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Investment Engagement of Retriable Public Employees

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A B S T R A C T

While teachers play a crucial role in society as educators and guarantors of future generations, their investment engagement and retirement preparedness are equally important. As they dedicate their careers to others, they must have the tools and resources to ensure a stable retirement. This study addresses gaps by exploring how socioeconomic factors and regional differences influence teachers' investment behaviors and retirement planning. A case study design was selected to examine the investment engagement of public-school employees nearing retirement thoroughly. Data were gathered from interviews with teachers aged 59 to 65 in Pagadian City. Findings show that teachers engage in various investments, including business ventures, pawnable jewelries, insurance, and real estate. For their children's education, they prioritize salary savings, educational insurance, and passive income streams. In preparing for retirement, teachers develop financial plans, consider business opportunities for added income, invest in healthcare, and work on debt settlement to ease financial burdens. After retirement, they plan to spend time with family, manage small businesses, and pursue personal hobbies. Although interested in investing, teachers face challenges such as limited financial literacy, risk aversion, and reliance on pensions. This study underscores the need for targeted financial education to enhance public employees' investment skills and retirement security. These findings can inform policymakers and educational institutions, guiding the development of programs that better support teachers' financial well-being as they approach retirement.

Keywords: Educational Fund, Investment Engagement, Retirement Savings, Retirable Public Employees, Real State.

1. Introduction

Teachers are an essential force in a society, not only because of their sheer numbers but also because they are guarantors of future generations. As teacher's standards of living increased, teachers came to understand the value of investing in various possibilities for future requirements and began their investments for the future to benefit from future needs, which may include their children's schooling, marriage, and other things (Dhayalan et al., 2019). According to Dillon et al. (2021) who indicate that although many teachers understand how their retirement benefits are determined and how long they will last, many are unaware of their contribution amounts, retirement eligibility ages, and social security contributions. However, experienced teachers tend to have greater knowledge and are more proactive in preparing for retirement, with many developing plans and having personal savings.

Shailashree et al. (2024) illustrates what influences women teachers' savings and investment behavior, and it illustrates that most respondents invest for safety, return, and future aspirations. Accordingly, 66.7% of the respondents want to invest in a fixed deposit, which they feel secure, and 65% of the respondents want to invest in gold as the value of the gold keeps on increasing. 50% of the respondents want to invest in chit funds because of good returns (Savitha et al., 2023).

The motivation for this study on the investment engagement of retiring public school teachers comes from the growing complexity of retirement planning and the need to better understand how teachers manage their investments as they approach retirement. Despite their critical role in society, teachers often face financial literacy gaps that hinder their retirement preparedness. This study aims to address these gaps by exploring how socio-economic factors, psychological stress, and regional differences influence teachers' investment behaviors and retirement planning. Ultimately, the goal is to provide insights that will help policymakers and educational institutions create more effective strategies and resources to support teachers in their retirement transition.

2. Review of Literature

Adetunji and West (2019) did further study and discovered that a person's behavior toward investments is greatly influenced by things including their career, age, and other personal characteristics. It has been seen and observed that compared to goods like mutual funds, equities, and preference, people have a higher level of awareness of and confidence in conventional financial products. Several studies show that teachers' perspectives on professional concerns change as they age in their personal life and face new situations outside of the classroom (Chen, et al., 2021).

Studies have also explored teachers' investment behavior. The study conducted by Othman et al. (2020) found that teachers in Malaysia had a low level of investment knowledge and were risk-averse. Moreover, in the study from Public and Private Colleges in Dharmapuri District conclude that being from a salaried class college, teachers of both government and private colleges consider safety to be the most crucial factor when investing. Most of them tend to invest in gold, real estate, secured fixed or recurring deposits in banks, and insurance (Usha Lakshmi et al., 2019, as cited in Shaik et al., 2022).

Retirement planning is the planning one does to be prepared for life after paid work ends, not just financially but in all aspects of life (Kagan, 201).

Kadir (2020) also indicates that goal clarity, personal attitude and saving behavior serve as a primary role in affecting retirement planning behavior in Malaysia and a useful indicator to promote higher retirement confidence. Goal clarity is the strongest factor influencing retirement planning behavior, which shows they have a clear vision of life when they retire. While the vast majority of teachers do not receive financial education or courses, on the contrary, the vast majority save money with their income and make financial investments with their savings (Özen et al., 2022). Furthermore, Singh et al. (2019) points out that 75% of teachers have a savings habit, 66% of them have bank accounts and are mostly influenced by themselves, family and relatives. It has also been proved that all working people save money for their children's education, marriage, medical security, house construction objectives, etc. Helping employees understand and identify opportunities available to them in retirement positively relates to their intent to work in retirement (Lunceford 2017).

