

**THE KNOWLEDGE OF AND INVOLVEMENT IN RETIREMENT PLANNING
AMONG EMPLOYEES IN THEIR MIDDLE ADULTHOOD**

BY

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DEDICATION

This work is dedicated to my husband, my daughter and family at large whose encouragement and support make me the person I am today.

Thank you for never allowing me to give up; for pushing me to go even further than I thought possible and for being my stable pillars; for raising the bar further than I thought I could reach, for being patient when you sometimes could not get my time and for always bringing out the best in me.

I love you all

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ABSTRACT

In this study, the purpose was to describe the knowledge of, and involvement in, retirement planning among employees in their middle adulthood. Retirement is often viewed as an issue only relevant to older people who are on the verge of retiring and as something that has nothing to do with young employees or young people in general. This study will therefore add knowledge regarding middle adulthood employees and their understanding of, and involvement in planning for retirement.

The first objective of the study was to conceptualise theoretically retirement planning. The second objective was to describe empirically the knowledge of and involvement in retirement planning among employees in their middle adulthood and the third objective was to formulate conclusions and recommendations to the Department of Health and Social Development.

A descriptive applied study was conducted with the aim of describing the knowledge of, and involvement in, retirement planning among employees in their middle adulthood. It was a mixed methodology approach with the quantitative design being more dominant. A sample of 119 respondents was identified with the final response rate of (50%). No sampling methods were used because the population was too small. A questionnaire was used as the tool for data collection and the respondents had to complete these themselves. All respondents signed a consent form prior to the commencement of data collection.

In achieving its objectives, the study discovered that although most of the employees still lack knowledge regarding retirement planning information, some are already involved in financial planning activities. There is not a retirement education programme within the institution even though it is supposed to be part of the induction programme. It was therefore concluded that there is a need for more education and encouragement among employees to assist them in planning for retirement.



LIST OF KEY CONCEPTS

Retirement

Knowledge

Involvement

Employee

Middle Adulthood

CHAPTER 1

GENERAL INTRODUCTION AND ORIENTATION

1.1. INTRODUCTION

There comes a time in an employee's career when he/she is no longer involved in the workplace. This can be due to age, health or a matter of choosing to stop working even though the employee is still productive. Older employees have to retire to make way for the younger generation to enter the workforce and Lurborsky and LeBlanc (2003:254) refer to this as a social obligation to the younger employees. According to Dan (2004:20), retirement is "a normative stage of life course in which one is no longer engaged, at least not full-time, in the labour market for continuous periods of time." This definition suggests that retirement is a normal stage in a person's life. Old-age retirement can be regarded as being a norm, but retirement due to ill-health is unpredictable and often unexpected. This definition further refers to withdrawal from employment. With this withdrawal from employment, the employee is entitled to a portion of the previous income which could be below 50%.

According to Section 16 of the Public Service Act 103 of 1994, the mandatory age of retirement is 65 years. At this age, public servants are expected to retire. In the State of the Nation Address given by president Mbeki in 2008, it is stated that: "the budget will provide for an increase in the social security system by equalising the age of eligibility at 60." This means that both men and women will be able to qualify for pension at the age of 60, not 65 as before. As mentioned above, retirement is not only due to old age, but there is retirement due to ill-health as well. Those retiring because of health issues could still be very young and may have only a few years of service.

Retirement has an impact on finances, emotions, health and social wellbeing. The financial impact is due to a sudden loss of income and this affects the standard of living that an employee has been maintaining. According to Burzawa (1998:23), employees often underestimate the cost of their standard

of living and this affects their financial preparation for retirement. In South Africa the government encourages planning for retirement by offering tax rebates to employees with retirement annuity insurance (Ngatsane, 2008). A retirement annuity would be beneficial in closing the gap left by the sudden drop in income due to retirement. A retiree depending solely on the employer's retirement package would be at a disadvantage. This, according to the financial advisor interviewed (Ngatsane, 2008), is because on average, the pension that the employee will be receiving from the state/employer is too little compared to the salary the employee has been earning. This financial advisor also indicated that the retirement annuity is not the only vehicle that the employee can use to prepare for retirement. He also mentioned about investing in property from an early age, an endowment policy (the person receives a lump-sum on the maturity date of the policy), unit trusts (no fixed period of contribution and no fixed amount and frequency of contribution), savings, and the employer's pension fund. One could also take a disability cover to prepare for retirement due to ill health.

Butters (2004:xiii) states that "finances play a pivotal role in a healthy retirement." This is said to be because finances influence the retiree's ability to socialise, enjoy leisure time and to access health care. Ngatsane (2008) indicates that it is important to plan adequately for retirement and as early as possible because no one wants to be financially dependent in old age after so many years of independence. It is also tax efficient to take out a retirement annuity as already discussed above. This does not imply that retirement planning should only focus on the finances as it should also take other aspects into account. If a retiree is concerned about finances, he/she will experience problems with regard to socialising with others or enjoying leisure time. There might be no money to continue with the mortgage payments for the home, to go for holidays or to provide access to health care.

According to Rosenkoetter and Garris (2001b:705), retirement also has an impact on the marital relationship where the partners are used to independence from each other and all of a sudden are forced to be in each other's company for long periods. This suggests that in planning for retirement,

employees must also consider finances, residence, hobbies to be engaged in, health care issues and different activities to keep themselves occupied.

According to Ngatsane (2008), the employee must also consider his/her age when planning for retirement. For example, for an employee who is starting to save at the age of 30 to retire at 55 with the same amount of benefit as an employee who is starting at 25 contributing R200, the 30 year old employee must contribute at least R350 per month. When these employees contribute the same amount (R200), the 25 year old employee will benefit more (R520 000- R1 057 200) than the 30 year old employee (R330 700 to R615 600). A 45 year old employee is in an even worse position because he/she will not benefit while contributing less than R300. When planning for retirement, the person must also consider his/her current needs, the number of his/her dependents and their ages; and the current provisions he/she has already made.

According to Marcellini, Sensoli, Barbini and Fioravanti ([sa]:377), people's perceptions of and attitudes towards retirement differ. Some view retirement as a way of being free from daily routine and obligations; an opportunity to engage in leisure activities. Others, on the other hand, view retirement as something to be feared and dreaded. This fear could be as a result of poor planning for retirement while one is still employed. Loretto, White and Duncan (2001:389) state that "people are not well informed about the basic aspects of pension provision." They also indicate that young people's views with regards to retirement and pensions are highly significant even though they are "distantly oriented," in that retirement still seems far away for them. The fact that retirement is still remote can result in young employees neglecting preparation for retirement. Loretto *et al.* (2001:390) are also of the view that "the earlier one prepares for retirement income, the greater the financial provision will be." This statement supports the need for young employees' involvement in retirement issues, as knowledge can influence their decisions regarding retirement.

According to Setagane (2008), the majority of employees in the Louis Trichardt Memorial Hospital are aged between 25 and 45. This age group constitutes 59% of the hospital's staff, whereas the rest of the employees constitute 41%. Setagane (2008) also indicated that people who are informed regarding retirement are the ones who are turning 63 and need to be briefed regarding their benefits and their last day of reporting. In the researcher's opinion, this is a worrying fact in that employees at this age are left with only a few years to plan for retirement.

Loretto *et al.* (2001:393) conducted a study amongst graduates in relation to their perceptions towards retirement. In this study, 57% of the students had not given any serious thought as to when they wished to retire, 25% said they would like to stay in employment until it was materially convenient, and 18% said they would like to stay in employment for as long as possible. Only 24% had thought about the issue of their retirement income, 66% still thought it was important to prepare as early as possible. Twenty-six percent indicated that they would postpone the preparation for retirement for until they were 40 years old. According to the study mentioned above, a majority of young people had not really thought about retirement and some were putting it off for later in life. Even fewer people were thinking about preparing for the retirement income although they acknowledged the importance of planning as early as possible.

The study discussed above was conducted in the United Kingdom and the researcher has not come across any study conducted in South Africa concerning the knowledge of employees regarding retirement. It is therefore essential to describe the knowledge and involvement of young employees regarding retirement as it will influence the programmes that will be designed to address the needs of employees in relation to retirement.

This research has the potential to reveal the gaps that need to be covered in retirement preparation programmes. This study aims to formulate conclusions and recommendations for a retirement preparation programme to the Department of Health and Social Development in order to address this problem.

1.2. PROBLEM FORMULATION

According to Fouché and De Vos (2005a:100), problem formulation is the phase where the researcher focuses the research project. It is necessary for the researcher to do this in order to be able to write and think without any difficulty. These authors further state that the goal of problem formulation is to produce clearly posed questions based on: the “knowledge of previous research and theory as well as the researcher’s ideas and speculations.” These ideas must not be vague but should rather be clear and refined.

Leedy and Ormrod (2005:47) agree with Fouché and De Vos (2005a:100) when the latter say that the problem should be stated clearly and completely and further say that if the problem is not clearly stated, the researcher will experience difficulties later on. The statement should enable the researcher to know exactly what the problem for research is. In Leedy and Ormrod (2005:48) the researcher is advised to have the feasibility of the study in mind when formulating the research problem and the researcher must be practical. Elliot (2003:29) also states that the researcher must clearly identify the problem to be studied, specify the population to be studied, and demonstrate the focus of the study.

Within the organisation where the researcher works, there is no retirement preparation programme but employees are informed regarding retirement benefits during induction. Setagane (2008) indicates that the PERSAL system (computer software used to maintain personnel profiles) alerts them of any employees turning 63 as a reminder that they must be informed to prepare to retire. These employees will be informed of their retirement benefits; retirement health benefits if they have any, as well as their last day of reporting. This implies that employees are not informed of the impact and phases of retirement. The information regarding benefits is only given to those who are about to retire, but not those younger than 60 years. The researcher, when speaking to other employees from different organisations realised there are no retirement preparation programmes within their workplaces either (or they were

not aware of such). This means that it is not only the Department of Health and Social Development's problem but it is a problem common in other workplaces as well.

The fact that this information comes at a late age is a cause for concern for the researcher because, according to Hirsch (2008:22), at the age of 50, the employee has 180 paydays left before he/she reaches the age of 65. At the age of 63, the employee is left with 24 paydays to save an extra amount after having discovered the amount of his/her benefits and how much he/she will be receiving on a monthly basis. In the researcher's opinion, it is too late to inform a 63 year old employee about his/her retirement benefits because he/she is not in a position to save enough to survive on for the rest of his/her life. The knowledge of employees with regard to retirement may have an influence on how they will plan for retirement.

The researcher works in a 50 bed hospital with 268 employees in different sections. The staff component includes a range of health professionals, administrative staff, cleaning, maintenance and kitchen and transport staff. The cleaning, maintenance, transport and kitchen staff are mainly older and moderately literate employees, whereas the other sections are composed mainly of employees younger than 45. In the researcher's observation and, as discovered by Loretto *et al.* (2001:393), young employees view retirement as something for the elderly and to be of concern only to those who are approaching the age of retirement.

The problem seems to be that employees in their middle adulthood (25-45 years old) still have at least 20 years to think about old age retirement and this seems like a very long time. For some, life has no worries about the implications of retirement. It seems that retirement is just a distant event for which there is time to plan. As discussed above and according to Hirsch (2008:22), the earlier an employee plans for retirement, the greater the benefits. A person cannot afford to leave this planning until too late. Young employees do not seem to be informed about retirement, its impact and demands and so they simply rely on the government employees' pension fund

alone. Without knowledge, they may not plan for the impact of retirement in terms of finances, psychosocial and health-related issues.

This is a problem, in the researcher's opinion, because if employees have no knowledge of retirement and its impact, such employees may not see the necessity for planning for this in terms of financial, health and psychosocial issues. Failure to plan for retirement is likely to lead to a dreadful and unbearable retirement. It is not known how long any employee may live as a retired person and that life should be as enjoyable as possible. The fact that there is no retirement preparation programme at the hospital is a disadvantage because such a programme would address the problem of lack of knowledge and involvement in retirement planning.

The focus of this study was on the knowledge and involvement of employees in retirement planning and in particular, employees who are younger than 45, for whom retirement is normally a remote event. The researcher sought to find out what the employees know about retirement planning and to also understand how they are involved in planning for retirement.

1.3. GOAL AND OBJECTIVES

1.3.1. GOAL

According to Fouché and De Vos (2005a:104), a goal is "the end towards which effort or ambition is directed." It is also referred to as the dream of the research. *The Longman Dictionary of Contemporary English* (1987) indicates that a goal is an aim or purpose one wishes to reach or obtain. These two definitions are in agreement and the researcher will therefore define a goal as the end towards which the research is directed. According to Fouché and De Vos (2005a:105), there are three primary goals of research, which other authors such as Babbie (2007:87) refer to as purposes of research. The researcher used these concepts interchangeably. The three goals, according to Fouché and De Vos (2005a:105) and Babbie (2007:87), are exploratory, descriptive and explanatory.

The purpose of this study was descriptive because in this type of study, according to Babbie (2007:89), the researcher aims to observe and describe the phenomena. Fouché and De Vos (2005a:106) say that, descriptive studies present a picture of the specific details of a situation, and Kumar (2005:10) indicates that these studies systematically describe and give information about a phenomenon, problem or situation. The researcher in this study aimed to describe the situation with regard to the knowledge and involvement in, retirement planning among employees in their middle adulthood.

The goal of this study therefore was to describe the knowledge of and involvement in, retirement planning among employees in their middle adulthood.

1.3.2. OBJECTIVES

An objective, according to Fouché and De Vos (2005a:104), is the “more concrete, measurable and more speedily attainable conception” of the goal. It is “the steps one has to take one by one, realistically at grass-roots level, within a certain time span, in order to attain the dream” (goal). Kumar (2005:50) refers to objectives as sub-objectives and define these as the specific aspects of the study that are to be investigated within the study. These should be clear, specific, complete and unambiguous.

The objectives of this study were the following:

- to conceptualize theoretically retirement planning;
- to empirically describe the knowledge and involvement of employees in middle adulthood in retirement planning; and
- to formulate conclusions and recommendations for a retirement preparation programme to the Department of Health and Social Development.

1.4. RESEARCH QUESTION

According to Strydom and Delport (2005:321), a research question is the formulation of a specific question from vague thoughts and the question should be related to the goal and objectives of the study. Such a question should be one that does not have only one answer, but one with a number of possible answers. According to Leedy and Ormrod (2005:54) a research question does not offer any speculative answers to the research problem, but it provides guidance for the kinds of data the researcher should collect and how the data should be analysed and interpreted. It is further indicated by Leedy and Ormrod (2005:54) that a research question provides the researcher with a position from which to start exploring the problem and to serve as a benchmark against which to test the findings that the data reveals. At the end, the researcher must ask how the data answers the research question.

