



Financial Readiness of the Retirees: Stories of Failures and Success

Fatima P. Sumalampong, Saila P. Sumalampong, Ebrahim G. Ambag, Shirley E. Anadon

Cotabato Foundation College of Science and Technology

ABSTRACT

Retirement is something to enjoy with. However, retirees shared stories where they face failures and successes. This qualitative study employing phenomenology aimed to determine the financial readiness of the retirees in the Municipality of Pikit. There were 10 informants who participated in this study. Findings showed that the retirees were challenged by having accrued loans and financial liabilities, lacking priorities for health needs, and allowing kins to borrow money. They overcome these by earning from their investments and enjoying quality time for oneself and family. Implications are provided to give in-depth realizations of the study.

Keywords: Financial readiness, retirees, failures, success, teachers, Philippines

I. Introduction

A. Rationale

Financial freedom is a big achievement for a retiree. Retirement is the crucial time for an employee to enjoy whatever they invested and earned while on the job. Thus, upon leaving their they could say that they enjoy the savor of all the fruition of their services to the institution that they served and loved.

As a matter of fact, financial situation gave all the essential factor for an employee to retire (De los Santos et al., 2020). Indeed, they need to plan prior to their retirement to enjoy financial security which sustains their needs. Thus, financial knowledge is the beginning of retirement planning behavior (Heenkenda, 2016)

Moreover, there is a causal relationship between financial literacy and retirement planning as this may have an impact on retirees readiness in traversing a new life (Lusardi & Mitchell, 2017). Those who are unprepared have different visions of leaving the job. In the same manner, one has to prepare and look into the aspect of health security (Tannahill, 2013).

Furthermore, this study was conducted to look into the financial readiness of teacher retirees. Albeit, there are similar studies conducted and published (Ghilarducci et al., 2018; Rasiah et al., 2021; Turner et al., 2018; Pisedtasalasai et al., 2022), but all of these did not provide the failures and success of those who retired from the Department of Education of the Philippines. For this reason, the researchers were motivated to conduct the study.

Similarly, this study gave a panoramic perspectives of how retirees faced all the challenges in making their lives stable. Their untold stories uncovered the mysteries of retiring from a government service. Also, this sheds light to the younger generations and learned from their experiences.

B. Research Questions

This study aimed to determine the financial readiness of the retirees. In particular, it answered the following research questions:

1. What are the failures experienced by the retirees in handling their finances?
2. What strategies did they employ in overcoming the failures and have the financial freedom?

C. Scope and Limitation of the Study

This qualitative study employing phenomenology aimed to explore the financial readiness of the retirees. Specifically, it dealt with their failures and successes in handling their finances. These retired teachers were from the Municipality of Pikit, Cotabato.

II. Methods

A. Research Design

This qualitative study employing phenomenology determines the financial readiness of the retirees. As defined, qualitative research is an approach in which it understands human experiences in their natural setting (Potter, 2013; Gerring, 2017). It includes biography, case study, discourse analysis, ethnography, grounded theory, and phenomenology.

Conversely, phenomenology deals with the experiences of people. The main focus is the bracketing of their perspectives. Usually, it describes rather than explain (Creswell et al., 2007; Creswell & Poth, 2016). Generally, this method is effective in looking into the lens of individual assumptions.

Through this, the researchers used the qualitative phenomenology since it looked into the financial readiness of the retirees. By delving into it, different perspectives were noted especially on their failures and successes. Nevertheless, phenomenology entailed that stories of the participants brought about the real essence of life after retirement.

B. Participants of the Study

The participants of the study were former teachers of the Department of Education. They were purposively chosen since they were retirees. There was a total of 10 individuals who served as informants.

C. Data Analysis

Thematic analysis was used in determining the failure and success stories of the retirees from the Municipality of Pikit. As defined by Braun and Clarke (2006), it entailed searching a data set in order to identify, analyze, and reported the occurring patterns from the responses of the participants.

D. Role of the Researchers

The researchers followed the six points of the role of the researchers as provided by Kvale (1996). It begins with the thematizing wherein the researchers answered what to be studied. In designing, the proper methodology was chosen. Hence, it employed the phenomenological approach.

One of the important aspects in data gathering is interviewing. The collection of the data can be taken through asking questions. However, their responses were recorded for transcriptions and analysis. In verifying the findings, the researchers went back to the informants and personally asked them whether they concurred to the results. Reporting provided us to present the findings with the implications and the supporting narratives.

E. Data Gathering Procedure

The researchers strictly followed the process of gathering the qualitative data. They prepared the interview guide questions as well as the consent-to-participate form. These were reviewed by panel of experts to ensure that proper ethical considerations would be observed during the interview phase.

Prior to the interview, the researchers provided the informants with the consent form where they were asked to affix their signature. The interview was conducted in their most convenient time. Their responses were recorded to easily transcribe the data. After this, they observed the sense of reciprocity where they gave tokens to the retirees as a sign of gratitude for the time they spent to the researchers.

