowledge plus retirement preparedness as well as establish competitive strategies amongst retirement plans in Kenya, hence offering them a competitive advantage in the sector.

Mitchell (2012) also investigated the influence of monetary knowledge on retirement readiness amongst the US population. The exploration details that financial acquaintance gained in school substantially helps individuals engage in retirement planning before venturing into the financial market. Folk et al. (2014) also explored the influence of monetary knowledge on retirement and financial preparation among the Malaysian population. The outcomes of the inquiry revealed that monetary learning affects retirement preparation. Individuals who engage in financial education programs have a likelihood of adopting a financial planning behavior. Such individuals also show the intention of preparing for a financial future. Another research by Bongini et al. (2019) researched monetary literateness and retirement preparedness among university students. The exploration aimed at pointing out factors depicting the investment intention by such students in pension plans. The stud outcomes showed that having pension data plus literacy on monetary controlling constructivly impacts investment intentions.

Lusardi and Mitchell (2017) also explored the economic importance of monetary knowledge. The authors found that people with a higher financial literacy score indicate a high likelihood of engaging in retirement planning for a comfortable old age life. Githui and Ngare (2014) researched financial savvy plus retirement preparedness within the informal segment in Kenya. The inquiry indicated that financial literateness positively affects retirement planning in the country. However, the researchers found that income levels, marital status, education, and age also impact retirement planning.

The research also pointed out that the financial literacy level in the country is low hence poor retirement preparedness. Agunga (2016) also researched the influence of monetary knowledge on retirement. The research focused on pensionable and permanent workers in Nairobi, Kenya's companies owned by the government. The study indicated that financial literacy significantly affected retirement preparedness among such workers. According to the studies above, monetary knowledge has a substantial influence on retirement preparation. The studies show that having financial education increases one's chances of engaging in financial preparedness. However, of the six studies detailed above, just one research is tailored to the Kenyan population. These studies, therefore, indicate the presence of minimal research on financial knowledge plus retirement preparedness among SMEs in Nairobi, Kenya hence a contextual gap. Therefore, the research sought to close the gap by responding the subsequent exploration query; what was the influence of monetary literateness and retirement preparation amongst SMEs in Nairobi, Kenya?

1.3 Research Objective

The aim of the exploration was to establish the influence of financial literacy as well as retirement planning in Nairobi, Kenya.

1.4 The Value of Study

The exploration stands out as valuable to advancing the theories relating to financial knowledge and retirement preparedness. The existing theories, life-cycle model, expected utility philosophy, plus theory of planned behavior coined by Ajzen Icek, all explain how monetary literacy plus retirement planning intertwine. The research bases the theoretical viewpoints on the three theories. Therefore, the study outcome confirmed the theoretical explanations provided in the three theories herein. The study supports the existing association amid monetary knowledge plus retirement preparation concepts and the theories used in the study.

The exploration as well paid to the pool of data on monetary knowledge and retirement planning. The completion of research provided new insights on the existing association amid having financial knowledge as well as retirement preparedness. Minimal research exists tailored explicitly to the Kenyan population. Most of the available data focused on international levels, which looked into people outside Kenya. The research, therefore, significantly added to data and knowledge on the concepts in Kenya, hence providing additional local information. The localized study also ensured enough analysis, findings, and analyzed data that Kenyans can relate to.

The research also stood out as beneficial to policymakers in the retirement planning sector. Research shows that most Kenyans lack trust in the already existing retirement planning schemes in the country. Such data showed that policymakers had a lot of work to do in ensuring that Kenyans use retirement schemes meant to help them better plan for the unpredictable future after retirement. Therefore, policymakers need to make necessary adjustments in their policies that include generating consciousness of the prominence of financial knowledge plus retirement preparedness. Thus, the inquiry provides information essential for the policymakers to make policies and regulations on retirement schemes in Kenyan from an informed position.

The research also stood out as significant to improving and changing the practice of Kenyans towards retirement planning. The study provided knowledge essential to stakeholders within the retirement planning sector in engaging in better practices beneficial to the Kenyan population. The study would also ensure that Kenyans, both in the formal and informal sectors, change their practices concerning retirement planning.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The segment assessed explorations undertaken by other academics on the association amid financial literacy plus retirement preparation. The section also critiqued the theories that anchored the study. The section finally provided a sum-up of the literature analysis.

2.2 Theoretical Review

This segment of the academic works evaluation examined the philosophies used in investigating the existing connection between financial literacy and retirement planning decisions. It explored the existing theories and their underlying significance and relevance to the study.

2.2.1 The Life Cycle Theory

Various studies looking into the association amidst monetary knowledge plus retirement preparation have utilized the life cycle philosophy by Modigliani and Ando (1954). The theory stipulated that people make intelligent choices about their expenditure differently depending on the age and the available resources. The theory pointed that the motives for setting funds aside determine the need for retirement planning. The philosophers stipulated that these individuals opt for smooth financial consumption (Deaton, 2005). Such individuals tend to borrow more during low-income phases and save more in times of economic upsurge. The theorists also add that financial choices are dependent on the available resources in each stage of life (Bloom et al., 2007). Modigliani modified the theory after Ando's death by including empirical predictions. Such predictions included the connection between the collective economy existing amid the saving plus development, wealth and income, and the retirement planning span. The modifications point out that the cumulative consumption, related to the total income, income expectations, and assets, also depends on other factors such as demography.

The theory stood out as applicable to the research since it points out that economic levels in the country influence the saving patterns of people. Modigliani and Ando state that people save more during an economic upsurge. Hence, such a concept helps the researchers understand that the economic levels of individuals consequently affect their retirement planning behaviors. Saving and expenditure patterns during the different economic levels indicate people's financial literacy levels, hence their expected savings and expenditure patterns. The theory also applied to the study since it explained the way people assign their proceeds to diverse expenditures contingent on one's age. One limitation of the theory was that it leans more towards being a bachelors' theory. The theoretical approach ignored the presence of children in the lives of individuals and inheritance as a motive behind retirement planning.