This study used a research question because a hypothesis is more suitable for experimental research and the research question is more suitable for descriptive research. As mentioned above, this study has a descriptive goal. Leedy and Ormrod (2005:55) indicate that, although research questions are commonly used in qualitative research, they are also applicable and useful in quantitative descriptive research.

The research question in this study was: What is the knowledge of and involvement in, retirement planning among employees in their middle adulthood?

1.5. RESEARCH APPROACH

The model that was employed in this research was the dominant-less-dominant model outlined in De Vos (2002:366). In this approach, “the researcher presents the study within a single, dominant paradigm with one small component of the overall study drawn from the alternative paradigm” (De Vos, 2002:366).

1. 6. TYPE OF RESEARCH

This study was applied research because a problem in practice had been identified and formed the topic of the study. The researcher aimed to make a difference and formulate recommendations for improvement on the current situation with regard to retirement preparation involvement in retirement planning. As mentioned in defining the problem, there was no programme to create awareness regarding retirement and its impact, or to assist employees with retirement planning issues within the Louis Trichardt Memorial Hospital. The research process itself was also a tool for raising awareness.

1.7. RESEARCH DESIGN AND METHODOLOGY

This study utilised the quantitative descriptive survey design, which according to Fouché and De Vos (2005b:137) is quantitative in nature and made use of questionnaires for data collection. This was the best design for this study because the research had a descriptive goal and although it employed a combination model, it was predominantly quantitative. Questionnaires or interviews can be used for data collection and the method chosen in this study is discussed below.

1.7.1. DATA COLLECTION

The researcher made use of a self-administered questionnaire as a data collection method (see Annexure 4). She distributed the questionnaires among the respondents to complete in their own time but was available for clarity at a provided telephone extension number. The availability of the researcher was supposed to ensure full completion of the questionnaire because respondents were going to be able to gain clarity in the process.

1.7.2. DATA ANALYSIS

The researcher consulted a statistician from the University with the questionnaire before data collection, for the questionnaire to be coded. The statistician assisted in ensuring that the coding was correct for the statistical method to be used in analysis. The researcher did data cleaning and data was

entered into MS Excel spreadsheet for it to be exported to the Statistical Package. Data was then analysed and presented in graphs, tables, diagrams and percentages (Bless & Higson-Smith, 2000:143).

1.8. PILOT STUDY

According to Bless and Higson-Smith (2000:155), a pilot study is “a small study conducted prior to a large piece of research to determine whether the methodology, sampling, instrument and analysis are adequate and appropriate.” Strydom (2005a:206) states that a pilot study is a “process whereby the research design for a prospective survey is tested.” The latter author indicates that this is done by trying out on a small number of people with similar characteristics to the target group. It is a trial-run of the aspects of the study without necessarily looking at probability, as the findings will not be generalised. Babbie (2007:257) agrees by stating that it is not essential to do a pilot study using a representative sample.

Strydom (2005a:208) believed that the pilot study can alert a prospective researcher to possible, unforeseen problems which may emerge during the main investigation. In the researcher’s opinion, a pilot study is necessary because it can alert the researcher to aspects of the study that could have a negative influence on the reliability of the study. It highlights issues that the researcher can prevent or address before the main study. In this study the researcher conducted a pilot study in which the measuring instrument was tested and the feasibility of the study assessed.

1.8.1. PILOT TESTING OF THE MEASURING INSTRUMENT

The prospective researcher should test the measuring instrument and expose a few cases to procedures similar to those that will be used in the main study (Strydom, 2005a:208). Babbie (2007:257) claims that there is always a possibility of error with a data collection tool (in this study a questionnaire was tested). It could be a matter of an ambiguous question, a question that people cannot understand or answer, or a violation of the rules of questionnaire construction.

Babbie (2007:257) suggests that it is better for the respondents involved to complete the questionnaire rather than just read it. In the researcher's opinion, a person can read questions and think he/she understand but can have problems when it comes to responding or answering. Although Babbie (2007:257) suggests that the questionnaire can be tested either in part or in full, the researcher preferred to test the whole instrument. This would enable the researcher to modify and improve the questionnaire from feedback received from the respondents participating in the pilot study. Strydom (2005a:209) indicates that respondents should be encouraged to ask when they do not understand something and to inform the researcher of any problems they have experienced.

The researcher distributed the English questionnaires for completion to two respondents from The Louis Trichardt Memorial Hospital, who were not included in the actual study. The translated Venda questionnaires were given to two other respondents who had qualified to be included (same unit of analysis) in the study but were not included. After the completion of the questionnaires, the respondents gave feedback identifying questions that were not understood and questions that had missing response options. These questions were corrected according to the suggestions and relevance to the study. For example, one question requested respondents to state their preference in relation to their own care when they become frail. The response options did not include their spouses but the respondents chose to add it and the questionnaire was modified.

1.8.2. FEASIBILITY OF THE STUDY

Strydom (2005a:208) asserts that in a feasibility study, the researcher should address practical issues such as the goals and objectives, resources, research population, procedures for data collection, data collection, field workers and possible errors. In terms of resources, Babbie (2007:115) mentions the budget for personnel supplies, telephones, office supplies, transport and photocopying.

In the researcher's opinion, the research was feasible because the targeted respondents were employees within the hospital where the researcher is employed. The researcher obtained permission to conduct the study from the provincial Department of Health and Social Development in Limpopo (see Annexure 1). Having obtained such permission, the researcher met the Chief Executive Officer (CEO) of the Louis Trichardt Memorial Hospital on 06 May 2009 with the letter from the province and he granted permission for the research to continue. With this permission, the researcher was then able to access the respondents. The researcher realised that to shorten the duration of the study, she would have to visit employees who were working night shifts because it takes approximately two months for the shifts to change. The researcher incurred all the costs for stationery and photocopying. Transport to the hospital was mostly part of the researcher's daily routine.

1.9. RESEARCH POPULATION, SAMPLE AND SAMPLING METHOD

1.9.1. RESEARCH POPULATION

The universe, in this study, was all the employees of hospitals in Vhembe district within the age group of 25-45 years. There are seven hospitals in Vhembe district with approximately 2854 employees in this age group. The population of this study was all the employees in the Louis Trichardt Memorial Hospital, within the age group of 25-45 years and there were 119 such employees, 27 males and 92 females. Although the population was 119, only 60 respondents returned the questionnaires. Of the rest of the population, four were part of the pilot study, 17 refused to participate, seven were on leave, 13 nurses had gone for in-service training and 18 did not return questionnaires despite follow-up attempts.

1.9.2. RESEARCH SAMPLE

As the population was relatively small due to the age criteria, the researcher decided to use the whole population as the sample and therefore did not make use of a sampling method.

1.10. ETHICAL ISSUES

According to Strydom (2005c:56), human sciences face a unique set of ethical challenges due to the fact that data collection should not be at the expense of human beings. This author further indicates that professionals have a responsibility towards both their subjects and also the discipline of science to be accurate and honest in the reporting of their research and that is why it is essential to abide by ethics. Ethics give a guideline to all who are involved in research regarding what is proper and what is improper. Schneider (2003:128) also indicates that researchers must take precautions to protect the respondents against any form of physical or mental harm or discomfort. Babbie (2007:67) states that ethics are associated with morality, which also refers to what is wrong and what is right. In the researcher's opinion, ethics are essential for the protection of the respondents, other professionals and the field of science. If respondents know that they will be protected from harm, they will be more willing to participate in research than in a situation where they are unprotected. The researcher complied with the following ethical issues discussed in the next section.

1.10.1. ETHICAL ISSUES BEFORE RESEARCH

- **Research Governance Framework**

Prior to the commencement of this research, permission was granted by the necessary committees of the Faculty of Humanities and the Department of Social Work and Criminology at the University of Pretoria.

Permission to conduct the study was also granted by the provincial Department of Health and Social Development in Limpopo. Having obtained such permission, the researcher met the Chief Executive Officer (CEO) of Louis Trichardt Memorial Hospital on 06 May 2009 with the letter from the province and he granted permission for the research to continue.

- **Informed Consent**

According to Strydom (2005c:59), informed consent implies that the participants must be given information regarding the goal of the study, the procedures to be followed, any possible risks involved, the credibility of the researcher and the advantages and disadvantages of participating in the study. With this information, a person who gives consent must be legally and psychologically competent to do so and must do so voluntarily. Information that is given must be accurate and complete to enable the participants to fully understand the study. Although Kumar (2005:212) phrases this differently, he agrees with Strydom (2005c:59) that the participants should be given adequate information regarding the study, how it will affect them and what is expected of them. Babbie (2007:68) further states that, with all the information given, the respondents can voluntarily give verbal or written consent. In the researcher's opinion, for consent to be credible, it must be written. Verbal consent offers no proof that the respondent actually consented to participation.

The respondents were given an informed consent form on which they found the following information about the research: the purpose of the research; their role in the process; and the fact that the results would be published. Prior to their involvement in the study, the respondents had to know and understand the implications of their involvement. The consent forms were available in both English and Venda, and the researcher was available for questions and clarification. This consent form indicated that participation in the study was voluntary and the respondents were not obliged to participate (see Annexure 2). Babbie and Mouton (2001:521) refer to this as voluntary participation. If the respondent was willing to participate, he/she signed the consent form knowing that he/she could withdraw at any time during the process. Both the researcher and the respondents kept copies of the signed consent form.

- **Privacy, Confidentiality and Anonymity**

According to Strydom (2005c:61), privacy is that which is not normally intended for others to observe or analyse. Every person has the right to decide when, where, to whom, and to what extent his/her private information will be

revealed. Kumar (2005:213) indicates that certain information requested from a respondent could be sensitive and the request for such information could be regarded as an invasion of privacy. This is due to the fact that it could upset or embarrass the respondent. In the researcher's opinion, there is certain information that is private but essential for the contribution it makes to the existing body of knowledge. Accordingly, the best thing is to be sensitive to the respondent and to safeguard such information.

Confidentiality on the other hand, refers to the handling of private information (Strydom, 2005c:61). He further states that confidentiality refers to "the agreements between persons that limit others' access to private information." This means that the information should be shared as per the agreement between the researcher and the respondents. Information should be shared amongst only those within the limits of confidentiality. Babbie (2007:65) suggests that the researcher may be in possession of certain information about a respondent but promises not to disclose that information with any identifying particulars. In the researcher's opinion, confidentiality entails safeguarding private information about the respondents, or revealing the information without revealing the identity of the respondent.

Anonymity implies that the respondents' identity is not known, even to the researcher (Strydom, 2005c:62). Babbie (2007:64) agrees with this view by emphasising the fact that not just the public but also the researcher must not be able to identify the respondents. This is possible most commonly with mailed questionnaires. In this study the questionnaires were distributed to respondents for completion in their own time without revealing their identity on the questionnaire. The consent forms, which included respondents' identity, were collected separately from the questionnaires to avoid attachment to the questionnaire.

1.10.2. ETHICAL ISSUES DURING RESEARCH

- **Actions and Competence of the Researcher**

According to Strydom (2005c:63), the researcher is obliged to ensure that he/she is competent to undertake the research. This will help to prevent harm to respondents and the research will be conducted in an ethical manner. Strydom (2005c:63) further indicates that the researcher must not make value judgments but must remain objective. Kumar (2005:214) says that this means that the researcher must avoid bias. Bias refers to “a deliberate attempt to hide certain findings or highlighting something disproportionate to its true existence” (Kumar, 2005:214). The researcher must also assess the advantages and disadvantages of the chosen methods and evaluate all possible risks involved. These are the issues that the researcher must address prior to conducting a study.

The researcher in this study is conversant with research methodology from undergraduate and postgraduate studies. She has conducted research for the undergraduate degree and successfully completed the postgraduate research theory module. The researcher was therefore competent to conduct research.

- **Deception of subjects**

Deception of subjects is defined in Strydom (2005c:60) as deliberately misrepresenting facts in order to make another person believe what is not true, violating the respect to which everyone is entitled. Babbie (2007:60) agrees with Strydom and continues by highlighting the fact that at times, researchers disguise the purpose of the research, or even the fact that they are conducting research. Deception can also take the form of hiding facts related to any form of risk to which the respondent is exposed while participating in the study.

The researcher gave the respondents correct and relevant information about the study. This included the purpose of the study and the fact that participation was voluntary. The real goal of the study and the functions of the respondents' actions were communicated.

- **Debriefing of respondents**

According to Strydom (2005c:67), the researcher must take the opportunity to dispel some of the misconceptions that the respondents may have as well as correct any misunderstandings. It is also good practice to send respondents letters informing them of the results of the study and this will be done on completion of this study. In this way the respondents will have an opportunity to see the bigger and complete picture of what they were involved in.

1.10.3. ETHICAL ISSUES AFTER DATA COLLECTION

- **Publication of Findings**

According to Strydom (2005c:65) asserts that the findings of a study must be presented in the form of a research report. He also quotes Dane (1990) who states that report writing “includes doing all you can to make sure your report is as clear as possible and contains all the information necessary for readers to understand what you have written.” The report, according to Strydom (2005c:65), should be clear, unambiguous and objective.

Information shared in the study will be published without revealing any identifying particulars of the respondents. The questionnaires completed will be kept in a safe place at the Department of Social Work and Criminology, University of Pretoria for 15 years where they cannot easily be accessed. The researcher may be able to identify the respondent but it is essential that the identity is not publicly revealed (Babbie and Mouton, 2001:523). This means that in this study the researcher will not disclose any identifying particulars of the respondents to the public.

The hospital will be given a copy of the research report. This will inform them of the findings and recommendations. A report will also be given to the provincial Department of Health.

1.11. DEFINITION OF KEY CONCEPTS

Key concepts in the research must be defined at the beginning of the study, to ensure that both the researcher and other readers have the same understanding. This is why it is important for the concepts to be defined at the very beginning of the study.

- **Retirement**

Dan (2004:20) describes retirement as “a normative stage of life course in which one is no longer engaged, at least not full-time in the labour market for continuous periods of time.” The *Word Web Dictionary* ([sa]) reveals that retirement refers to withdrawal from a position or occupation. The *Longman Dictionary of Contemporary English* (1987:892) defines retirement as the period after one has retired, and to retire is defined as to (cause to) stop working at one’s job or profession, usually because of age. In this study, the researcher defines retirement as the withdrawal of an employee from employment (whether full-time or part-time), whether voluntarily or involuntarily, as a result of age, ill-health or choice, and with some form of income from the previous employment.

- **Knowledge**

Knowledge, according to Microsoft Thesaurus (2003), refers to awareness, understanding, experience and realisation. The *Longman Dictionary of Contemporary English* (1987:581) defines knowledge as “what a person knows; the facts, information, skills, and understanding that one has gained, especially through learning or experience.” It is also a state of being informed about something or awareness (The *Longman Dictionary of Contemporary English*, 1987:581). The researcher defines knowledge as the awareness and a state of being informed and understanding that employees have gained through learning and experience.