Equally important, the transcribed narratives were analyzed in which themes were extracted. These were presented in a tabular form and discussed comprehensively. For the purpose of confirmability, the researchers returned back to the informants and asked them to confirm or negate the findings of the study.

III. Results and Discussions

Themes and Core Ideas on the Failures Experienced by the Retirees in Handling their Finances

Having accrued loans and financial liabilities. One of the problems experienced by the retirees is having loans even prior to their retirement. These are financial obligations from government agencies like the Government Service Insurance System (GSIS) and other financial institutions. More likely, the amount that they have to receive upon retirement is meager as compared to what they have expected.

In an interview, this predicament was shared by one of the informants who stated that:

“I had loans from the GSIS and from the One Network Bank. All of these obligations were deducted from my retirement pay.” (Informant 3)

Similarly, another informant shared the same experience.

“It is very difficult to retire with plenty of loans. I did not enjoy with what I received.” (Informant 6)

In addition, an informant reiterated that she had loans when she was still in the Department of Education in order to sustain the needs of her children.

“As a mother, I was hooked with different lending institutions. The very reason is I sustained it to the education of my children.” (Informant 10)

In line with this, the findings of Ferrer (2018) affirmed that public school teachers in the Philippines have been victims by loan sharks. It was difficult for them to escape from its bondage since teachers themselves are not financially literate.

Lacking Priorities for Health Needs. It is a common sight after the retirement that many in individuals became sickly. Indeed, they have the difficulties of finding resources which would sustain their medical needs. This can be attributed by the mere fact that they failed to invest for their health.

Informant 2 conforms on this finding who shared that:

"It was a mistake to not invest for health. Having the insurance is a big help indeed."

In the same vein, Informant 7 justified this experience. He stated that:

"I regretted a lot because I did not set aside an amount for my health. Now that I am a retiree, I see the beauty of it especially that I have my maintenance."

Employees should have to prioritize their health. Having insurance would help them augment their medical needs. It is a common sight that after retirement, retirees do not have the physical activities that made them so sick. Hence, it was suggested that they have to invest for their health and they have to make themselves healthy (Denniss & Swann, 2014).

Allowing Kins to Borrow Money. This theme justifies the reality of a Filipino society. After retirement, not only the members of the family will ask money from the retirees but even their neighbors who are in dire need. However, the biggest challenge is the inability of these people to pay their debts. Hence, it leads the retiree of becoming penniless.

"When I retired, I had allowed some members of my family to borrow a huge amount of money for investment. But the problem is they failed to pay me back. Until now I am waiting for their payment." (Informant 1)

Similarly, it was shared that:

It is difficult to lend money. People nowadays do not know how to pay their debts. They kept on promising to pay me. Yet until this time I received nothing from them. It stressed me so much."

Lending money is a difficult practice by the retirees. As the people whom they trusted failed to return their money. In fact, it became a problem for them to take back their money in which they have priorities too (Brown, 2011; Majamaa et al., 2019).

Table 1. Themes and Core Ideas on the failures experienced by the retirees in handling their finances

Themes	Core Ideas
Having Accrued Loans and Financial Liabilities	The retirees still had debts from financial institutions before their retirement
Lacking priorities for health needs	The retirees failed to give importance in investing for their health security before retirement.
Allowing kins to borrow money	The retirees generously provided the needs of their family by allowing them to borrow huge amount of money which led the depletion of their budget.

Themes and Core ideas on the strategies employed by the retirees in overcoming the failures

Earning from investments. Though the informants faced a lot of challenges yet they still managed to find another way of earning a living. From the money they received from their retirement, they were able to invest and are not savoring the fruition of their hard-earned money.

"I am still grateful to God for giving me strength and vigor as I engage in this small business. This helped me a lot especially in sustaining my daily and medical needs." (Informant 5)

For informant 3, she shared that:

"I bought some jewelry especially gold. Aside that its part of the fad, it can also be turned to cash in times of crisis."

Investing before the time of the retirement is a good practice. Thus, teachers from the government service should have to internalize its value. Aside from that, having investments is a form of passive income where retirees should not only depend on their retirement pay (Purcell & Whitman, 2007; Walden, 2015)

Enjoying the quality time for oneself and family. The retirees looked into the brighter side of life. With the remaining strength that they have, they spent it with their family especially to their grandchildren. More importantly, they travelled and still have leisure time to roam around which made them look healthy.

During the interview, they verbalized that:

"I spent my time with my grandchildren. They are my gems and my true investments." (Informant 4)

"I travelled if time warrants." (Informant 8)

"I visited my children and my grandchildren. Of course, I see to it that I enjoyed every moment with them." (Informant 9).

Spending time with loved ones is the best antidote in overcoming all the failures. The support given by the members of the family is worth it since it heals the wounds of yesterday. More so, the retirees can initiate change for their own family (Aldiabat et al., 2021; Felipe et al., 2021).

Table 2. Themes and Core ideas on the strategies employed by the retirees in overcoming the failures

Themes	Core Ideas
Earning from Investments	The retirees savored the fruition of their hard-earned money.
Enjoying the quality time for oneself and family	The retirees gave much time for themselves and their loved ones.