2.2.2 Expected Utility Theory

The expected utility stands out as one of the dominant theories used in decision-making, especially in risky and uncertain situations. The model was developed by von Neumann and Morgenstern (1953) modified the philosophy by introducing the theoretical aspect of the expected utility theory. The theory also pointed out that the shape of the utility function can mold risk attitudes exhibited by people. Neumann and Morgenstern's perspective explained the rational behavior of people when making financial choices regarding the unpredictable future ahead. The model informs that people ought to make choices specifically tailored to the situation through rational behavior.

The applicability of the theory in the research stems from the aspect of uncertainty and risk. The theory works best in situations of unpredictability with risky alternatives for one to choose. The future of retirement is full of risks and uncertainties. Individuals cannot fully comprehend their income and the timeline of retirement. They cannot also figure out the loses and profits that come with retirement (Van Rooij, Lusardi & Alessie, 2012). Therefore, the theory helped explain that as individuals plan for retirement, they have to take into account the uncertainties of the unpredictable future. Such decisions depend on one's financial literacy level. One limitation of the theory is that it failed to reflect on how agents interact in the real world fully. The agent's behavior in the real world tends to break some hypotheses in the expected utility.

2.2.3 Theory of Planned Behavior

Ajzen (1991) philosophy of planned behavior details the various steps that help one understand and govern the intended behavior plus the real behavior in a given monetary choice. The theory detailed that attitudes, societal impact, superficial behavioral regulation, subjective norms, and ease or cumbersome form the basis for the intent of a given action (Safari & Njoka, 2021). Icek's aim with coining the theory stems from the need to improve the predictability of intention. The theory required that individuals evaluate an action to find out whether the behavior was positive. Hence, the behaviors of individuals towards a given financial choice stem from such issues. Therefore, the economic choice of an individual depends on the financial literacy one has that influences their intention towards that given a choice.

The theory related to the current research since research indicates that financial literacy positively impacts retirement planning decision-making. Individuals make financial decisions depending on their perception of such decisions. The likelihood of a given behavior stems from the available knowledge, perception about the decision, and risk attitudes. However, the theory has a limitation since it fails to describe how one can deal with the behaviors that individuals cannot control (Deaton, 2005).

2.3 Determinants of Retirement Planning

This section deliberated the elements of retirement planning. They included financial literacy, Individual income level, education level, and employment level.

2.3.1 Financial Literacy

Financial understanding is the amount of the extent to which one comprehends main monetary models plus holds the aptitude, plus assurance to control personal monies via suitable, temporary decision making as well as logical long-term occurrences plus altering monetary choices. Financial choices about financing as well as saving for retirement are progressively complication. Financial literacy influence retirement planning since it provided the saver with the monetary know-how plus confidence to make the monetary decision. Such financial choices comprise asset distribution, threat forbearance (the risk and return trade- off), making financial arrangements, saving, plus borrowing (Folk, Beh & Baranovich, 2012). Monetary knowledge undertakes an acute purpose in persuading the savings conduct plus member involvement in pension structures in accumulation to decreasing debt piles plus mounting up prosperity plus controlling it efficiently (Githui & Ngare, 2014).

2.3.2 Individual Income Level

Income capacity has a significant power on retirement preparation. Income level impacts the ingesting shape plus the capability of an individual to amass wealth during operational life plus eventually the individual's retirement preparation (Moffatt & Heaven, 2017). Person's profits are clearly connected to their information plus consciousness of retirement savings. General, budget restraints constrain the person's partaking in learning curriculums and bounds their savings as well as resulting interest in partaking in retirement preparation. Retirement savings increase in quantity to revenue plus age. For the low revenue, savings behavior is challenging to track since numerous low-income person's deficiency (Pavia, & Grima, 2019).

2.3.3 Financial Education

Financial learning has a significant purpose to undertake on retirement planning. For instance, financially learned consumers are more probable to save as well as to save extra than their less monetarily well-educated equals. The upsurge in savings linked with superior monetary literateness would have affirmative impact on both investment degrees as well as monetary progress (Mitchell, 2012). People with upper training have supplementary information on monetary as well as pension issues. Safari & Njoka (2021) credit the outcome to the absence of considerate on simple ideas. An advanced degree of financial learning accomplishment results to a greater probability of partaking in a retirement plan as monetary learning as well as savings are meaningfully connected.

2.3.4 Employment Status

For the working, the revenue amount defines the quantity an individual reserve to a savings retirement strategy. This is since there is a change out of distinct profit pension outlines to definite impact retirement fund structures. In well-stipulated profit retirement schemes, a worker's retirement is computed by the manager founded on the latest pre-retirement remuneration one makes, as well as the employer endures all the threat of offerings with slight effort from the worker (Maobe, 2017). While, in distinct contribution structures, workers give 10-15% of their basic earnings to a retirement system that is ordinarily manager funded. The boss funds a corresponding quantity or twice what the worker gives to the system. Therefore, the quantity one will have amassed in a retirement scheme will be defined by that individual's revenue extent (Moffatt & Heaven, 2017).

2.4 Empirical Studies

Several explorations were conducted to establish the association amid financial literacy as well as retirement preparation. From a global perspective, Van Rooij et al. (2012) as well surveyed the concept of financial information, retirement preparation, plus household wealth in the Netherlands. The exploration aimed at determining the two approaches over which financial literacy facilitates wealth amassing. The researchers created a DNB (De Nederlandsche Bank) Household Survey (DHS) to gather data. The survey included questions relating to financial knowledge and a retirement planning activities section. The study targeted individuals who manage their household finances. The survey's final sample population consisted of 1091 households in the Netherlands. The study took place between 23rd and 27th September 2005, and a repetition of the survey took place after one week of catering for households that had not responded.

The study indicates that a high financial knowledge level substantially affects the retirement planning behavior exhibited by individuals.

Another research was conducted by Oppong & Kansanba (2013), assessing the monetary literacy level amongst undergraduate business learners in a university in Ghana. The researchers looked into how financial literacy affects the students' likelihood to engage in pension schemes and investments. The sample population included 203 undergraduate learners from the Kwame Nkrumah University of Science and Technology (KSB) in Ghana. The inquiry used a questionnaire as a research instrument to measure the financial literacy capacity of the students. Information gathered from the study indicates that formal education stands out as a significant source of financial literacy for the students. The study also reveals that financial literacy significantly empowers learners to improve their quality of life, including making the right financial decisions and avoiding wastage of money.