- **Involvement**

According to Microsoft Thesaurus (2003), involvement refers to taking part, association, participation, interest and contribution. The *Longman Dictionary of Contemporary English* (1987:557) states that to involve refers to causing someone or oneself to become connected or concerned or to have a necessary part in something. In this study, the researcher uses the word involvement to refer to employees' participation, taking part in and contributing to retirement planning.

- **Employee**

The Microsoft Thesaurus (2003) states that; an employee is a worker or staff member who is hired to perform a job. The *Longman Dictionary of Contemporary English* (1987:333) defines an employee as a person who is employed whereas to employ is defined as "to use the services of (a person or group) to perform work in return for pay." In the current study, this word refers to all employees between the ages of 25 and 45 working in the Louis Trichardt Memorial Hospital in the Vhembe district. These are employees in their middle adulthood.

- **Middle Adulthood**

Section 1 of the Children's Act no 38 of 2005 categorises a child as anyone under the age of 18 years and at this age, section 17 declares both males and females can attain the age of majority. This means that in South Africa, an 18 year old is deemed to be an adult. Adulthood is the "period of time in life after physical growth has stopped, and one is fully developed" (The Word Web online dictionary). Even the responsibilities are of those who have attained maturity.

Middle Adulthood can be defined as the age between young adulthood and old age (Developmental Psychology Student Net letter, 2009 and Wikipedia Encyclopaedia, 2009). Wikipedia Encyclopaedia (2009) refers to the age as being from 35 years to 60 years, whereas the Developmental Psychology Student Net letter (2009) refers to this age as the age of 40 to 60. Both articles

also refer to this stage in life as the middle age stage. The researcher in this study defines middle adulthood as the stage between early adulthood and late adulthood and being between the ages of 25 and 45 years. These are the respondents who were regarded as being in their middle adulthood.

1.12. LIMITATIONS OF THE STUDY

- ✓ Some of the respondents did not respond to the qualitative questions.
- ✓ In section C of the questionnaire, some respondents circled the same number throughout. This makes it hard to believe that such responses are a true reflection of the respondents' opinion.
- ✓ The original sample according to the research proposal was supposed to be 142, but due to staff turnover, the sample came down to 119 at the commencement of the study in May 2009. The 119 employees were all the employees on the hospital's staff database in May 2009 who qualified to be part of the sample. Due to this limitation, results cannot be generalised to the whole population
- ✓ A difficulty arose when one respondent completed the questionnaire in the presence of a friend/colleague who later discussed information further without the respondent's permission. The colleague did not qualify to be in the study. The respondent has been reassured that the information was not discussed with anyone on the part of the researcher and will not be discussed with anyone either. The questionnaires had not even been processed at the time of the complaint.
- ✓ The researcher encountered challenges during the process of obtaining permission to conduct research in the provincial Department of Health and Social Development in Limpopo. The department's policy required the researcher to submit the proposal and letter of ethical clearance from the university's Ethical Committee whereas the university's ethical clearance policy required the researcher to provide the Permission to

conduct research letter, before ethical clearance could be granted. This delayed the commencement of data collection but was resolved through special arrangements between the university and the department.

- ✓ Some questionnaires were not fully completed and, although the researcher was available, respondents did not ask for clarity. Some questions were not answered.
- ✓ The fact that the researcher could only access the respondents during working hours affected the response or return rate. Some procrastinated and continually deferred the return of the questionnaires to another time despite constant reminders.
- ✓ The researcher has used some literature sources that are older than 10 years due to the contribution they make to the field of retirement and because there are limited sources on this subject that focus on all aspects of retirement. Some sources focus only on the financial aspect.

1.13. CONTENTS OF THE RESEARCH REPORT

The research report is divided into the following chapters:

Chapter 1: General Introduction and Orientation.

Chapter 2: Retirement Planning amongst Employees in their Middle Adulthood.

Chapter 3: Research Methodology, Empirical Findings, Data Analysis and Interpretation.

Chapter 4: Conclusions and Recommendations.

1.14. SUMMARY

In this chapter, the researcher discussed the general introduction and orientation of the study. The problem for research was formulated and the major issue identified was that there is no retirement education programme in the institution and the general employee population seems to be inadequately

informed regarding retirement. The next chapter will be dealing with the theoretical conceptualisation of retirement planning and all the aspects for consideration.

CHAPTER 2

RETIREMENT PLANNING AMONGST EMPLOYEES IN THEIR MIDDLE ADULTHOOD

2.1. INTRODUCTION

According to Atchley (1982:122), the process of retirement begins when the person takes note of the fact that he/she will have to retire one day. There are many retirement systems aimed at addressing or avoiding some of the challenges that the retiree face, especially financial challenges. These include: the social security provision for the elderly; the government employees' pension fund; private companies' pensions; and individual retirement annuity policies. All these are aimed at ensuring financial security in retirement.

This chapter will discuss the impact of retirement, bearing in mind the fact that it is not only financial. The different types of retirement will be discussed, as well as the phases and the role of the Occupational Social Worker in preparation for retirement.

2.1.1. DEFINITIONS

To continue with this subject and to ensure a common understanding, it is necessary for the relevant terms to be defined. The terms to be used in this text are defined below.

Retirement, according to Microsoft Thesaurus (2003), refers to withdrawal, departure, giving up work, leaving or retreating. These are the words that are associated with retirement. This means that a person who is retiring is withdrawing from work or retreating. The word retreat refers to making lose ground or withdrawing. In the context of war, an army that is retreating is leaving the battle field and looking for a safer place to hide. In the context of this study Lurborsky and LeBlanc (2003:254) describe retirement as both an individually earned right to a period of leisure after a career of employment, and an age grade social obligation (to younger workers entering the work force; to the demands of a production-efficiency minded economy). This also

implies that those retiring are living up to their “social grade obligation.” There is an obligation to move over and provide an opportunity for younger workers to showcase their skills. There is also an obligation for the older workers to accept that there is a need for efficiency in production whose demands, the older employees might not be able to meet. With age, a person’s ability to perform certain tasks decreases and therefore the person may not be as productive as he/she used to be.

Lurborsky and LeBlanc (2003:254) state that retirement may be defined in terms of the different cultures as retirement means different things to different people with different cultures. The definition of Lurborsky and LeBlanc (2003:254) describes retirement in the United States or industrialised societies as follows:

Retirement is the age-fixed and socially mandated final phase in a career of employment in which a person is excluded from full time career jobs, is entitled to financial support without the stigma of dependency, and is personally responsible for managing his or her own life.

At this stage in life, a person who has retired retains the identity of a full adult even though he/she is not working. Although he/she is no longer playing the roles or participating in full adult activities, that person cannot be labelled as lazy or as an unproductive person. This is supposed to be time for rest for the particular person with benefits provided either by the state, the former employer and personal savings. It is time for leisure after a long period of work and activity. This definition, in the researcher’s opinion, is suitable only for old age retirement but is not relevant to other types of retirement such as retirement due to ill-health and early retirement.

According to Atchley (1982:121), retirement is “the withdrawal of an individual from employment along with entitlement to income based on having been employed over a period of years.”

It seems that this definition does not refer to age or any reason for retirement and therefore accommodates all types of retirement. Dan (2004:20) defines retirement as “a normative stage of life course in which one is no longer

engaged, at least not full time in the labour market for continuous periods of time.” People leave the formal job or work they have been doing but they do not always stop all activity or earning an income. They sometimes perform part-time and volunteer work, whereas others engage in leisure activities. Marcellini *et al.* ([sa]:377) states that some retirees view retirement as a way of being free from daily routine and as an opportunity for them to engage in activities of their own interest. This is more the retirees who choose their retirement time as leisure time in which they do not work.

In South Africa, the Public Service Act 103 of 1994 has stipulated a retirement age which covers all public servants and also seems to be the age used by other organisations, including financial services organisations. In terms of Section 16 of the Act 103 of 1994, an officer may retire on the date when he/she turns 65 years. A person may also be allowed to retire at the age of 55 but it should be approved first and it should be beneficial to the state.

2.2. YOUNG EMPLOYEES AND RETIREMENT

Fidelity (2005:8) discovered that younger employees are more confident about retirement than their older counterparts. Fidelity (2005:8) further stated that 71% of 21-34 year old employees compared to 54% of 35-54 year old employees began to save by the time they turned 30. This implies that younger employees are beginning to save earlier than older employees used to. Poor saving habits are attributed to underestimating the cost of comfortable living at retirement, underestimating health care costs and not seeking advice and guidance. Loretto *et al.* (2001:389) believe that people are not well informed about the basic aspects of retirement and for young employees, retirement is distantly orientated. Some young employees (39%) are relying on social security, Medicare and other government benefits to cover their needs when they retire.

Loretto *et al.* (2001:390) reveal that 53% of young people did not even know the correct pension figure and had overestimated the amount received. They recognised that there are financial deficiencies in the state pension because

their estimates were related to their views on how much the couples would need to survive. This study was conducted among university Business Studies undergraduates who were on the verge of starting their career. Knowledge on the part of young employees is important in influencing policy as they are the future beneficiaries of pension policies. This article also acknowledged the lack of such important information regarding the attitudes, perceptions and knowledge of the younger generations for whom retirement is distant.

With regard to the students' knowledge of the pension age, the study discovered that 79% of the respondents knew that in Great Britain, men retired at 65 years and women retired at 60 years at the time of the study. Only 33% of the students were aware of new legislation under discussion in which the pension age would be equalised at 65. As it was, pension was not the responsibility of the government alone, and 48% agreed that this should remain the status quo, but 33% thought that it should be the government's responsibility. In the researcher's opinion, making retirement the responsibility of government can create dependence and may lead to people neglecting to plan for retirement. It would also be too costly for the government.

Loretto *et al.* (2001:393) asked the respondents about when they wanted to retire and 57% said they had not thought about it, 25% said that as soon as it was materially possible and the rest had various ideas of when they would retire, ranging from 50 to 65. Only 24% of the respondents had given thought as to how they would prepare and yet 66% felt it was important to start preparing as soon as possible. Most of them (43%) said they would prefer to rely on their own preparations rather than the government or employer's schemes. They were even willing to save between 5% and 10% of their salaries and supported the idea that pension schemes should be compulsory. Only 6% said they would leave the planning until they were 40.

The challenge facing younger employees as outlined by Fidelity (2005:7) is that they have more expenses, do not adhere to a budget and feel that retirement is still very distant. As many of the cited authors agree, it is better to

start preparing early for retirement because if postponed, it can result in a very meagre retirement standard of living.

2.3. TYPES OF RETIREMENT

Different authors use different terms to describe the types of retirement. Some terms like the Government Employees' Pension Fund (GEPF), 2004 reflect the age at which the person retires (e.g. early, late and normal) as well as the reason for retirement (medical). Some authors describe the types of retirement in accordance with the activities in which the retiree is engaged and the manner of the transition (Dan, 2004:20). Smith (2006:C134) talks about voluntary and involuntary retirement. The voluntary retirees are the ones who retire of their own free will at any given time. The involuntary retirees are those who retire due to circumstances beyond their control. These include the ill-health/disability retirees and those who retire because of the retirement age. The next section will outline the types of retirement

2.3.1. OLD AGE RETIREMENT

As mentioned above, there is a stipulated age of retirement (retirement age) and, according to Section 16 of the Public Service Act 103 of 1994, this is the age of 65 years. Retirement at this age is expected, socially mandated and no stigma is attached to not working at this time. The GEPF, 2004 stipulates that the employee will receive his/her benefits in accordance with his or her contribution to the fund as well as the number of years the person has served the organisation. It is also the time at which retirement annuities mature. This mandatory retirement age differs from that stipulated in Mbeki's 2008 State of the Nation Address where the Social Security age is the age of 60 for both men and women.

Retirement at this stage is mandatory and this, according to Lurborsky and LeBlanc (2003:254), is the final stage in an employee's career. Most of the literature focuses on this type of retirement and how to prepare for it. It is assumed that an employee will work until he/she reaches this age and anything that may occur before this age is unforeseen.

2.3.2. EARLY RETIREMENT

Early retirement occurs under certain circumstances and it affects the retiree's benefits (GEPF, 2004). This can be a voluntary form of retirement or it could be circumstances beyond the retiree's control. Atchley (1982:124) says that this is common amongst unsatisfied workers. They do so as soon as it is financially feasible for them.

In this form of retirement, the employee chooses to retire before the age of 60 years taking into consideration a number of factors that fall into one of the three categories. These are the personal, work-related and organisational factors. Among the personal factors, there are the issues of health, finances, caring responsibilities, gender, marital status and even age. In relation to health, the person may feel too tired to work but may not necessarily qualify for ill-health retirement. Some employees are just waiting to have enough money to maintain their standard of living and they will then go on retirement. For some, it is the health of a loved one that requires them to assume the caring responsibilities and therefore leave paid work. Work-related factors include not enjoying the work, no challenges in the work or technological changes that are advanced for the employee. In terms of the organisational factors, they include policies that discriminate against older people, the organisational climate and the labour market demand.

2.3.3. RETIREMENT DUE TO ILL-HEALTH

This is the retirement because of the poor health of the retiree or injury on duty (GEPF, 2004). A person who is not in good health may fail to perform certain tasks and therefore this will impact on the organisation's productivity. This form of retirement has become more common in recent years due to the spread and impact of HIV/AIDS. Although this is not the only illness that may lead to such retirement, HIV/AIDS has increased the demand for ill-health retirement. This type of retirement is escalated by road accidents that leave the employees injured and unable to work.

The researcher is of the opinion that this type of retirement has adverse financial effects on the organisation. It is retirement that can be prevented or at least reduced in the work force through awareness programmes on various lifestyle diseases (including diabetes and hypertension) and the practice of occupational health and safety.

2.3.4. LATE RETIREMENT

This is a rare form of retirement in which a person may choose to retire when he/she is older than 65 with the employer's approval. It is usually due to a shortage of skills in a particular field of employment. For example, in an attempt to retain skills, the municipalities requested employees who had reached their retirement age to remain at work. This form of retirement is possible in government for specific professions. These include doctors, engineers who have been recalled to assist, and judges.

2.3.5. COMPLETE RETIREMENT FROM WORK

This is the type of retirement wherein the retiree is no longer working, either on a full-time or part-time basis (Dan, 2004:20; Retirement, 2007). In this case, the retiree does no other formal work but focuses on leisure. This person uses the time to rest and enjoy the freedom of not having to work. He/she may still perform tasks in the home but there is no formal work involved. In the researcher's opinion, all forms of retirement are supposed to be like this but are turned into something else because other needs must be met.

2.3.6. CHANGE OF JOB

This is when the person continues to work but for a different employer. It particularly refers to involvement in volunteer work within the community. Dan (2004:20) refers to this as changing from a career job to a bridge job. In the researcher's opinion, a change in jobs is not necessarily retirement. Retirement should include more leisure time and less work stress. Because of the reduction in the family budget, some retirees are forced to continue working, full- or part-time in lower paying jobs and sometimes detrimental conditions (Marcellini *et al.*, [sa]:378). Some continue to work because they derive their self-esteem from the work they do and feel less of a person if not

working. The researcher believes that this form of retirement cannot be regarded as retirement but rather as a resignation.