IV. Implications

A. Implications for Practice

Retirement is a privilege given to those who persevere and value the essence of their job. Teachers who reached the age of 60-65 saw the brighter side of golden living. It is an opportunity since they have been strong in facing all the aridity in life. As they hurdled the storms they left the footprints of lessons that young teachers have to internalize.

Life teaches lessons that no one can forget. It made them knowledgeable of how things will be hurdled. Nevertheless, these retirees should have to be careful of whom they trust with especially on money matters. Prioritizing their own health is a must since they are frail and become weak.

Also, they have to surround themselves with people who can be their sources of strength like their family. They have to continue to find a way to survive and have to engage into healthy activities.

B. Implications for Further Research

This qualitative study is focused on applying the phenomenological approach. There are many different approaches in research which could capture the stories of retirees. Since this is only limited to 10 informants, future researchers could still add more based on the suggested number of informants by Polkinghorne (1986).

To conform this study in the aspects of quantitative, the themes could be used as the variables in conducting the mixed methods especially the sequential exploratory. Researchers could still find more themes and thus test whether these are fitted to the developed model.

C. Concluding Remarks

The researchers are teachers. Indeed, they saw the value of reaching the retiring age. It is a gift that cannot be valued with gold and money. And being with the loved ones is a plus factor that enabled them to live a long life.

Learning from their experiences is a guiding torch for teachers who are still active in the profession. In fact, this will pave the way for elevate lives by engaging into business in order to have passive income. Being in the Department of Education is no easy way. It is always coupled with a lot of challenges. Thus, one should be wise enough in spending.

References

- Aldiabat, K. M., Alsayheen, E., Le Navenec, C. L., Aquino-Russell, C., & Al Qadire, M. (2021). An enjoyable retirement: lessons learned from retired nursing professors. *Central European Journal of Nursing and Midwifery*, 12(2), 315-324.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, 3(2), 77-101.
- Brown, S. M. (2011). *Debt and negative net worth among near-retirees*. Utah State University.
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.
- Creswell, J. W., Hanson, W. E., Clark Plano, V. L., & Morales, A. (2007). Qualitative research designs: Selection and implementation. *The counseling psychologist*, 35(2), 236-264.
- De los Santos, J. A. A., Labrague, L. J., & Milla, N. E. (2020). Happiness and retirement readiness among pre-retiring employees: a cross-sectional study. *Ageing International*, 45(1), 85-98.
- Denniss, R., & Swann, T. (2014). Boosting retirement incomes the easy way: extending the Pension Loan Scheme to all retirees.
- Filipe, S., Barbosa, B., & Santos, C. A. (2021). Travel motivations and constraints of Portuguese retirees. *Anatolia*, 32(4), 591-603.
- Ferrer, J. C. (2018). Financial capability of public school teachers in the Philippines. *EDUCARE*, 11(1).

- Gerring, J. (2017). Qualitative methods. *Annual review of political science*, 20, 15-36.
- Ghilarducci, T., Papadopoulos, M., & Webb, A. (2018). Retirement Readiness of New York City's Workers. *Schwartz Center for Economic Policy Analysis, The New School*.
- Heenkenda, S. (2016). Readiness to retirement planning of estate sector employees in Sri Lanka. mpra.ub.uni-muenchen.de
- Kvale, S. (1996). The 1,000-page question. *Qualitative inquiry*, 2(3), 275-284. Lusardi, A., & Mitchell, O. S. (2017). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. *Quarterly Journal of Finance*, 7(03), 1750008.
- Majamaa, K., Lehtinen, A. R., & Rantala, K. (2019). Debt judgments as a reflection of consumption-related debt problems. *Journal of Consumer Policy*, 42(2), 223-244.
- Pisedtasalasai, A., Ratanabanchuen, R., Budsaratagoon, P., Seelajaroen, R., Asavaroungpipop, N., & Sae-Sue, T. (2022). Developing an index for measuring retirement readiness in Thailand: the national retirement readiness Index. *Humanities, Arts and Social Sciences Studies (FORMER NAME SILPAKORN UNIVERSITY JOURNAL OF SOCIAL SCIENCES, HUMANITIES, AND ARTS)*, 548-560.
- Potter, W. J. (2013). *An analysis of thinking and research about qualitative methods*. Routledge.
- Purcell, P. J., & Whitman, D. B. (2007). *Retirement savings: how much will workers have when they retire?*. Congressional Research Service.
- Rasiah, R., Halim, M. L. B. A., & Kasimon, D. (2021). Retirement Readiness among the Malaysian Workforce: The Impact of Financial and Psychological Factors.
- Tannahill, B. A. (2013). Is a Client Ready to Retire?. *Journal of Financial Service Professionals*, 67(3).
- Turner, J. A., Rajnes, D. M., & Kintzel, D. (2018). Retirement Readiness, Social Security Reform and the Value of Future Social Security Benefits. *Benefits Quarterly*, 34.
- Walden, M. L. (2015). Active versus passive investment management of state pension plans: implications for personal finance. *Journal of Financial Counseling and Planning*, 26(2), 160-171.