Dhlembeu (2014) tailored his research towards determining a connection between retirement planning and financial literacy in South Africa. The study used secondary data derived from an early survey undertaken by the South African Social Attitudes Survey (SASAS) in 2011. The research used the chi square test, binomial logistic regression, and independent sample t-test methods to analyze the data, test the association amongst the two variables and increase the validity of the outcomes. The inquiry indicated that individuals are increasingly becoming aware of retirement planning despite the growing concern that South Africans are not saving adequately for retirement purposes. The outcomes indicate a substantial relationship between retirement planning by detailing that 27% of the South African population actively plans for retirement with women, less educated people, and low-income individuals inadequately planning for retirement.

Lusardi & Mitchell (2017) sought to establish how ordinary consumers make tough economic choices while exploring the concept of financial literacy and readiness. They utilized data from the Rand ALP, an internet-based survey. The data used participants aged 18 years and above as part of the sample population. The study used separate factor analysis to analyze the two types of queries. The study results reveal that consumers exhibit difficulty in making basic financial calculations and an absence of fundamental financial knowledge. The exploration also affirms that individuals with high economics knowledge scored high on the queries. The study focuses on financial decision-making stemming from the presence or absence of financial knowledge, making it relevant to the research.

Moffatt & Heaven (2017) also sought to detail various narratives about how individuals transition to retirement concerning planning for uncertainty. The research which took place in Northeast England used participants selected through diverse ways. The study population included 22 individuals initially selected from large firms with workers from urban and rural areas. The researchers collected the data through focus groups, interviews, and semi-structured interviews with couples and individual participants. The study utilized the constant comparative method to analyze the data. The research found out that individuals have power over the timing and exit from work mode. The study also revealed that retirement attitude, access to resources essential in retirement, and gradual and flexible options affect retirement planning. However, it fails to explain the connection amid retirement planning and financial knowledge, making the study of minimal significance and relevance.

Several studies have also been conducted tailored to the Kenyan context. Maobe (2017) researched financial literacy and retirement preparation in Kenya. The study context covered informal sector workers in Eldoret town, Kenya. The exploration utilized a stratified sampling procedure to get a sample population of 351 participants from a total population of 4,000 individuals. The inquiry used questionnaires as a data instrument. For data scrutiny, the explorer exploited Statistical Package for Social Sciences (SPSS) and T-test, One-way ANOVA, and Bivariate Correlation analysis to analyze data. The research results show that the understanding of the informal sector workers on financial products is very low. Such individuals lack information on the available pension plans hence the complex access to retirement planning schemes. However, the study details that such individuals take advantage of homegrown financial options to aid them in retirement planning. The study looks into the variables of retirement planning and financial reliability, making it relevant for use in the study.

Another relevant research is Wachira & Kihiu's (2012) study. The inquiry was geared towards instituting the influence of financial knowledge on admittance to economic provisions in Kenya. The exploration utilized data from a 2009 survey by National Financial Access. The researchers used the multinomial logit tactic to elucidate access to chief economic service access strands in Nairobi. The inquiry outcomes show that household access to financial services stems from bank proximity, marital status, income level, age, household size, gender, and education level. The study disputes that financial literacy does not determine one's access to financial services. However, the study points out that a financially illiterate individual has a high chance of being excluded from investment opportunities. The study stands out as relevant to the research at hand since it offers a countering argument on the importance of monetary literacy to retirement preparation. Retirement planning is an example of financial services that Kenyans should have access to. However, the study points out the disadvantages of being financially illiterate, hence minimally pointing to the significance of financial literacy.

Gitari (2012) also explored the existing link amid financial literacy as well as retirement planning in among pension schemes in Nairobi. The sample population was selected using stratified sampling to obtain respondents from the initially selected pension schemes. The study used a self-administered questionnaire to gather information. The researcher also used the T-test to scrutinize the data concerning the research variables. The study findings indicate a substantial connection between monetary literacy and retirement planning among the respondents. For members with pension schemes, financial literacy, education level, plus income capacity majorly define the savings set for retirement plans. The study explores the major variables, financial literacy and retirement planning hence making information relevant to the study.

Githui and Ngare (2014) also researched a similar topic that focused on the informal sector in Kenya. The exploration's target population included a population in the informal sector in Kenya. Respondents included persons engaging in small plus medium entities in Nairobi County. The data was acquired via questionnaires, plus face-to-face interview approaches. The exploration used Pearson's Chi-square test to scrutinize the statistics. The research found that monetary literacy undertakes a noteworthy as well as constructive plus in retirement preparation for informal sector individuals. Despite the research focusing on the informal sector in Kenya, it stands out as relevant to the study.

Agunga (2016) also researched on effect of financial knowledge on monetary preparedness for retirement. The research utilized a descriptive exploration design. The inquiry population included 4619 employees within the 29 state-owned establishments in Nairobi Central Business District (NCBD). The researcher used various sampling methods to reach at a sample size of 384 respondents. The inquiry used a self-administered questionnaire as a data collection tool. Agunga utilized descriptive plus inferential statistics to analyze the gathered statistics. The exploration outcomes portend that the differences in economic knowledge clarify the diversity in retirement monetary readiness among respondents, making the study relevant.

2.5 Summary of Literature Review and Knowledge Gap

The exploration studies afore mention the significance of financial literacy on retirement planning. The study outcomes indicate a substantial correlation between the two concepts. Financial knowledge helps individuals make informed decisions concerning their retirement age. Students in school, formal sector employees, and informal sector workers all benefit from having financial information. Such knowledge helps such individuals grasp the financial opportunities in the country essential in acquiring and saving enough wealth for a smooth transition to comfortable retirement life. However, most research that focuses on the Kenyan population centers on specific population segments, which makes the data unrepresentative of the population. There is a need to conduct research that covers a generalized population for representative data, hence this research.