2.3.7. SEMI-RETIREMENT WITH PART-TIME WORK

In this type of retirement, the retiree does formal work for the former employer or a different employer on a part-time basis and with less remuneration. This could also be unpaid or voluntary work for the community. There is more leisure time than during the time of formal employment, but there is also some form of work being done (Dan, 2004:20).

2.4. IMPACT OF RETIREMENT

Different people react differently to retirement. The impact of retirement on people differs. This is influenced by the type of retirement and the reasons for such retirement. Marcellini *et al.* ([sa]:378), refer to the impact of retirement as being the problems that retirees face after retirement, bearing in mind that some of these problems are not a direct result of retirement, some are problems due to aging. It is also important to remember that retirement is not only due to old age but there are circumstances that lead younger employees to retire. This section of the report will discuss the impact of retirement in relation to finances, health, self-esteem, roles and social impact.

2.4.1. FINANCIAL

With retirement, an employee no longer earns at the same level as he/she used to as an employee. There are formulae used to calculate the money the employee is to receive on a monthly basis. Some of these formulae are cited in the GEPF (2004) document. According to Atchley (1982:122), employees expect to lose up to 50% of their income due to retirement. It is possible for an employee who was earning R5 000 a month to earn R2,500 or less upon retirement depending on the number of years of service. The more the number of years of pensionable service the retiree has, the more the pension payout will be. In the researcher's opinion, it is assumed that employees who retire have fewer responsibilities, no dependent children, no debts and no mortgage

payments. This assumption, in the researcher's opinion, is the reason for such differences in income between employment and retirement.

This difference in income poses a problem for a number of retirees who have no other retirement benefits such as retirement annuities or personal savings. This is one of the reasons why the government encourages employees to take out such investment packages through tax rebates. Without such packages, retirees would have to struggle with a monthly payment below their usual income. Although there is a lump sum payout at retirement, many still struggle financially. There are those who still have to take care of their mortgages and those with various other debts. The sudden drop in the household income can be a crisis for families and lead to disenchantment, as stated in Butters (2002:vii). Burzawa (1998:23) and Fidelity (2005:8) indicate that some of the financial problems that retirees experience are due to an underestimation of the cost of the lifestyle they lead and may continue to lead after retirement. Retirees tend to take these lifestyles issues for granted as they are currently able to survive with their monthly salary.

2.4.2. HEALTH (PHYSICAL AND MENTAL)

Most young people do not prepare for disability and take things for granted (Fidelity (2005:8). According to Mein, Martikainen, Hemingway, Stansfeld and Marmot (2003:48), employees remaining at work beyond the age of 60 years, have not reported any negative effects on their physical well-being. Employees in the higher levels of employment, retiring, even experienced an improvement in their mental health and functioning. This may be a result of the relief from the demands of the job, and at the same time receiving good benefits for retirement. Rosenkoetter and Garris (2001a:975) however reported that employees had health concerns when approaching retirement.

In the researcher's opinion, physical and mental health problems may not be a direct result of retirement but they could be due to the aging process of the employee. As people grow older, they tend to experience more health problems including physical illness, dementia, Alzheimer's and other disorders. Retirees also face a challenge in terms of health care costs. Those who retire

due to ill health already have health problems before retirement, but these may increase with time. Some even become well enough to return to work, to find employment somewhere else or to start their own businesses.

2.4.3. SELF-ESTEEM

Ross and Drentea (1998:318) indicate that there are two possible ways of viewing retirement. Some view it as liberating, whereas others view it as alienating. While still working, some retirees used to be in positions of power and prestige which earned them certain positions in society. Now that they are retired, they no longer hold those positions and therefore the self-esteem is affected. This leads to detachment from their previous social benefits as well as association with colleagues. Work can be a form of self-expression and identity and people have a sense of personal control and a feeling that they deserve their pay for their efforts. Some view retirement as liberating in that as paid workers, there is very little personal time and control. The person is forced to be at work at stipulated times and there is no time to rest. Retirement therefore offers an opportunity for leisure activities.

According to Ross and Drentea (1998:329), there is support for the idea that retirement is alienating in the sense that there is a loss of personal control and the activities of the retired are isolated, routine, unfulfilling and not interesting, and this has negative psychological consequences. The researcher is of the view that although this is true to a certain extent, it depends on communities. Some retirees, although they do not participate in the workforce, still participate in their communities and families in meaningful ways.

2.4.4. ROLES

Rosenkoetter and Garris (2001b:705) state that retirement does not just affect the retiree but also affects his/her family. It apparently has a significant impact on the marital relationship, as there must be a change in roles within the family. The division of tasks may cause problems for the couple. The roles in society also change. Previously in some communities and in the researcher's experience, the elderly were respected as the source of knowledge and wisdom, but that is no longer the case for some. They are supposed to be

respected and upheld as they have overcome many battles that the young have yet to face. As people grow older, they cannot care for themselves and need the care of their children or others. This is a reversal of roles, the nurturer now needs nurturing, but some older persons are neglected and abused. Some do not even enjoy their pension money as it is taken from them.

The family is also affected by the sudden reduction in the household income a change in roles in this area as well. It might be the employee who was earning the most or who was the most responsible in the household who is retiring. This will have a negative effect on the family. Mor-Barak and Tynan (1993:49), also indicate that the responsibility for caring for older and retired people often falls on the shoulders of older workers. This leads to unscheduled time off, absenteeism, family responsibility leave and tardiness in the workplace.

2.4.5. SOCIAL IMPACT

As already outlined, retirement affects all spheres of a person's life and many of adjustments must be made. Retirement also affects the retiree socially in that he/she must change his/her routine, and must consider how he/she use time, where the retiree is going to live and how the retiree is going to have contact with the outside world. According to Rosenkoetter and Garris (2001b:706), retirement involves a search for a new identity, a new meaning and the value of one's own life. This emphasises the need for major adjustments in life. Such adjustments include those to do with where one will live, as well as continuing with community involvement. This section will discuss the social impact of retirement in relation to accommodation and community involvement

➤ Accommodation

As mentioned above, retirement affects the person's income. A person may lose up to 50% of his/her income (Atchley, 1982:122). This in turn affects the ability to pay the mortgage and therefore affects where the person can afford to live. Some retirees may have to downsize their homes and move into smaller homes fit for the two of them. Downsizing is also practical considering the energy required to clean and maintain the house. Apart from downsizing,

there are other options that retirees may have to consider such as retirement villages and retirement homes. Some may even opt to live with their children.

Retirees living in their own houses may not be very safe considering the crime rate in this country. Criminals observe and may take advantage of the fact that old people may be less able to defend themselves. Criminal incidents may motivate older people and their families in their decision to move the elderly into retirement villages, retirement homes or move in with their children for security purposes.

Not only financial and security reasons may encourage older people to move out of their homes. Other reasons include their own health and that of their spouses. When one of them is very sick, it may be necessary to be close to nursing care, the family or other facilities for support. This then dictates where the retirees may choose to live.

➤ **Community involvement and Interaction with others**

It is obvious that if a person is retired, he/she is no longer going to work on a full-time basis and this is a change from spending the most part of one's day at work. Employees tend to have more friends at work and become used to colleagues. Apart from family, their social lives begin from there. In some organisations, colleagues become almost like family. What happens when the retiree can no longer see these people on a daily basis as it used to be?

According to Buys (2001:55), friends provide acceptance, companionship and emotional support. These friendships in older people can be affected by their physical locations (unable to access each other) and types of accommodation. The further apart older people live, regardless of the type of accommodation, the more difficult it is to receive support from their friends. Buys (2001:56) further states that the institutionalised types of accommodation also hinder social interaction with friends. This author believes that retirement villages offer better opportunities for retiree to interact with other villagers and outside friends.

The reasons for older people not having much interaction with family and friends can be attributed to being unable to travel as they did before, especially if they are very old. For some, according to Cheung and Hocking (2004:478), it can be due to having to care for a sick spouse who cannot be left alone or is too sick to travel. If the retiree is taking care of this spouse with very little support, then he/she will hardly have time to visit even friends who live close to them. They will only have contact with others if friends and family visit them.

2.5. PHASES OF RETIREMENT

Retirement (2007) lists seven phases of retirement, whereas Ackerman and McKain ([sa]:105) and Marcellini *et al.* ([sa]:380) recognise three phases and two are discussed in greater detail. In the researcher's assessment and opinion, the seven phases can easily fit into the three phases identified by the other authors. The phases, according to Retirement (2007) are: "remote, near, honeymoon, disenchantment, reorientation, stability and fermentation." Ackerman and McKain ([sa]:105) and Marcellini *et al.* ([sa]:380) lists the phases as pre-retirement, honeymoon and post-retirement. The first two of the seven phases are part of the pre-retirement phase; the honeymoon stage is on its own, whereas the last three are part of the post-retirement adjustment phase. The six phases are discussed below.

2.5.1. PRE-RETIREMENT PHASE

Pre-retirement is the phase where the employee has not retired. It is possible that the person is not even considering retiring anytime soon. The pre-retirement phase will be discussed in terms of the remote and near stages of the phase as discussed by Retirement (2007) and Butters (2002:vii).

- **Remote stage**

In the researcher's experience, insurance brokers target newly employed people for retirement annuity policies, especially those who are still very young. There may be other reasons for this targeting, but some brokers also indicate that it is better for an employee to start planning for retirement in the first year of employment. Brokers are of the opinion that early planning for

retirement increases the benefits as the person will have a greater number of years of contribution and saving. This opinion supports the idea that there is a need for one to start planning for retirement from the very first day of employment and it might also be the reason why in South Africa there are tax rebates for employees with a retirement annuities. At this retirement stage, there is often anticipation of retirement but with little planning for it (Retirement, 2007). In the researcher's opinion, employees should be encouraged to take out retirement annuity policies as well as disability cover during induction/orientation so that they can start to plan for the future.

- **Near Retirement stage**

Near retirement, according to Knicely (1965:44), should start at least ten years before the scheduled retirement date. This is especially applicable to employees who are taking old age retirement at the age of 65 as recommended. The issues to discuss when preparing for retirement are more than just financial, but include working after retirement, health, leisure activity and where the employee is going to live after retirement (Knicely, 1965:44). Such preparation continues updating the employee even regarding his/her employee benefits. Employees who are retiring due to ill-health may be concerned about their health and their health care benefits. There are many adjustment issues they must face.

2.5.2. HONEYMOON PHASE

In the honeymoon phase, the employee is still excited about retirement and the reality of retirement has not yet registered. At this stage, Retirement (2007) indicates that the retiree starts to test the fantasies they had about retirement. The person is excited about the free time in their possession, to do even what they could not do in the past, due to lack of time. Butters (2002:vii), refers to this as a euphoric time, in which retirees can enjoy travelling, long vacations and leisure activities.

2.5.3. DISENCHANTMENT PHASE

After the honeymoon phase, the person enters a state of boredom, depression and feelings of disappointment. At this phase, the employee is beginning to

realise that he/she is really retired and that is the reality of life. Not all retirees go through the same phases or experience the same things. This is the phase where dissatisfaction with retirement sets in and, according to Butters (2002:vii), this occurs between 13 to 18 months after retirement. This can also be caused by a crisis in the retiree's life, a sudden drop in the income or the loss of a loved one.

2.5.4. REORIENTATION PHASE

The retiree must address issues and life events that have lead to feelings of dissatisfaction and continue to adjust to retirement. The life events are not always caused by retirement, but affect how retirement is experienced. Some are a result of old age, some are due to changing times and some (financial) are a result of retirement. In this phase, the retiree adjusts and comes to terms with the situation and continues with life in retirement and starts to cope with such.

2.5.5. ROUTINE/STABILITY PHASE

This is a phase where the retiree begins to come to terms with retirement life and is engaged in certain activities such as hobbies, volunteer work and leisure activities. Retirement (2007) refers to the phase as stability, whereas Butters (2002:vii) terms it the routine phase. This is one and the same phase and Butters (2002:vii) indicates that during this phase, life can become enjoyable and stable. Retirees should know their rights and should understand their role in society as older people in the society. In the researcher's opinion, a retired person should enjoy life to the fullest (especially those who have retired due to old age) because very few are living to see those days due to the many illnesses affecting people. This phase can be particularly difficult to achieve, especially for those who involuntarily retired due to ill-health and disability. That particular person has not only to adjust to his/her health status but to the impact of retirement as well.

2.5.6. TERMINATION/FERMENTATION PHASE

This is the phase at which the retiree loses independence to illness, disability or even death. This person is no longer able to play the role of a retiree. It may

also happen that the person has an opportunity to return to work if he/she has recovered from an illness or disability.

Although these phases are relevant, it is important to note that life is not always predictable and therefore will not always follow one particular pattern (Rietzes & Mutran, 2004:65). In the researcher's opinion, this model seems to be mostly focused on old age retirement viewed in a negative light. It is possible that there are people who look forward to retirement and who experience it as enjoyable. It is true that most people have difficulty adjusting to retirement due to the drop in the household income. It is also the researcher's opinion that someone may experience disenchantment even before the honeymoon phase or he/she may not experience the honeymoon phase at all. This may depend on the reason for retirement, the attitude towards retirement and whether the retirement was voluntary or involuntary. Some may not be excited about retirement initially but may enjoy it as time goes by.

2.6 RETIREMENT PLANNING

In the researcher's opinion, retirement planning should be comprehensive. All aspects of a retiree's life should be considered in planning for retirement. This means that retirement planning should not only be about finances but should include health issues as well as social issues. According to Rosenkoetter and Garris (2001b:703), the average employee now expects retirement to be followed by many years of leisure. Harrison, Waite and White (2005:5) suggest that retirement can last anything up to 30 years and more. This highlights the necessity for planning for a health, effective and well-adjusted life after retirement. Rosenkoetter and Garris (2001b:705) further state that planning for retirement is the strongest predictor of retirement satisfaction. The researcher agrees with this view because, if one is well prepared, not just financially, he/she will be better equipped to deal with crises. Four aspects to consider in retirement planning and preparation are discussed below.

2.6.1 FINANCIAL PLANNING

According to Alford, Farnen and Schachet (2004:7), a person planning and investing for retirement must ask him/herself how much he/she will need to maintain the current standard of living even if retired. This article states that less gross income may be needed due to factors such as less income tax, saving for retirement is no longer a goal, and the fact that age and work related expenses decrease. This however, does not mean that employees should neglect saving because the cost of living will still be relatively high.