Employees with higher financial knowledge are more likely to participate in their pension plans, contribute a larger portion of their salary, and have a greater share of equity in their retirement accounts, which concluded that financial literacy seems to be linked with greater retirement readiness (Clark et al., 2016). Retirement preparation, retirement education, and retirement anxiety all influence secondary school teacher's old age-preparedness in Nigeria. Those nearing retirement were already experiencing stress; likely due to the prospect of leaving from a long-term job (Bacal et al. 2019).

In a local context, a study conducted by Causon (2018) suggests that Filipino employee retirees prioritize their families and are lifelong providers who prefer to spend their retirement in communities where they can live in their own homes while still being close to their roots or family, have access to a nearby health facility, volunteer at a religious center, must keep themselves occupied to maintain social connections and earn retirement income. In the provision of healthcare services/insurance, retirable teachers always set aside money for the provisions of healthcare services after retirement, they often had family, friends, and relative to care for them when they were ill, and had enough funds for medical maintenance and they seldom invested for insurance benefits before retiring (Luarez, 2019).

According to Yunanto (2020) he concludes that retirement can result in tension, worry, and dejection, even though it may be a welcome release after years of labor. Moreover, people investment behavior is reflected in how much of their savings they allocate to investments, how often they invest, the financial instruments they choose, and their level of risk aversion, among other factors. Individuals must make informed financial decisions and be aware of all available investment options (Agarwal et al., 2022). Teachers primarily invested for their children's education, healthcare, entertainment, and marriage, but factors like inflation, low-interest rates, and insufficient income hindered their ability to save, leading them to consult with investment advisors and family members before making saving and investment decisions (Hagos and Sing 2019).

3. Methodology

The study was developed to determine the investment engagement of retireable public employees. Participants for this study on investment engagement included employees from public schools in Pagadian City who were aged 59 to 65 years old. They were within 6 years of retirement age, had at least 10 years of work experience, and resided in Pagadian City. Participants had existing investments or savings plans, including but not limited to gold accessories, health insurance, business ventures, passive income, and real estate.

The main instrument of the study was the researchers who are aided by an interview guide for the qualitative gathering of data. Field notes were also used as an instrument for this research to help the researchers keep track of the observations that the researchers generally tend to forget over time. The researchers' actual instrument used by the participants in the interview questions: What is the different investment engaged by the retirable public employees? What are the preparations of the Retirable public employees for the educational plan of their children? What are the preparations of retirable public employees in their retirement transitions? What are the plans of retirable public employees after their retirement? The researchers recorded the whole discussion to get the respondents answers and specific experiences. Qualitative analysis of the data gathered was supplemented with other sources of information to satisfy the principle of triangulation and increase trust in the validity of the study's conclusions. Face-to-face interviews with the participants were conducted in this study.

4. Findings and Conclusion

The research findings from Retirable Public Employees reveal different investment they engaged, educational funds for their children, preparation for their retirement transition and their plans after retirement.

Using an interview guide, the researchers interviewed (15) participants who are Retirable Public Employees and it reveals that they have engaged in various investments since joining the public-school system, including (9) responds business ventures as their investment (2) for valuable metals, (2) for insurance and (4) real state. To prepare for their children's education, (4) participants answered they prepare their children's education from savings of their salaries are (3) educational insurance, and (4) creating passive income streams. In terms of retirement preparation. (2) responds that they used comprehensive financial plans as part of their preparation for retirement transition (8) consider starting business for additional income, (4) invest in healthcare insurance for medical coverage and (3) work on settling any debts to reduce financial stress. Lastly, their plans after retiring, (10) participants respond that their plans after retiring includes spending quality time with loved ones, (6) managing a business and (4) exploring new hobbies for personal growth.

The authors concluded that the investment engagement of Retirable Public Employees is crucial for several reasons. First, it enhances financial literacy by providing insights into effective financial strategies that others can adopt for retirement planning and security. The Retirable Public Employees demonstrate a proactive approach when it comes to financial security and personal fulfillment throughout their careers and into retirement. Through diversifying their investments and strategically planning for their children's education, it lays a strong foundation for future stability. Their emphasis on comprehensive retirement preparation, including financial planning and debt management, highlights their commitment to a secure transition into retirement. Ultimately, their plans to engage with loved ones, manage businesses, and pursue new hobbies reflect a holistic approach to life after work, ensuring they enjoy a fulfilling and financially sound retirement.

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