2.6 Conceptual Framework

The link amid the predictor variable and the output variable is diagrammatically illustrated in figure 2.1 below. The predictor variable is represented by financial literacy while the output variable is represented by retirement planning.

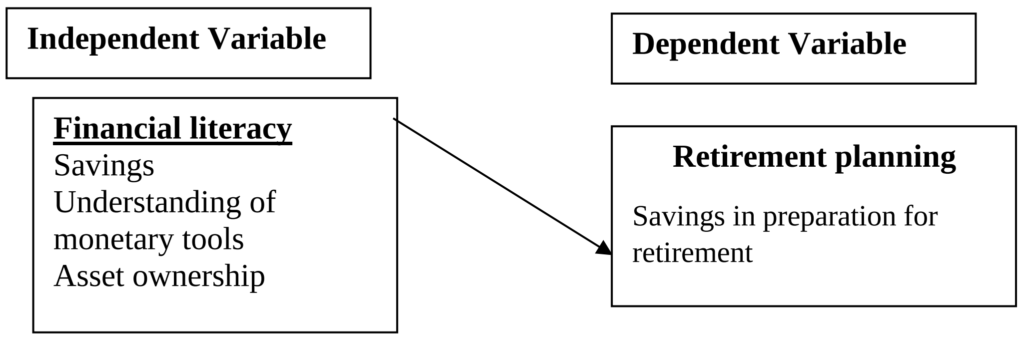

Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The segment presented the methodology, which was utilized to carry out the investigation. It additionally, defined the kind of design adopted, source of information, target populace, data collection plus analysis.

3.2 Research Design

Mugenda and Mugenda (1999) defined exploration design as the technique used by the researcher in resolving the exploration problem. The exploration design often enabled the researcher to make prior plans on how they are going to solve the problem. The following investigation adopted descriptive research design. Descriptive research as stipulated by Creswell (2013) was utilized when information is acquired to define people, organizational settings or occurrence. It comprised the blueprint for the gathering, measurement as well as scrutiny of statistics (Kothari, 2014).

3.3 Target Population

The aimed populace was the whole cluster of individuals or cases out of which the sample investigation was derived from and to which the researcher generalized her investigation after data analysis. Creswell (2013) defined population investigation as a group of individuals or objects that are selected by the researcher which are related to the investigation topic. The investigation population was all the SMEs in Nairobi, County, Kenya with their managers being the respondents. Nairobi as a county consists of 42,798 SMEs (Company's Registrar, 2020).

Table 3.1 Population of the Study

Sub County	**Target Population**	**Proportion (%)**
Kasarani	1862	**4.4%**
Kamukunji	3277	**7.7%**
Makadara	2976	**7.0%**
Embakasi South	2578	**6.0%**
Embakasi North	1989	**4.6%**
Embakasi Central	2191	**5.1%**
Embakasi West	2390	**5.6%**
Embakasi East	1823	**4.3%**
Starehe	3611	**8.4%**
Mathare	1804	**4.2%**
Roysambu	1780	**4.2%**
Ruaraka	3309	**7.7%**
Kibra	1217	**2.8%**
Dagoreti South	2801	**6.5%**
Dagoreti North	2801	**6.5%**
Langáta	3223	**7.5%**
Westlands	3166	**7.4%**
Total	**42798**	**100**

3.4 Sampling Technique

To establish the sample, the explorer employed Slovin's formula:

$n=N/(1+Ne^2)$.

Where; n=sample size

N= Estimated population;42,798

e=Error tolerance. The exploration confidence level was 95%, which gives a margin error of 0.05

The sample size is computed as detailed below.

$n=42,798 / (1+42798*0.05^2)$

$n=42,798/107.995$; $n=396$

In order to reduce bias in selection process, the investigation adopted systematic sampling approach. Systematically sampling the greater population prior to applying random sampling techniques helped guarantee a sample that precisely reflects the entire population being investigated based on the criteria applied in stratification.

Table 3.2 Sample Size

Sub County	Target Population	Proportion (%)	Sample Size
Kasarani	1862	**4.4%**	**4.4*396 =17.23**
Kamukunji	3277	**7.7%**	**7.7*396 = 30.32**
Makadara	2976	**7.0%**	**7.0*396 = 27.54**
Embakasi South	2578	**6.0%**	**23.85**
Embakasi North	1989	**4.6%**	**18.40**
Embakasi Central	2191	**5.1%**	**20.27**
Embakasi West	2390	**5.6%**	**22.11**
Embakasi East	1823	**4.3%**	**16.87**
Starehe	3611	**8.4%**	**33.41**
Mathare	1804	**4.2%**	**16.69**
Roysambu	1780	**4.2%**	**16.47**
Ruaraka	3309	**7.7%**	**30.62**
Kibra	1217	**2.8%**	**11.26**
Dagoreti South	2801	**6.5%**	**25.92**
Dagoreti North	2801	**6.5%**	**25.92**
Langáta	3223	**7.5%**	**29.82**
Westlands	3166	**7.4%**	**29.29**
Total	**42798**	**100**	**396**

3.4 Data Collection

The type of data needed for this investigation was primary information, gathered by utilization of structured questionnaire. The questionnaire had two segments. Part A was capture the respondent's background. Section B information on financial literacy; Section C: Retirement planning.

3.5 Diagnostic Tests

The information collected underwent diagnostic test. This ensured that the outcome is valid. The tests to carry out include normality tests, multi-collinearity, and heteroscedasticity. Normality test was directed to test that the data portrays normal distribution. When data is not normally distributed, it may not show the right association between the variables under investigation. The investigation utilized

Shapiro-Wilk test to normality. The test is most proper for example 50 or below. Data distribution is normal as per Shapiro-Wilk test if its value is above the P-Value at 0.05.

3.6 Data Analysis

Statistics acquired was scrutinized through descriptive plus inferential statistics. Mean and SD was used to present the analysis output. Regression analysis was executed to ascertain the bearing of monetary planning on retirement preparation of SMEs in Nairobi.

Multiple regression model was as follows:

$Y= \beta_0 + \beta_1X_1 + \varepsilon$

Whereby: β_0 the regression intercept; B1- are the regression coefficients.