Loretto *et al.* (2001:390) suggest that a person planning for retirement should at least save between 5% and 10% of their monthly income. There are many different retirement packages apart from the employer's pension which are also tax efficient and can be used to supplement the employer's pension upon retirement. According to Ngatsane (2008), during planning for retirement, employees must consider their current situation, not only in terms of finances but comprehensively. Aspects to consider include are listed below.

- **Current Income and needs** - what the employee earns will inform him/her of how much he/she should be saving and it also alerts him/her to his/her spending patterns. It also reveals of what the person will be earning in future unless there is a promotion and other adjustments excluding annual increases.
- **Age** - the age of the employee determines the number of years left before mandatory retirement and therefore the number of paycheques left from which to save. The younger a person is the more time is left to save, but it is still urgent to start investing.
- **Number of dependents and their ages** - this is important because these people are part of the expenditure in the household. Their ages enable the employee to assess where the dependents will be when he/she retires. Questions the retiree needs to consider are the following: Will they still have dependents or will their children be independent and

through with school or even working? If they are dependents, what plans are in place for them until they finish school? How will they affect the retirement income?

- **Health status** - this aspect considers the employee and all the dependents' health status. The planners must consider their current health care costs and how these may increase with time. How much will be needed to take care of the family's health? Will their dependents be dependent on the retirees for health? These are questions to be answered in preparing for retirement.
- **Property ownership** - according to Ngatsane (2008), property ownership is also a good investment for the future and even for retirement. The owned property may be fully paid or still being paid off. When is it going to be fully paid? How will this property assist as an investment? Is this going to be sold in future or is it going to remain the retiree's home?
- **Investments in place** - in this aspect, one must ask if there are other investments in place which will be helpful as retirement income. Knowing this will enable the employee to assess how much is still needed to supplement these investments.
- **Debts** - while planning, the employee must know how much he/she owes in debts and when these will be paid. It is very sad to start retirement with debts because these can reduce the retirement income even more.

Other issues to consider include future wishes related to the standard of living and health. The employee must plan knowing how much will be needed for health, accommodation and leisure.

2.6.2 HEALTH PLANNING

Blakeley and Ribeiro (2008b:746) describe the importance of knowing about health care and health maintenance, which includes taking preventive measures by taking care of one's health way before retirement. This is done by adopting healthy lifestyles through good dietary practices, exercise, stress management, regular health checkups and keeping oneself safe. It is also important to learn about what to expect as the normal ageing process.

It is essential to know about health insurance (medical aid) that provides services to retirees and the costs involved. For example, the South African public service introduced GEMS (medical aid) and it also caters for retired public servants.

2.6.3 ACCOMMODATION

Blakeley and Ribeiro (2008b:746) mention that employees should plan for accommodation or housing because it has implications for health. The housing should be affordable and safe, secure and in a safe community. There are several options available, taking into account health, finances, security and one's social support network. Aspects to consider are as follows.

- **Own home** - it should be affordable or fully paid, in a safe community and accessible even in terms of disability. The home should be just the right size for cleaning and maintenance or if one can afford it, one can employ support staff. It is safer to choose this option with support from family who will assist where necessary, even though one must not rely entirely on them.
- **Retirement Village** - these are communities where the aged can live independently with some support and services but living as in their own home. These are secure facilities in which the residents still enjoy their independence but get support from staff if needed. The range of services provided varies from village to village. If this is the option one would like to choose, one must gather information about the different

villages, the services offered; how they operate and the financial implications.

- **Old Age Home (Retirement Home)** - these are institutions which, according to Blakeley and Ribeiro (2008b:746), are sometimes coupled with retirement villages. They cater for the more dependent elderly to the frailest. For most residents all services are provided including nursing care. Not many of the elderly like this option, especially among the Africans whose traditions placed the responsibility of care for the aged on the family. While planning, a person should identify what he/she likes or dislikes about old age homes and consider different or alternative options.

With changes in society, a person must be prepared for all options, even old age homes, because the family may be unwilling or unable to care for him/her. It is therefore very important to consider retirement accommodation while planning.

2.6.4 LEISURE AND USE OF TIME

Having lost many things that come with work such as friends, colleagues, social networks and occupational identity, Blakeley and Ribeiro (2008b:746) suggest that one should plan to replace formal, structured activities and social networks. They should be replaced with meaningful activities. Employees must therefore plan for maintaining existing social networks, and developing new friendships and interests. Activities to be planned for include travelling, sports, and volunteer work and educational courses. These activities help ease the transition into post-retirement life and can make retirement rewarding, worthwhile and productive.

2.7 SUMMARY

Retirement can be viewed as an opportunity to use time in accordance with the wishes and needs of the retiree, without the control of the employer. It is an opportunity to relax and enjoy life without the demands of work. Not all retirees

find it difficult to adjust, but there are other factors such as loss of a loved one that complicate and disrupt the process of adjustment. Some of the problems faced in retirement include health, but this is usually due to old age, disability and previous illness, not retirement. It is however, essential for employees to plan for retirement, to do so as early as possible and to consider all aspects of life on which retirement has an impact. The next chapter outlines the methodology used in gathering data, also presents the findings of the study.

CHAPTER 3

RESEARCH METHODOLOGY, EMPIRICAL FINDINGS, DATA ANALYSIS AND INTERPRETATION

3.1. INTRODUCTION

Based on the literature reviewed and discussed in chapter two, the researcher conducted a descriptive study which made use of the dominant-less-dominant combination model. The research was applied and used the descriptive survey design to gather data using a questionnaire. Data was collected from a sample of 119 middle adulthood employees in the Louis Trichardt Memorial Hospital aged between 25 and 45 years. No sampling methods were used as all the employees in this category were included.

This chapter discusses the research approach, the type of research, design, methodology, the sample, and finally presents the data that was gathered.

3.2. RESEARCH APPROACH

There are two main approaches in social research; qualitative and quantitative research (Neuman, 1997:68; Fouché & Delpont, 2005:73). De Vos (2002:363) discuss the third approach referred to as the combination model. This is a model in which both the quantitative and qualitative approaches are used. Within this combined methodology, there are Creswell's three combination models: the two-phase model, the dominant-less-dominant as well as the mixed methodology design model. The model that was employed in this research was the dominant-less-dominant model outlined in De Vos (2002:366). In this approach, "the researcher presents the study within a single, dominant paradigm with one small component of the overall study drawn from the alternative paradigm" (De Vos, 2002:366). In this research, the quantitative approach will be used as the dominant paradigm, whereas the qualitative approach will be less dominant.

Fouché and Delpont (2005:74) identify a quantitative study as "an inquiry into a social or human problem, based on testing a theory composed of variables,

measured with numbers and analysed with statistical procedures in order to determine whether the predictive generalisations of theory hold true.” Elliot (2003:23) on the other hand states that quantitative research tests hypotheses and theories by control and observation. This approach searches for truth in an objective and logical manner and it must be measurable and reported in numerical form.

The quantitative approach, according to the researcher’s understanding is based on testing existing theory or a hypothesis and the variables are measured in numbers and analysed in statistical procedure. The approach is used to prove or disprove a theory with which the researcher starts the research, based on the literature review.

The qualitative approach, according to Fouché and Delport (2005:74), “refers to research that elicits participant accounts of meaning, experience or perceptions. It produces data in the participant’s own written or spoken words.” This approach is more subjective as it offers the respondents an opportunity to voice their views and to explain their responses. In this research, the qualitative approach will be used to gather information that would otherwise be missed when using only the quantitative research.

The data gathered was both numerical and non-numerical and was analysed with statistical procedures. The statistical information can serve to advocate for the retirement preparation programme. Fouché and Delport (2005:75) state that in the quantitative approach, the research design is standardised and can be replicated. This approach was chosen because the data gathered can be generalised to similar groups (Elliot, 2003:23). In studying the knowledge and involvement of young employees in retirement planning, the researcher was looking for the objective reality and findings that can be generalised. Through the qualitative approach, the researcher was looking for information that could be missed by numerical data. It was helpful to highlight reasons for certain answers that were given by the closed-ended questions.

This approach was appropriate in that the young employees' knowledge of and involvement in retirement planning can be described in both an objective and subjective manner. According to Babbie (2007:25), using a combination model has its advantages. When both approaches are used, they complement each other and cover each other's disadvantages. In this study, the researcher was able to gather both numerical and non-numerical data. The respondents had to answer both closed-ended questions and open-ended questions.

3.3. TYPE OF RESEARCH

Neuman (1997:67) identifies two types of research: applied and basic research. The aim of applied research is to solve specific policy problems or to assist practitioners to accomplish tasks (Fouché & De Vos, 2005a:105). The authors further state that this type of research aims to address problems in practice and seeks practical results. Babbie (2007:25) refers to applied research as a type of research with aimed at making a difference with what is learnt and putting the knowledge into action. At times, the focus of this research is on improving the current situation.

This study was applied research because a problem in practice had been identified and formed the topic of the study (i.e. retirement planning, or lack thereof, amongst employees in their middle adulthood). The researcher aimed to make a difference and make recommendations for improvement on the current situation and practice in the Department of Health and specifically in Louis Trichardt Memorial Hospital. As mentioned in defining the problem, there was no programme to create awareness regarding retirement and its impact, or to assist employees with retirement planning issues within the Louis Trichardt Memorial Hospital. The focus of this study sought information to highlight the need for retirement planning and a retirement preparation programme. The research process itself was also a tool for raising awareness amongst the participants.

3.4. RESEARCH DESIGN AND METHODOLOGY

Mouton (2001:55), as well as Babbie and Mouton (2001:74) state that a research design is “a plan or blueprint of how you intend conducting the research.” This definition is also quoted in Fouché and De Vos (2005b:132) who explain that it focuses on the “end product, formulates a research problem as a point of departure and focuses on the logic of research.” These authors also discuss the decisions that have to be made in planning the study. It specifies the unit of analysis, the sampling procedure, and the variables to be studied, data collection, the measurement procedure and the plan for the analysis of the data. This, in the researcher’s opinion, is like a route plan that one needs to have before taking a journey including all the practical considerations such as petrol, duration of trip and the kilometres to be travelled.

This study utilised the quantitative descriptive survey design, which Fouché and De Vos (2005b:137) describe as quantitative in nature and made use of questionnaires for data collection. This was the best design for this study because the research had a descriptive goal and, although it employed a combination model, it was predominantly quantitative.

Fouché and De Vos (2005b:137) discuss two methods of quantitative descriptive design, the randomised cross-sectional survey and the replicated randomised cross-sectional survey. The most appropriate method for this study was the randomised cross-sectional survey. This method entails random assignment of respondents and one recording of data collection. There was no treatment involved and there was no replication of data collection. According to Babbie and Mouton (2001:232), a survey can be used for descriptive, explanatory and exploratory purposes in research and this research was descriptive. Babbie (2007:102) states that a study of this nature is based on data collection representing a single point in time.

The researcher chose this method because data was going to be collected once and as Babbie (2007:102) indicates, this method is appropriate for a

quantitative descriptive design. Questionnaires or interviews can be used for data collection and the method chosen in this study is discussed below.

3.4.1. DATA COLLECTION

Delpont (2005:166) lists methods of data collection in quantitative research as including questionnaires, checklists, indexes and scales. The researcher in this study chose to use questionnaires, which according to Babbie (2007:245), are instruments designed to elicit information that will be useful for analysis. Delpont (2005:166) defines questionnaires as a set of questions on a form, which is completed by the respondents in respect of a research project. Babbie and Mouton (2001:233) indicate that questionnaires also include statements, not only questions. Questionnaires can also be used to elicit qualitative information by using open-ended questions. The objective of a questionnaire is to obtain facts and opinions about a phenomenon from people who are informed on the particular issue (Delpont, 2005:166).

In the researcher's opinion, not only people who are informed on a particular issue complete questionnaires, because this instrument can be used to assess the level of awareness. The researcher used the questionnaire because the level of employee knowledge and involvement was going to be studied. It can be used with a larger sample and which would be representative of the population.

This study used a self-administered questionnaire as a data collection method. Delpont (2005:168) states that a self-administered questionnaire is completed by the respondent but the researcher is available in case respondents experience problems. Babbie (2007:257) claims that a self-administered questionnaire is one in which respondents are asked to complete the questionnaire themselves, in the presence of the researcher as well as those conducted over the phone and those mailed. The researcher agrees with Delpont (2005:168) who separates self-administered questionnaires from telephonic and mailed questionnaires.

Delport (2005:172) suggests that the researcher must find ways of ensuring an acceptable response rate. Babbie (2007:261) agrees with this and adds that the researcher must monitor the return rate. The researcher chose the self-administered questionnaire because the return rate is higher. The researcher distributed the questionnaires among the respondents to complete in their own time, but was available to clarify any issues at a provided telephone extension number in order to ensure full completion of the questionnaire.

The questionnaire included demographic information, and questions on knowledge regarding retirement planning as well as involvement in retirement planning. These questions addressed the objectives of the study. It contained both open- and closed-ended questions because the study used the dominant-less-dominant method (which is a combined method). Delport (2005:174), states that closed-ended questions offer the respondents the opportunity to select one or more responses from those provided, whereas open-ended questions give the respondent the opportunity to writing any answer in the open space. The reason for choosing this type of questions was that the researcher could ascertain the degree, frequency and comprehensiveness of this phenomenon. This form of questions was useful in this research because, when studying the knowledge and involvement of young employees in retirement planning, the degree and comprehensiveness of knowledge and the frequency of involvement could be studied. With the use of these questions, results were obtained in both numerical and non-numerical form. The answers to close-ended questions were easier to understand, to code and analyse, whereas open-ended questions offered respondents the opportunity to share more information. Closed-ended questions were more appropriate for quantitative research and open-ended questions for qualitative research.

The majority of the respondents were able to understand English; they were able to read and write in English. Recently in government departments, the minimum qualification was Grade 10 for cleaners, gardeners and drivers and Grade 12 for other positions. As a result, younger employees tend to be literate even in English. There were some employees who did not understand English and therefore the researcher made provision for the translation of the

questionnaire into the Venda language as most of the employees in the hospital understand the language.

The researcher made appointments with the respondents according to their shifts and schedules, and handed them the questionnaires which they completed in their own time and returned to the researcher. This was more practical as the researcher could only access the respondents during working hours. The raw data collected will be stored in the Department of Social Work and Criminology for 15 years according to the policy of the University of Pretoria.

The data gathered was both numerical and non-numerical and was analyzed with statistical procedures. In studying the knowledge and involvement of young employees in retirement planning, the researcher was looking for the objective reality and findings that could be generalised. Through the qualitative approach, the researcher was looking for information that could be missed by numerical data. It was helpful to highlight reasons for certain answers that were given to the closed ended questions using the open-ended questions.

3.4.2. DATA ANALYSIS

According to Kruger, De Vos, Fouché and Venter (2005:218), analysis refers to “the categorising, ordering, manipulating and summarizing of data to obtain answers to research questions.” The questionnaire used was coded before data collection. The coding, according to Kruger *et al.* (2005:220), was to be in numerical values to calculate statistics and Babbie and Mouton (2001:412) state that this enables the computer to analyse the data.