The following factors was measured by a three-point Likert scale.

Y was the output variable (Retirement planning)

X_1 = Financial literacy; ε = Error term

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This study was conducted with the aim of investigating the influence of financial literacy on retirement planning in Nairobi, Kenya. The study looked specifically into financial literacy characterized by savings, asset ownership and understanding of monetary tools and the effect they had on retirement planning.

This chapter presents findings of data analysis and interpretations by laying an emphasis on diagnostic tests, descriptive statistics, regression analysis and discussion of the findings.

4.1.1 Response Rate

The study response rate is as presented in the table below.

Table 4.1 Response Rate

Response	Frequency	Percentage
Returned	312	78.79
Unreturned	84	21.21
Total	**396**	**100**

Source: (Primary Data, 2021)

From table 4.1 it was established that the study achieved a response rate of 78.79%. According to Mugenda and Mugenda (20119, a response rate of 70% in a study should be considered excellent for data analysis, interpretation and inference. Thus, the response rate achieved by the study made the study results suitable for data analysis and inference.

4.2 Diagnostic Statistics

The study carried out various diagnostic tests to look into the nature of the distributions from which the study data was sourced from. Among the various diagnostic test that were carried out include: normality tests, multi-collinearity, and heteroscedasticity.

The study carried out Shapiro-Wilk test to normality. This was to check if the data used for the study comes from a normal distribution. Shapiro-Wilk test looks into variances of the data to determine if the data is drawn from a normal distribution. If the test yields P values that are equal or greater to 0.05 then the data is said to be drawn from a normal distribution.

The study used Variance Inflation factor (VIF) to test for multicollinearity in the data. Multi-collinearity checks for the intercorrelation between two or more independent variables utilized by a study. VIF values of less than 4 are acceptable as they indicate moderate or no correlation among the variables under study while VIF values of greater than 4 indicate high correlation among the variables which could be problematic.

Heteroscedasticity looks at the error variance across values of the independent variables. To inspect heteroscedasticity, the study used a scatterplot of the residuals against the predicted values of the dependent variable.

Table 4.2 Shapiro-Wilk Test

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Financial Literacy	0.159	312	0.246	0.563	312	0.719
Retirement	0.31	312	0.769	0.168	312	0.256

Source: (Primary Data, 2021)

Results from the Shapiro-Wilk test show that the level of significance for both financial literacy and retirement planning is above 0.05. This is an indication that data from both populations is normally distributed.

Table 4.3 Multi-Collinearity

Collinearity Statistics		
	Tolerance	**VIF**
Financial Literacy	1.000	1.000

Table 4.3 reveals that the VIF factor for financial literacy was 1.000. Thus it was acceptable, as it showed that no correlation existed between financial literacy and any other variable since it was the only independent variable in the study.

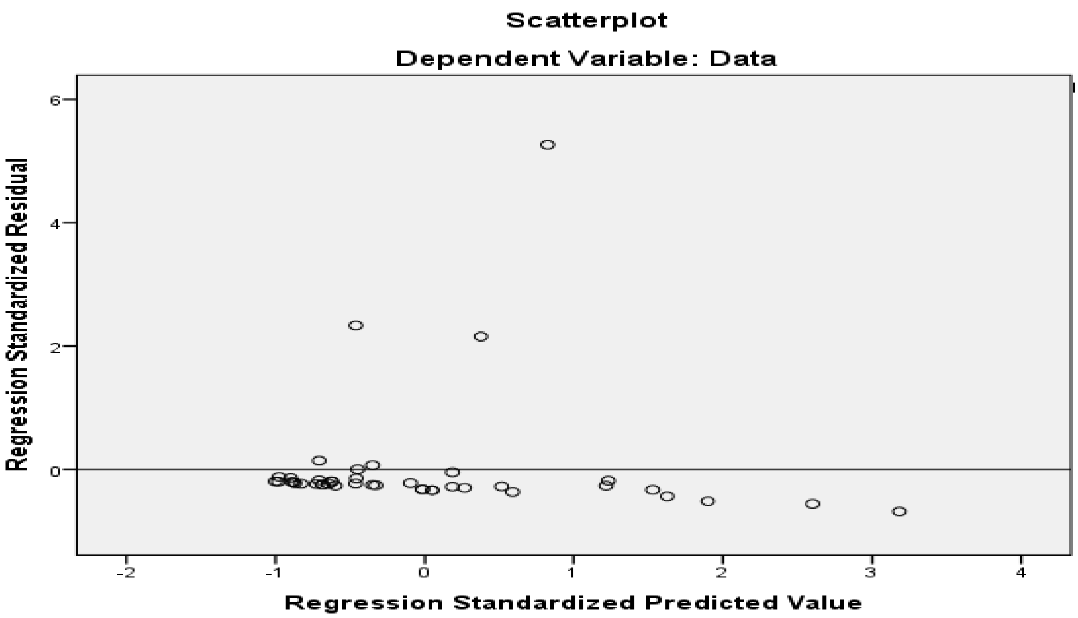

Figure 4.1 Heteroscedasticity

Source: (Primary Data, 2021)

Figure 4.1 shows that most of the data points are clustered close or on the line of best fit fitted for the data. This is an indication that the data utilized for the study was drawn from a distribution that is approximately normal.

4.3 Background Information

The study sought to understand the general characteristics of study informants. To do this, the study collected background information of the respondents that included gender, age, education, marital status, and occupation.

4.3.1 Gender

The study sought to establish the gender of its respondents. Findings from the study are as shown in the figure below.

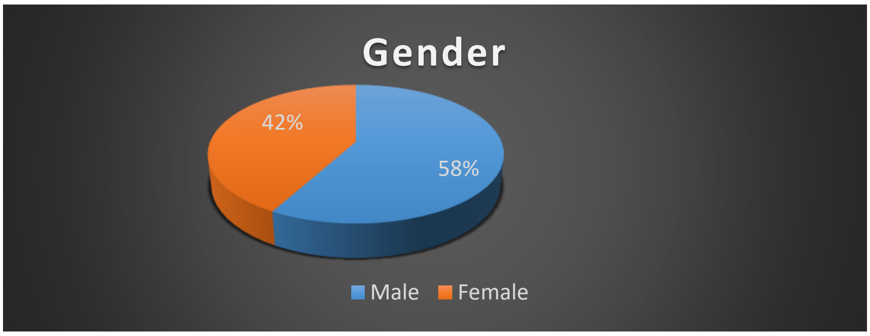

Figure 4.2 Gender

Source: (Primary Data, 2021)

From the study findings it was established that most of the respondents were male accounting for 58% of the respondents while female accounted for 42% of the study participants.

4.3.2 Age

The study also sought to determine the age composition of the study participants. Results of the study are as shown in the figure below.

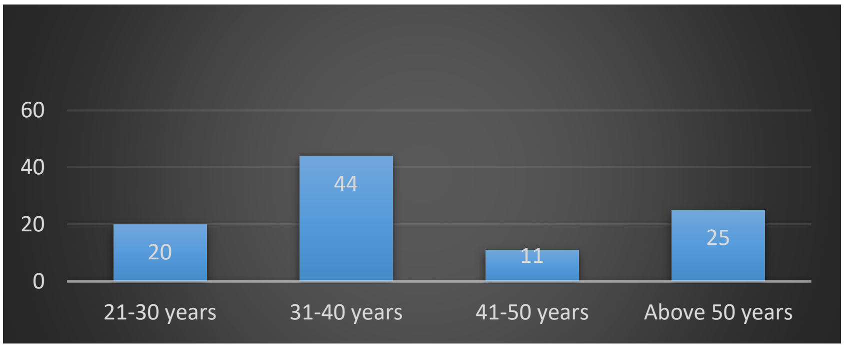

Figure 4.3: Age

Source: (Primary Data, 2021)

From figure 4.2 it can be deduced that majority of the respondents 44% were aged between 31-40 years. 25% of the respondents were aged above 50 years, this group was followed by those aged between 21-30 years who accounted for 20% of the respondents while only 11% of the respondents were aged between 41-50 years. The findings show that most of the respondents must be in their working age and hence savings for retirement was something that most of them might have considered.

4.3.3 Education

The study also sought to know the highest level of education for the respondents. Figure 4.3 presents the findings from the study.

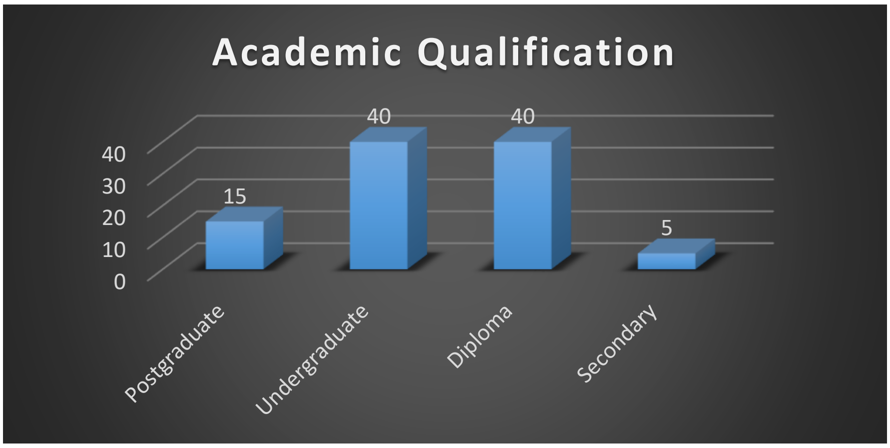

Figure 4.4 Academic Qualification

Source: (Primary Data, 2021)

The study determined that a majority of the respondents had undergraduate and diploma as their highest academic qualification as they accounted for 40% of the respondents respectively. 15% of the respondents had a postgraduate as their highest academic qualification while only 5% of the study participants had a secondary as their highest education attainment.

From these findings, it can be deduced that most of the study respondents had post-secondary education which implied that they could have most likely come across some form or financial literacy or retirement schemes.

4.3.4 Martial Status

The study sought to know the martial status of the respondents. Findings from the study are as shown below.

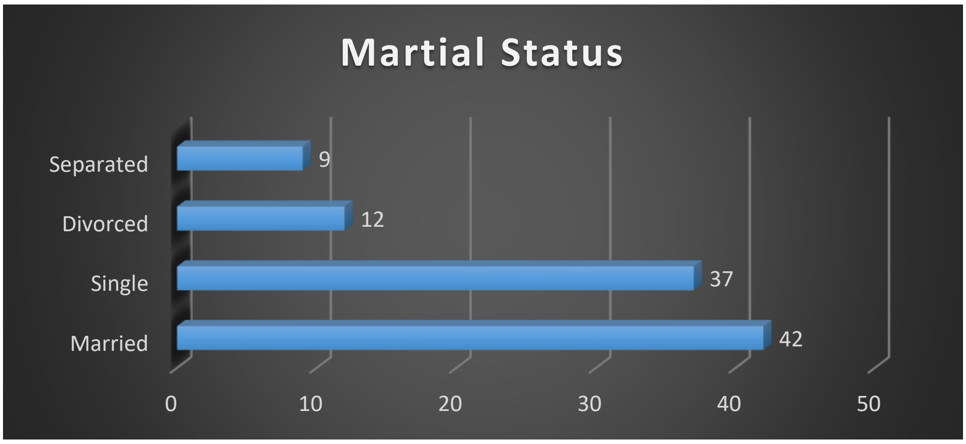

Figure 4.5 Martial Status

Source: (Primary Data, 2021)

The study established that most of the respondents accounting for 42% of the study participants were married. 37% of the respondents were single, 12% of the respondents were divorced while 9% of the respondents were separated.

Thus, this was an indication that majority of the respondents were in a situation in which they had to prepare for their retirement plans alone.

4.3.5 Dependents

The study sought to establish how many people the respondents had deepening on them for financial support. The results from the study are as shown in the figure below.