The researcher consulted a statistician from the University with the questionnaire before data collection for the questionnaire to be coded. The statistician assisted in ensuring that the coding was correct for the statistical method to be used in analysis. The researcher did data cleaning and data was entered into MS Excel spreadsheet for it to be exported to most Statistical Package. A statistical package was used to analyse the data and data was

presented in graphs, tables, diagrams and percentages (Bless & Higson-Smith, 2000:143).

3.5. RESEARCH POPULATION, SAMPLE AND SAMPLING METHODS

3.5.1. RESEARCH POPULATION

Strydom (2005b:193) describe a population as referring to individuals in the universe who possess specific characteristics. The universe refers to potential subjects/respondents who possess the attributes in which the researcher is interested. This means that a population is derived from a universe. Leedy and Ormrod (2005:253) refer to the universe as people who possess certain characteristics of the entities about which the researcher wants to draw conclusions. They use the concepts universe and population interchangeably.

Strydom (2005b:193) differentiates between the universe and population. He describes a universe as all the potential subjects who possess the attributes in which the researcher is interested, whereas the population refers to people in the universe who possess a specific characteristic. All the measurements of interest to the researcher are present in these people and the results obtained would be generalised to these people.

The universe in this study was all the employees of hospitals in Vhembe district within the age group of 25-45 years. There are seven hospitals in Vhembe district with approximately 2854 employees in this age group. The population of this study was all the employees in the Louis Trichardt Memorial Hospital, within the age group of 25-45 years and there were 119 such employees. Although the population was 119, only 60 respondents returned the questionnaires. Of the rest of the population, four were part of the pilot study, 17 refused to participate, seven were on leave, 13 nurses had gone for in-service training and 18 did not return questionnaires despite follow-up attempts.

3.5.2. RESEARCH SAMPLE

A sample is studied to understand the universe or population from which it was drawn as it contains elements of that population (Strydom, 2005b:194). This author states that it may not be possible or feasible to study the whole population or universe and it is therefore necessary to select a portion that will be studied to represent the population. A sample is used as a means to explain some facets of the population.

Leedy and Ormrod (2005:198) define a sample as a subset of the population and the results from the sample can be generalised to the whole population. The use of samples is not only feasible but can produce better research than studying the whole population or universe. The researcher will not always know or have access to the whole population, and studying the whole population may be too costly and time consuming. The size of the sample to be used depends on the size of the population.

As the population in this study is relatively small due to the age criteria, the researcher decided to use the whole population as the sample. Strydom (2005b:195) and Bless and Higson-Smith (2000:93) indicate that larger samples enable researchers to draw more representative and more accurate conclusions, and to make more accurate predictions than in smaller samples. The researcher accordingly used the whole population as the sample and did not make use of a sampling method.

The population in this study were 119 employees between the age of 25 and 45 years in the Louis Trichardt Memorial Hospital in the Vhembe District. The study included all employees in the hospital who fit into the category and therefore no sampling was required. Only 60 of respondents returned the questionnaires.

3.6. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The data was gathered from respondents working in the Louis Trichardt Memorial Hospital, aged between 25 and 45 years, through a questionnaire.

The questionnaire was divided into three sections and therefore data will be presented in the order of those sections (see Annexure 4). The three sections are:

Section A: Demographic Information;

Section B: Knowledge of Retirement Planning; and

Section C: Preparation for Retirement.

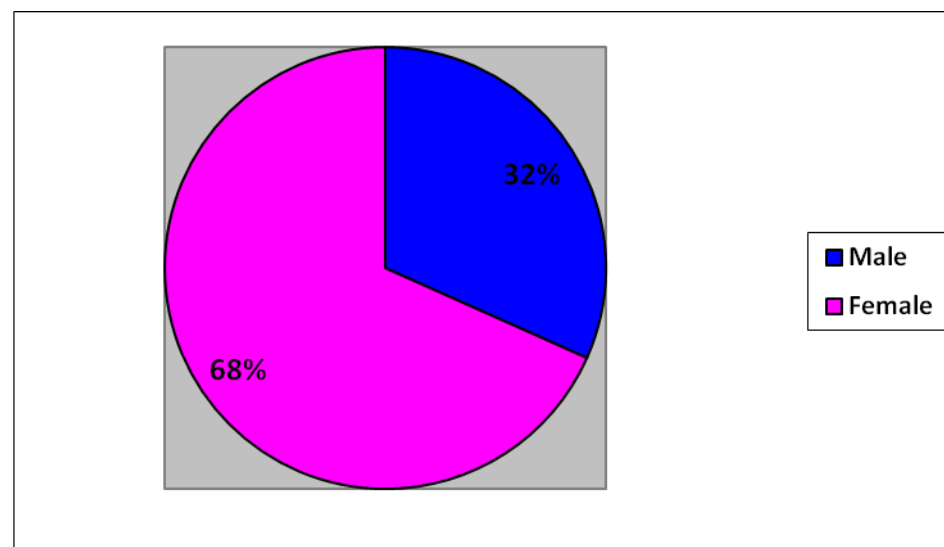
3.6.1. DATA PRESENTATION

SECTION A: DEMOGRAPHIC INFORMATION

This section illustrates the characteristics of the respondents in relation to their personal details. Data gathered in this section includes actual information (profile) about the respondents not necessarily related to the topic being studied.

- **GENDER DISTRIBUTION OF RESPONDENTS**

Figure 1: Gender



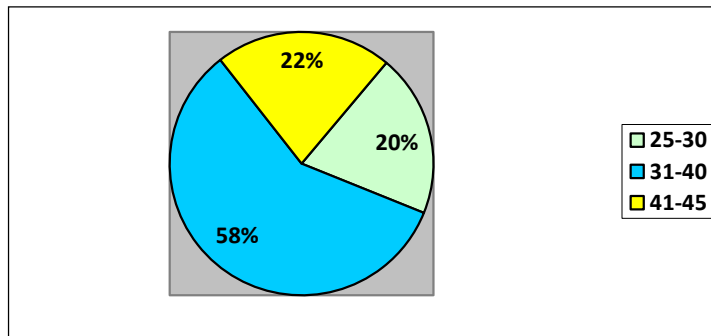
n= (60)

The gender of the respondents, as illustrated in Figure 1 above, is mostly female respondents (41) who comprise 68% of the respondents while males (19) represented 32%. This could be a reflection of the general population in

this workplace, as most of the health professions are generally dominated by females.

- **AGE DISTRIBUTION OF RESPONDENTS**

Figure 2: Age



n= (60)

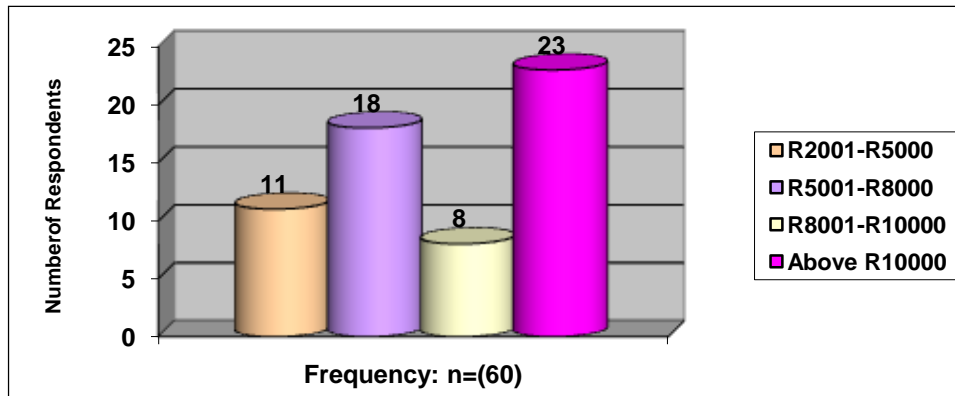
Figure 2 illustrates that the majority of the respondents (35) are mainly between 31 and 40 years of age (58%), twelve respondents are between 25 and 30 years and thirteen (22%) between 41 to 45 years. Of the 58% of respondents, seventeen respondents (49%) are between 31 and 35 years old and eighteen respondents (51%) are between 36 and 40 years of age. In terms of experience, 45 respondents (75%) have less than ten years experience, 10 respondents (17%) have between 11 and 20 years experience, and only five respondents (8%) have more than 20 years experience.

Twenty two (50%) respondents have 21 to 30 years left before mandatory retirement. Twenty five percent (11 respondents) of the respondents have less than 20 years left to work before retirement, 16% (7 respondents) have more than 30 years left before retirement. It is interesting to note that 9% (4 respondents) of the respondents misunderstood the question as their response did not make sense. For example, one of the respondents indicated that he/she has 57 years left before mandatory retirement. Since the employee is over 25, he/she will have to be 83 when he/she retires but the actual mandatory retirement age is 65 years.

Fourty six (79%) of the respondents n=(58) have tertiary qualifications and the remaining 12 respondents (21%) have at least passed Grade 11 and most probably Grade 12.

- **MONTHLY INCOME OF RESPONDENTS**

Figure 3: Monthly Income



All of the respondents n=(60), according to Figure 3, earn above R2000, 00 with the majority of 31 respondents (52%) earning from R8001, 00 and more. This seems to be a reflection of the educational levels discussed above. The Health Professionals comprise 60% of all the respondents, Administrative staff represented 27%, 8% are Technical and Logistics staff and the hospital management is only 5% of the respondents. Since the research was conducted in a hospital, it is expected that the majority of the staff will be health professionals. The nurses comprise 59% of all the health professionals. Ninety five percent (57 respondents) of the respondents n=(60) are permanently employed. The five percent who are temporarily employed in the hospital include community service health professionals and some health professionals who are in South Africa on a contract basis.

- **MARITAL STATUS OF RESPONDENTS**

Table 1: Marital Status

Marital Status	Frequency	Percentage
Single	20	32%
Married	39	66%
Cohabiting	1	2%
Total	60	100%

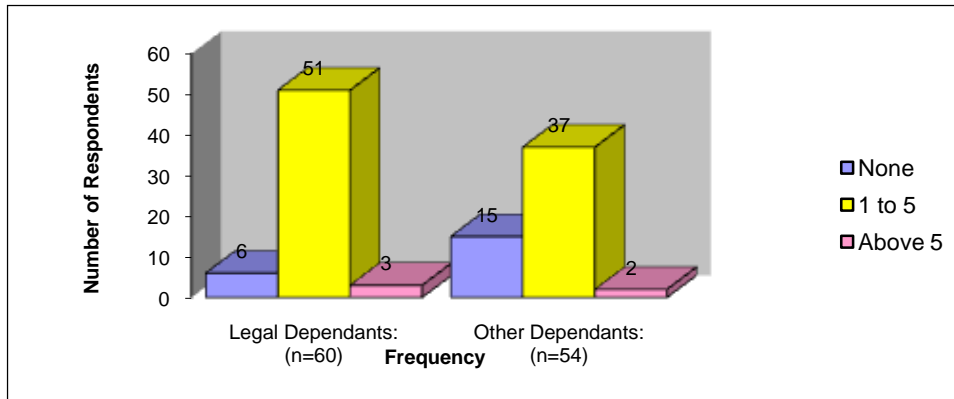
According to Table 1, the majority (66%) of the respondents are married whereas the 32% are single and 2% are cohabiting with their partners. Most of the respondents (81%) live in Makhado; a few others (17%) live in Thulamela, and a small percentage (2%) live in the Musina municipality (n=59). The types of accommodation selected by the respondents are listed below.

- **CURRENT ACCOMODATION**

The most common type of accommodation is that of employees (n=60), 31 respondents living in own homes (51%), 19 respondents are renting (32%), nine respondents (15%) live with their parents and only one respondent (2%) is living with his/her relatives. None of the respondents are living with friends. Of the 51% who are living in their own homes, the majority (18 respondents), (59%) of them do not owe anything on their homes while the rest are still paying off their bonds.

- **DEPENDANTS OF RESPONDENTS**

Figure 4: Dependants



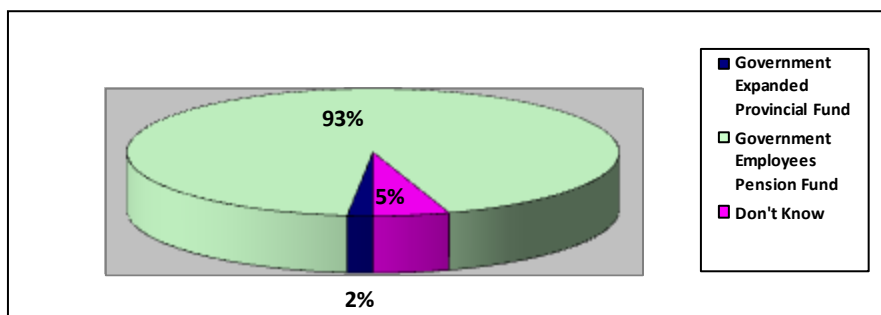
According to Figure 4, 51 respondents (85%) have one to five legal dependants (n=60) and 37 respondents (69%) of the respondents (n=54) care for one to five people other than their legal dependants. Very few have no legal dependants (6%) or other dependants whatsoever (15%) and, even fewer have more than five dependants (3% and 2% respectively).

SECTION B: KNOWLEDGE OF RETIREMENT PLANNING

This section discusses the respondents' knowledge in relation to retirement planning and facts about retirement.

- **MEANING OF GEPF**

Figure 5: Meaning of GEPF



n= 60

Figure 5 above shows that 56 employees (93%) understand what GEPF stands for, with the exception of three who admitted to not knowing (5%), and one who could not give the meaning (2%) of what GEPF stands for. Fifty nine employees responded to the questions on both the employer and employee contributions. Thirty five respondents (59%) do not know how much they contribute to the pension fund, and 39 respondents (66%) do not know what the employer contributes to the pension fund. More respondents (31%) know what they contribute to the pension fund; than those who know (12%) what the employer contributes. For 10% (six respondents) of the respondents, retirement fund contributions are not applicable because they are temporary employees.

- **RETIREMENT AGE PREFERENCE**

Twenty eight percent (17 respondents) of the respondents said they would like to retire between age 50 and 55, whereas 42% prefer to retire between 56 to 60 years of age $n=60$. This means that 70% of the respondents (42) would prefer to retire by the age of 60, 28% (17 respondents) would like to retire between 61-65 years of age and 2% (one respondent) would like to retire after the age of 65 years. These results concur with the results of Blakeley and Ribeiro (2008a:29) who found that 71% of the respondents planned to retire by the age of 60. Boumans, de Jong and Vanderlinden (2008:64) on the other hand found that 77% of the respondents who happened to be nurses preferred to retire before age 65. In this study 42 respondents (70%) would prefer to retire by age 60 and 28% of the respondents would prefer to retire between the ages of 61 and 65. Only two percent would like to retire after the age of 65. Age 56 to 60 seems to be preferred for retirement. A number of reasons were forwarded for the retirement age preference and they are outlined below in Table 2.