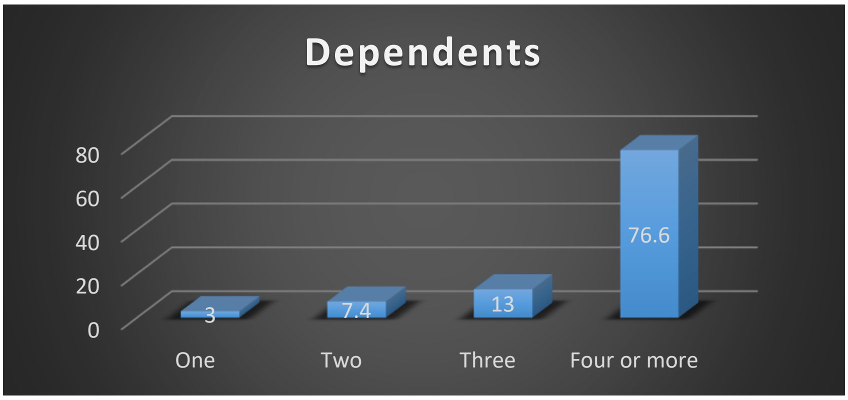

Figure 4.6 Dependents

Source: (Primary Data, 2021)

From table 4.6 there was a clear indication that most of the respondents 76.6% had four or more dependents. 13% of the respondents had three dependents, 7.4% had two dependents while only 3% of the respondents had a single dependent. From these findings it can be inferred that a majority of the respondent's retirement plans could be affected by the increased number of dependents that relied on them for financial support.

4.4 Financial Literacy

The researcher sought to establish the extent to which the respondents were financial literate and their engagement in the financial literacy. To assess the literacy, the study asked the respondents to give their opinion towards certain statements that were associated with financial literacy. To measure the responses, the study used a Likert scale that was divided on a 3-point average where 1=Disagree, 2= neutral and 3=Agree. The results of the study are as shown in the table below.

Table 4.4 Financial Literacy

Statement	Mean	Standard Deviation
I engage in risk aversion	2.34	0.298
I have acquired assets to help me during retirement	2.76	0.581
I participate in retirement schemes and plans	2.21	0.131
I have diversified investments that help me save for retirement	2.68	0.753
I have a good credit score	2.31	0.221
Average	2.46	0.396

Source: (Primary Data, 2021)

On average the respondents agreed that they had knowledge on financial literacy that they engaged in as show by the mean of 2.46 and standard deviation of 0.3966.

Having assets put aside to help during retirement was the most acknowledged statement on financial literacy in which respondents agreed as indicated by the mean of 2.76 and standard deviation of 0.581.

The least way through which respondents engaged in financial literacy is by participating in retirement schemes and plans as shown by the mean of 2.21 and standards deviation of 0.131.

4.5 Retirement Planning

The study also sought to know the various ways through which the respondents engaged in retirement planning. To carry out the assessment the researcher asked respondents to rate statements that were associated with retirement planning. To measure the responses, the study used a Likert scale that was divided on a 3-point average where 1=Disagree, 2= neutral and 3=Agree. The table below presents the findings of the study.

Table 4.5 Retirement Planning

Statement	Mean	Standard Deviation
Cash in Bank Account	2.83	0.461
Investment in Stock Portfolio	2.76	0.831
NSSF Funds	2.59	0.219
Insurance Retirement Schemes	2.34	0.175
Organization Retirement Schemes	2.37	0.281
Average	2.578	0.393

Source: (Primary Data, 2021)

On Average respondents agreed that they engaged in some form of retirement planning as evidenced by the mean of 2.578 and standard deviation of 0.3932.

The most common retirement plan that the respondents engaged in was having cash in the bank which the respondents agreed which a mean of 2.83 and standard deviation of 0.46. The least way through which respondents engaged in retirement planning was through insurance retirement schemes which respondents were neutral about their engagement as shown by the mean of 2.34 and standard deviation of 0.175.

4.6 Regression Analysis

Regression analysis is utilized in helping model the relationship between the dependent variable and the independent variables. The study used regression analysis to estimate the relationship between financial literacy and retirement planning. The results of the regression table were presented in the model summary, Anova and coefficients table. Model summary presents information about how much variance of the dependent variable can be explained by the independent variables. The Anova table assesses if the model fit for predication is statistically significant while the coefficient table quantifies how much of the dependent variable changes as a result of change in the independent variables. Findings from the study are as shown in the tables presented below.

Table 4.6 Model Summary

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.362[a]	0.131	0.316	0.802

Source: (Primary Data, 2021)

The model summary revealed that the coefficient of determination R-Square is 0.131. This means that 13.1% of the proportion of variance in retirement planning is due to financial literacy been fitted as an independent variable in the model.

Table 4.7 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	272.38	1	272.38	24.7762	.000[b]
	Residual	3419.01	311	10.9936		
	Total	3691.39	312			

Source: (Primary Data, 2021)

From the Anova table it was shown that F-Statistic was 24.7762 at 0.000 level of significance. This level of significance was less than 0.05. Thus, this implied that the model fit was statistically significant to predict retirement planning based on financial literacy.

Table 4.8 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.875	0.274		9.92	0.000
	Financial Literacy	2.114	0.016	0.21	5.37	0.000

Source: (Primary Data, 2021)

From table 4.8 it can be deduced that the model fit for the data is;

$Y = 1.875 + 2.114X_1$

Where:

Y = Retirement planning
X_1 = Financial literacy

4.7 Discussion of Findings

The research was carried out with the aim of assessing the extent to which financial literacy had an impact on the retirement planning. Findings from the study reveal that 13.1% of the variation in retirement planning could be explained by financial literacy. The findings further show that if all variables are held constant then retirement planning has a constant value of 1.875. Financial literacy was found to have a positive and significant influence on retirement planning as shown by the beta value of 2.114.

The findings of this study agree with those of Berhman et al (2012) who in his study concluded that financial literacy had an effect on household wealth accumulation of which the retirement planning was a part of it. The findings of the study also concur with those of Onduko et al (2015) who in his study of the determinants on Retirement Planning in Kenya found that financial literacy was a positive and significant determinant of retirement plans in Kenya.

Further the findings of these study are also in agreement with the finding of Maobe(2017) who investigated financial literacy and retirement planning in Kenya a case study of the Jua Kali sector. In his findings he concluded that although financial literacy was established to be low in the informal sector it played a significant part in impacting retirement planning.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of the study based on the objective of the study which was to access the influence of financial literacy on retirement planning in Nairobi, Kenya. The chapter further presented conclusions, recommendations, limitations of the study and suggestions for further research.

5.2 Summary of the Findings

Findings of the several diagnostic tests show that the data used from the study was derived from distributions that were approximately normal and lacked interconnectedness with other variables. The study findings determined that a majority of the respondents 58% of the respondents were male while 42% were female.

Findings on age show that 44% of the respondents were aged between 31-40 years,25% of the respondents were aged above 50 years, 20% of the study participants aged between 21-30 years while 11% of the respondents were aged between 41-50 years. Results on education determine that 40% of the respondents respectively had an undergraduate degree and a diploma, 15% of the respondents had a postgraduate while 5% of the study participants had a secondary certificate as their highest level of education.

Findings on marital status show that 42% of the study participants were married,37% of the respondents were single, 12% of the respondents were divorced while 9% of the respondents were separated. Further findings on the number of dependents established that 76.6% had four or more dependents,13% of the respondents had three dependents, 7.4% had two dependents while 3% of the respondents had one dependent.

Descriptive statistics from financial literacy and retirement planning revealed that on average the respondents were knowledgeable in financial literacy and engaged in some form of financial planning as indicated by the average means of 2.46 and 2.578 respectively.

Results from the regression analysis show that 13.1% of the variation in retirement planning can be attributed to financial literacy. In addition, financial literacy was found to be a positive and significant predictor of retirement planning as indicated by the beta value of 2.114.

5.3 Conclusion

The study concluded that financial literacy had a positive impact on retirement planning. This implied that the more people were financially literate the more likely they were to engage in activities and planning that would enable them to have a concrete retirement plan in future.

5.4 Recommendations

The study recommends that the government be more proactive in engaging people through special programs that educate people on financial literacy. Through financial knowledge gained from such programs people would be able to better prepare and plan for their retirement.

The study also recommends that the government comes up with affordable and reliable pension schemes that members of SMEs can be incorporated. This would enable more people to engage in a retirement scheme to prepare for their future.

The study also recommends that the various SMEs come up with pension schemes for their employees. This will enable their employees to save up for retirement from the onset of their employment term.

5.5 Limitations of the Study

Respondents' bias was a major challenge that the researcher experienced. Despite the researcher having permission and documentation to allow for data collection not all the questionnaires were dully filled and returned. In addition, the researcher had no way of validating the truthfulness of the responses that the study participants gave.

The study was also limited in terms of the time set aside to carry out the study. However, the researcher did her best with the time that was allocated to collect data and analyze it.

5.6 Suggestions for Further Studies

The study established that 13.1% of the variation in retirement planning was due to financial literacy. Thus is important for other researchers to look into the other factors that explain the variation in financial literacy.

The study was limited to SMEs in Nairobi County. It is crucial that other researchers to investigate if these results hold for other SMEs outside Nairobi county. Also, it is paramount that researchers investigate other sectors as well to establish a knowledge base of what factors affect retirement planning in Kenya as a whole.

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APPENDIX: RESEARCH QUESTIONNAIRE

This questionnaire sought to ascertain the relationship between financial literacy and retirement planning of SMEs. The information collected was exclusively for academic purposes and confidential. Your valued assistance in completing this questionnaire was highly appreciated. Please tick appropriately in the provided spaces.

SECTION A: BACKGROUND INFORMATION

1. Age bracket?

18 -27 years	( )	28 -33 years	( )
34 - 39 years	( )	40 -49 years	( )
50 - 75 years	( )		

2. How many years has your business been operational?

Under 3 years	( )	3 - 6 years	( )
7 - 10 years	( )	Over 10 years	( )

3. Highest academic qualification?

O-Level (KCSE)	( )	Certificate	( )
Diploma	( )	Bachelor’s Degree	( )
Master’s Degree	( )	PhD Degree	( )

4. Marital Status?

Single	( )
Married	( )
Divorced/Separated	( )
Widow/Widower	( )

SECTION B: FINANCIAL LITERACY

6. To what extent do you agree with the following statement on financial literacy? Please rate on a 5 – 1 point scale, where 1= Not at all; 2= Little extent; 3 = Moderate extent; 4= Great extent; 5= Very great extent

Knowledge of Financial Instruments	**1**	**2**	**3**	**4**	**5**
I know about investments (Stocks, Bonds, Mutual funds)					
I have invested in stocks, bonds or mutual funds					
I know how to calculate interest on my investments					
Investing in the stock market by buying a wide range of stocks and shares can help to reduce risks.					
Investing in ordinary shares yields a higher long-term growth as compared to treasury bills.					
I use financial knowledge to make personal financial decisions					
I understand investment options for pension schemes					
Computation Capability of Retirement Benefits					
I can calculate benefits due to me on retirement					
Calculations have been done to estimate how much money I (we) will have saved for retirement.					
I know how much money I (we) will need for retirement.					
I know how much money I (we) have to save every month in order to retire at a comfortable level.					
I am (we are) saving enough each month to retire comfortably.					

SECTION C: RETIREMENT PLANNING

7. To what extent do you agree with the following statements? Please rate on a 5 – 1 point scale, where 1= Not at all; 2= Little extent; 3= Moderate extent; 4= Great extent; 5= Very great extent

Statement	**1**	**2**	**3**	**4**	**5**
1. Involvement in my retirement plan matters to me.					
2. My involvement in my retirement plan is very relevant.					
3. My involvement in my retirement plan is of great concern to me.					
4. Involvement in my retirement planning is appealing.					
5. Involvement in my retirement planning is interesting.					
6. Involvement in my retirement planning is exciting.					
7. Involvement in my retirement planning is dull.					
8. I have subscribed to an insurance policy to assist me in my retirement					
9. I have invested in private pension schemes to assist me in my retirement					
10. I have acquired physical assets to assist me in my retirement					