Table 2: Reasons for Retirement Age preference

Reason	Frequency (n)	Percentage (%)	Factor
Personal Factors			
To rest	12	23%	Leisure
To enjoy earnings/benefits	10	19%	Financial
Too old	7	13%	Age
To start a business	4	7%	Financial
Healthy enough to work longer	2	4%	Health
To travel	2	4%	Leisure
No other needs	2	4%	Financial
Will be young enough to enjoy the retirement benefits	2	4%	Age and Financial
No debts	2	4%	Financial
To avoid being idle	2	4%	Leisure
To look after family (grandchildren)	1	2%	Caring for others
No dependants	1	2%	Work-life
More family time	1	2%	Work-life
To accumulate more money	1	2%	Financial
Work-related Factors			
Enjoyment of work	1	2%	Job satisfaction
To contribute longer to the economy	1	2%	Self-esteem
Organisational Factors			
Retirement is Mandatory	1	2%	Involuntary
Total	52	100%	

The reasons supplied by the respondents do not show trends of which ones were preferred by the majority. Similar reasons and more were offered in a number of studies and can be categorised in three groups. These groups are the personal factors, the work related factors and organisational factors according to Boumans *et al.* (2008:65). The personal factors include financial status, health status, age, gender, marital status and job changes history.

Table 2 above illustrates that most of the reasons supplied for the preferred retirement fall into the category of personal factors. They comprise 94% (49 respondents) of the factors, whereas work-related factors are 4% and organisational factors are 2%. Amongst the personal factors, the financial factors contribute to 37% of the responses (19), leisure as a reason counts for 26% (14 respondents), 13% are age-related factors (seven respondents) and 8% (four respondents) are the health-related factors. The rest of the personal factors category includes work-life and caring for others (6%) while 3% just

want to avoid being idle and will therefore stay on working for longer. Twenty three percent of the respondents indicated that they would like to rest at the age they would prefer to retire, 19% (ten respondents) said they want to enjoy their benefits, 13 % (seven respondents) said they would be too old to work, 8% said they would like to start a business, and 8% said they felt they will be healthy enough to work longer.

- **RETIREMENT ACCOMMODATION PREFERENCE**

The majority (75%) of the respondents (45 respondents) indicated that they would prefer to live in their own homes at retirement, while 20% would prefer to live with their children. Only five percent preferred retirement villages and no one chose to live in an old age home. According to Neal (2008:60), 90% of seniors would prefer to live in their own homes and even if they need assistance, 82% would still prefer to live in their own homes. Glass and Flynn (2000:121) on the other hand found that 71% of the respondents deemed it to be important to live in their present homes after retirement, 22% said it was important to live in continuing care facilities (for 52% it was not important) and 15% said it was important to live in a retirement village. None of the respondents preferred living with their children after retirement. It seems that Neal (2008:60) and Glass and Flynn (2000:121) concur on seniors preferring to live in their own homes whereas their findings differ in preference to continuing care facilities and living with children.

In the researcher's opinion, the place and culture of where the studies were conducted have contributed largely to the differences in these responses. The researcher finds that the respondents seem to be more comfortable with their children caring for them than with being cared for by strangers, whereas the respondents in Glass and Flynn (2000:120) are less comfortable with their children caring for them. In Africa and in the researcher's experience, the roles reverse when the parents grow old; it is now the children's turn to care for their parents.

Table 3: Reason for Residential Preference

Reason	Frequency	Percentage
For Independence	18	35%
To be close to family	9	17%
For comfort	7	13%
To take care of children/grandchildren	5	9%
Children will care for me	4	8%
My house is my investment	2	4%
It is cheaper	2	4%
I can't afford rent	1	2%
To avoid loneliness	1	2%
No debt on the house	1	2%
To support my church's work	1	2%
I don't want to live with strangers	1	2%
Total	52	100%

Of those who would prefer to live in their own homes, 40% (21 respondents) of them would like to do so in order to remain independent. These reasons comprised 35% of the responses to this particular question. Seventeen percent of the respondents wanted to be closer to their families, 13% wanted comfort, 9% wanted to care for their families (children and grandchildren) and 8% wanted their children to care for them. Eighteen percent of the respondents gave numerous other responses as outlined in Table 3 above.

According to Hank and Buber (2009:55), it has become common all over Europe for grandparents to take care of their grandchildren who are 15 years old or younger. In fact, the above mentioned study found that 58% of the grandmothers and 49% of the grandfathers did so. Hank and Buber (2009:53) suggest that this has increased in the 90's due to many social problems such as drug abuse and HIV/AIDS. The situation in South Africa is similar due to HIV/AIDS but also due to tradition. In the researcher's experience, as the grandmothers lived with their children, they also became the nannies for their grandchildren. The elderly were cared for and they were also taking care of their loved ones. The first child to get through school or to find better work is expected to care for his/her parents and siblings, to take siblings through school. This could explain why the majority (69%) of the respondents have at least one to five other dependants apart from their immediate family. Some (2%) even have more than five dependants.

This according to Dethlefs and Martin (2006:48) is also the practice and traditional expectation in Japanese culture. They further state that the advantage of family-based care of the elderly is that it is compatible with tradition, it maintains family connection, and it is less costly to do so. The disadvantage is seen when the children are unable or unwilling to take care of the parents or are forced to leave paid work. In the researcher's opinion, it is not wise to rely on one's children while planning for retirement accommodation and frail care.

All the respondents (n=60) gave response to this question. Twenty seven respondents (45%) would prefer their spouses to care for them if they are frail, 38% (23 respondents) would prefer to be cared for by their children and 10% (six respondents) would prefer to be in the care of a private nurse. Only (two respondents) 4% would prefer to be under the care of a retirement home nurse and another (two respondents) 4% would prefer relatives to care for them.

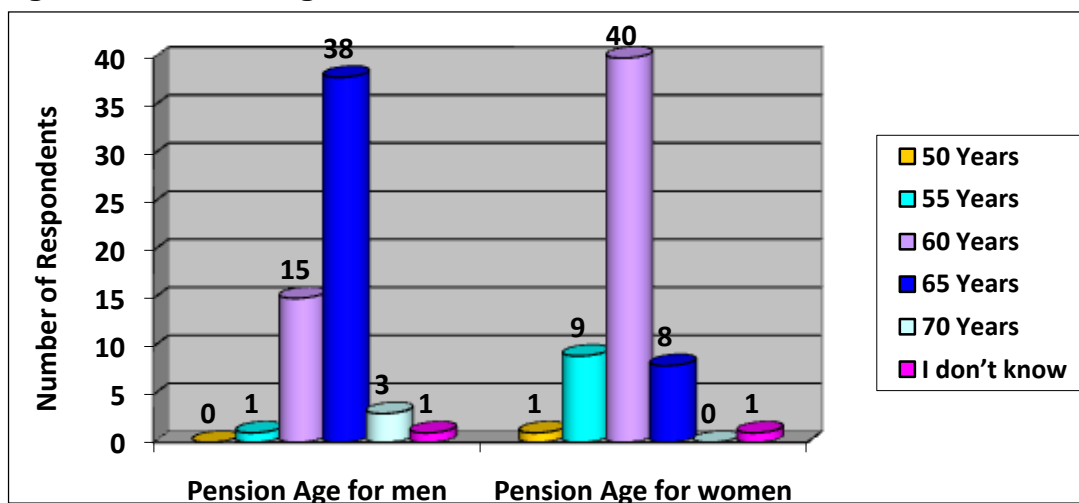
According to a number of authors (Prokos & Keene, 2005:667; Cheung & Hocking, 2004:478), caring for a sick spouse has negative effects because it is strenuous and can even result in depression. Cheung and Hocking (2004:478) describe caring as worrying due to the demands of such a role. The caregivers worry about the spouse's well-being, suicidal tendencies, and their own health as well as about having to place the spouse in institutional care. With regard to the caregiver's health, the concern is that if the caregiver also becomes ill or something happens to him/her, what will happen to both of them or to the survivor? For this to be viable, the couple will require external assistance from private nurses and relatives.

Figure 6 below illustrates that 30 (50%) employees who responded to this question (n=60), believed the government mandatory retirement age to be 60 years while 42% (25 employees) believed it to be 65 years. Only 8% (5 employees) thought it was 55 years. The truth is that employees can retire anytime from the age of 60, but the mandatory retirement age for government employees is the age of 65 for both men and women. The majority of the respondents in Figure 6 differentiated the pension age (Old Age Grant) for men

and women whereas, according to the 2008 state of the nation address, men and women will receive the old age grant at the same age of 60 years. Figure 6 below shows that, 62% (37 respondents) of the respondents believed that the pension age for men is 65 and 67% (40 respondents) believed the pension age for women is 60. The truth is that the pension age is the same for both men and women.

- **GOVERNMENT PENSION AGE**

Figure 6: Pension Age



n=60

In relation to clubs and organizations for the elderly, 52% (28 respondents) of the respondents did not know of any organisation in their communities where the elderly were cared for, 37% (20 respondents) knew at least one organisation and 11% (6 respondents) knew two or more organisations. These responses suggest that either there are no such organisations in the respondents' communities or they are not well marketed to the general public. If such organizations do not exist, then there is a great deal of work still to be done but if they are there it is important that respondents themselves find out where they are and how they operate.

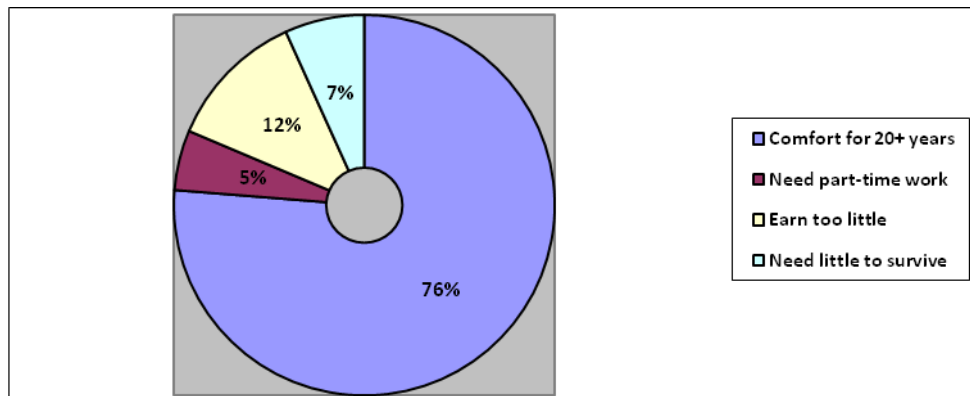
It is pleasing to note that 52% (31) of the respondents have already started investing for retirement and 12% (seven respondents) are planning to start by

the age of 30. This means that 64% (38 respondents) of the respondents will have started saving for retirement by this age compared to 71% of the respondents identified by Fidelity (2005:9). Thirty percent (18 respondents) are planning to have started by the age of 40, and 8% (four respondents) are planning to start from 45 years and above. The likelihood is that the latter respondents are already above 40 and are realising that they had better start saving for retirement.

Glass and Flynn (2000:118) show that, although 73% of the employees deem it to be important to start saving for retirement (respondents aged 45-64), only 53% had a definite plan for saving towards retirement. This is the reason why it is encouraging to see that in this study, 52% of the respondents have already started saving for retirement.

- **RETIREMENT LIVING STANDARD**

Figure 7: Retirement living standard



n=(59)

According to Figure 7, majority of the respondents (76%) are optimistic about retirement and think they will be comfortable for at least 20 years after retirement. Twelve percent (seven respondents) admit to thinking that they will earn too little to survive after they have retired and 7% (four respondents) think they will not need much to survive. Three respondents (5%) feel that they will need part-time work to maintain their standard of living.

Elder and Rudolph (1999:123) say that retirement planning is related to retirement satisfaction because respondents who report having planned for retirement also report more retirement satisfaction. This means that, even if respondents are optimistic about retirement, it is only those who have already started investing in retirement who will experience retirement positively. Seventy six percent (45 respondents) are optimistic about their retirement standard of living but only 47% (as illustrated in Table 4 below) are optimistic because they will have saved enough (24 respondents).

Eight percent of the respondents are relying on GEPF and are therefore misled because the GEPF income at retirement may amount to less than 50% of their salary at retirement. For some of the respondents, most of their expenses are directed towards their dependents and therefore if they have no dependents, they feel things will go well for them at retirement. Table 4 below illustrates several other reasons.

Table 4: Reasons for Retirement living standard predictions

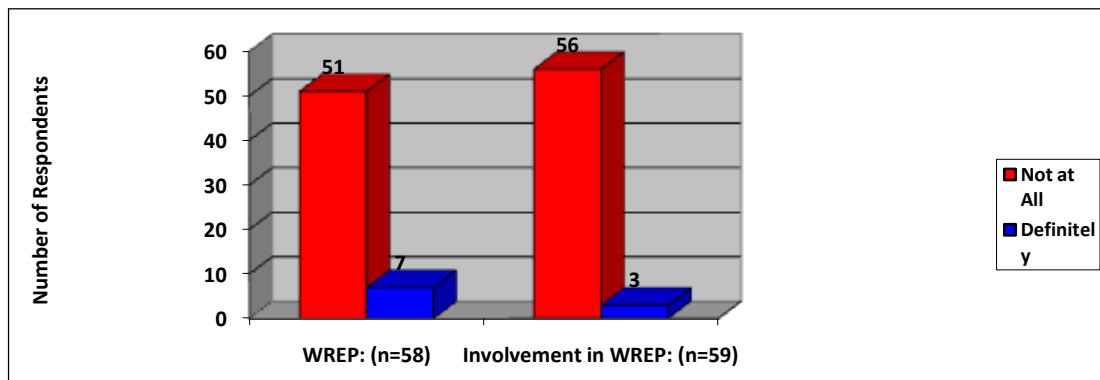
Reason	Frequency	Percentage%
Will have saved enough	24	47%
Too little benefits	5	9%
Relying on GEPF	4	8%
No dependants	4	8%
Don't want to suffer	3	6%
To be independent	2	4%
Keeping self busy	2	4%
Running own business	2	4%
Don't know when I will die	1	2%
Time for money to work for me	1	2%
I will still be strong	1	2%
Standard retirement age	1	2%
I am not going to survive	1	2%
Total	51	100%

SECTION C: PREPARATION FOR RETIREMENT

The report will now discuss preparation for retirement and the involvement of the respondents in retirement preparation. Related questions have been combined in the one graph for the purpose of presentation.

- **RETIREMENT EDUCATION PROGRAMME**

Figure 8: Retirement Education Programme



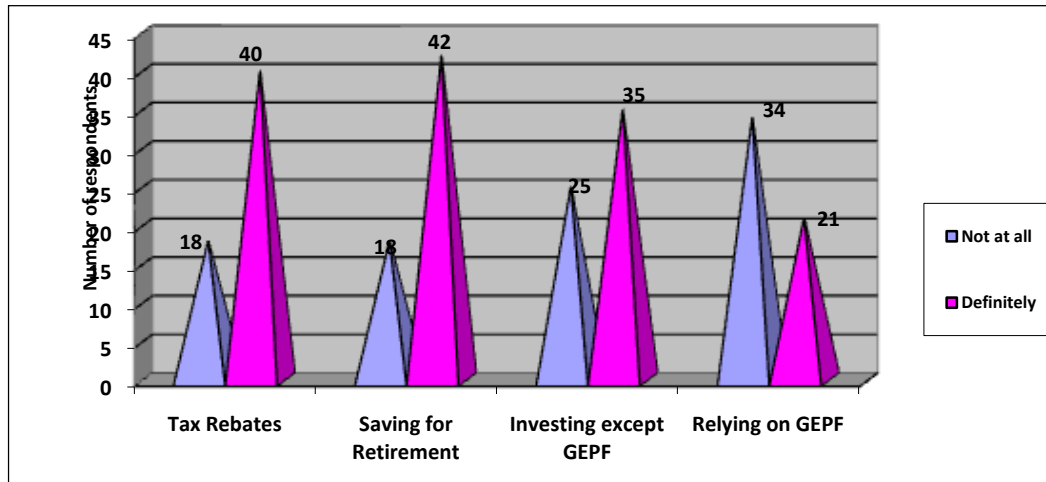
WREP= Workplace Retirement Education Programme

Figure 8 above shows that 51 employees (88%) say that there is no workplace retirement education programme within the hospital. Fifty six respondents (95%) say they have never attended such a programme. These responses support the researcher's observation as outlined in formulating the problem for this research. The researcher also noticed that such a programme does not exist and if it does, very few people are aware of such a programme. Such education is apparently part of the induction package, but either the respondents were never inducted, or such education was not offered during the induction.

According to Krainak, Burns and Natchek (2008:134), 70% of the employers in the study indicated that they offer some form of retirement or financial education, 8% planned to offer and 22% had no such initiative. This just shows that the Louis Trichardt Memorial Hospital is not alone but there are a number of employers who do not offer such education. The Krainak *et al.* (2008) study

was conducted in the US and in Canada, but in the researcher’s opinion, the percentage of employers without such a programme or initiative in South Africa could be much larger.

Figure 9: Involvement in Retirement Preparation



According to Figure 9, 69% (40) of the respondents know that having a retirement annuity reduces tax in the form of rebates and this confirms the report Ngatsane (2008) gave during the interview. According to Fidelity (2005:9), despite tax rebates, 61% of Americans do not invest in such investment schemes and they site not having the extra income as the reason for not doing so. Some just have not gotten around to taking the necessary steps. Only 59% (35 respondents) of the respondents indicate that they are investing for retirement apart from the Government Employees’ Pension Fund (GEPF) in Figure 9 above. This suggests that of the 70% of the respondents who say they are saving for retirement, some are referring to GEPF as retirement saving. At least 38% (21 respondents) of the respondents are relying on GEPF as they admitted that it will yield sufficient income for them to survive.

Blakeley and Ribeiro (2008b:750) found that 97% of the nurses heavily relied on work pensions to become their source of retirement income, the state pensions and the third source was the registered retirement savings. According to Glass and Kilpatrick ([as]:597), the current status is that retirees

have five major sources of income and in this case, retirees rely mostly (42%) on government pension (i.e. Social Security). This is applicable in America where the social security system caters for people who were working and receive their employers' pension. The South African system is completely different. Government pensioners (former government employees) are not allowed to receive the old age grant.

- **INVESTING FOR RETIREMENT**

Figure 10 illustrates that although some (eight) respondents (13%) still think they are too young to invest for retirement, the majority (87%) believe that they are not too young (51 respondents). It is still a cause for concern that there are respondents who say they are too young to invest for retirement. According to Fidelity (2005:8), 77% of 21-34 year old respondents believe that they will be better prepared for retirement than their parents because they will not make the mistakes their parents did. These mistakes include not starting early to save for retirement and underestimating their standard of living at retirement.

Figure 10: Investing for Retirement

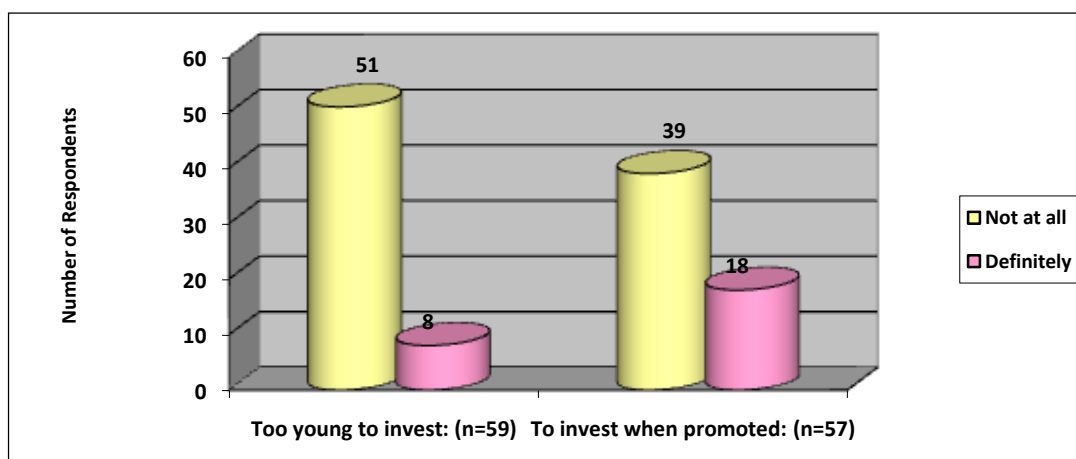


Figure 10 also illustrates that 68% (39 respondents) do not agree that they will start investing when they gain a promotion but 32% (18 respondents) feel that they will only be able to invest for retirement when they are promoted. As mentioned above, Fidelity (2005:9) found that 40% of the respondents

indicated that they did not have sufficient funds to invest for retirement. The 32% in the current study who feel they will start investing when they gain a promotion may also be doing so because of their current financial status. The challenge is that they do not know when they will be promoted. If the promotion never comes then it means they will never invest.

- **HEALTH-RELATED ISSUES IN RETIREMENT**

Figure 11: Health Related Issues in Retirement

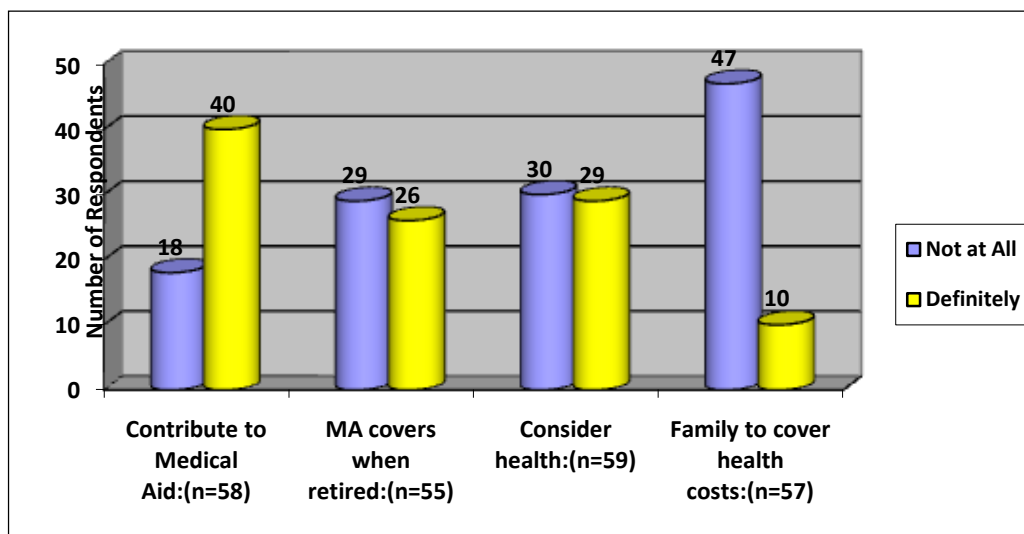


Figure 11 above illustrates that 69% of the respondents say they contribute to a medical aid scheme, but 52% say their medical aid does not cover them when they are retired. The majority (51%) of them, however, do not take health care costs into consideration when planning for retirement even though most of them (82%) know that their families will not cover their health care costs when they retire.

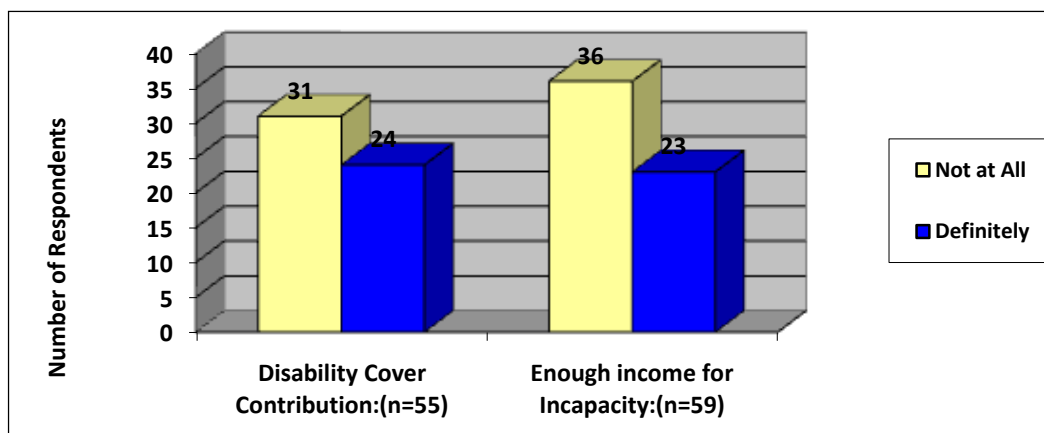
Blakeley and Ribeiro (2008b:749) found in their study that respondents who happened to be nurses, were concerned and considered health matters when planning for retirement. The health aspects were deemed to be very important including healthy life styles even before retirement. In fact, health aspects were the first four highest ranked in importance, whereas financial aspects came

fifth. These trends were attributed to the occupations of the respondents. Having a post-retirement health package was deemed to be the fourth most important aspect to consider in planning. The findings of this study are similar to the one discussed above in that 60% of the respondents are health care professionals.

According to Glass and Flynn (2000:120), having health insurance was also deemed to be important by 86% of the respondents, but only 34% had definite plans of addressing that need. Only 49% (29) respondents in this study are considering health care costs in retirement preparation despite the knowledge that their families will not take the responsibility of retirees' health costs.

- **DISABILITY COVER**

Figure 12: Involvement in ill-health retirement preparation

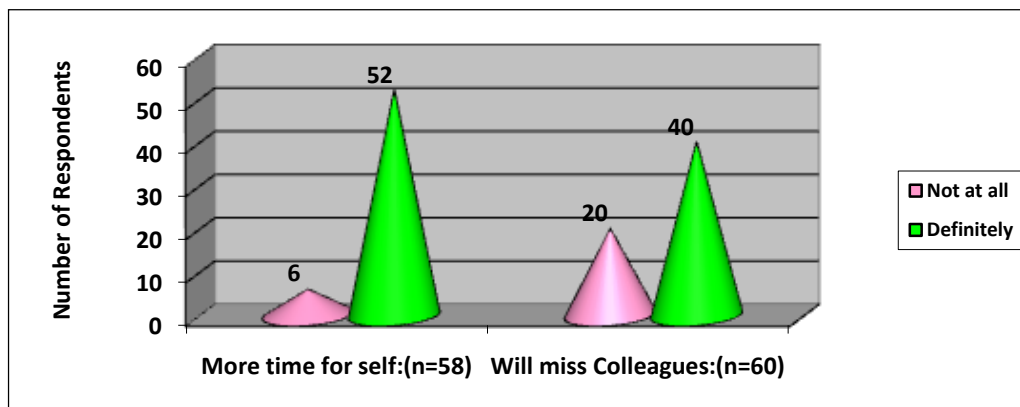


Another worrying factor is that the majority of the respondents (56%) do not have disability cover (i.e. 31 respondents) and 62% (37 respondents) do not think they will have adequate income in case of incapacity or ill health retirement. According to Smith (2009:44), most people make financial plans with the assumption that they will be able to work until their age mandates them to retire. These plans are prone to failure and have no guarantee and when this happens, it affects people's retirement contributions, ability to afford their lifestyles and it may even affect their children's future. The causes of

disability include among others illness and accidents which cause injury and prevent the employee from working. It is therefore important for employees to prepare for such events because no one can predict them.

- **RETIREMENT EXPECTATIONS**

Figure 13: Retirement expectations



As illustrated in Figure 13, 89% (52 respondents) of the respondents are looking forward to more time to themselves and 67% (40 respondents) feel they will miss their colleagues. In Rosenkoetter and Garris (2001b:710), 2.5% of the respondents planned for their use of time before they retired, but after retirement, 41% felt that it was important to plan how one will use time. Those who planned for the use of time in the cited study (Rosenkoetter & Garris, 2001b:713) were involved in more activities that stimulated their minds and avoided boredom. The respondents were more involved in social activities, travelling and reading. Some respondents were also involved in seeing former co-workers and other friends.

3.7. SUMMARY

This study aimed to describe the knowledge of, and involvement in retirement planning among employees in their middle adulthood. From this chapter, it is evident that these employees lack information in relation to retirement

knowledge but they have started becoming involved in planning activities. The next chapter discusses the conclusions arising from the study and makes relevant recommendations to the Department of Health and Social Development.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

This study focused on the knowledge of employees concerning retirement planning and preparation in their middle adulthood. The study further focused on the knowledge of employees regarding retirement issues as well as their involvement in retirement planning activities. The study made use of questionnaires to gather data from employees of the Louis Trichardt Memorial Hospital and integrated the findings with theoretical data already available. This chapter outlines the conclusions from those findings and theory and provides recommendations based on the conclusions.

4.2. CONCLUSIONS

The following conclusions were made from the findings of the empirical study.

- The majority of respondents in their middle adulthood did not know that the mandatory retirement in the public service is 65 years. They still differentiated between men and women whereas it is now equal. The same goes for the social security pension; the respondents did not know that the pension age has now been equalised at 60 for both men and women. It was noted that despite the fact that it is stated in their appointment letters, the majority of respondents do not know how much either they or the employer contribute to the retirement fund.
- The minority of the respondents are planning to retire by the age of 60, but the majority of the respondents would prefer to be cared for by their family members (spouse and children), as they are planning to live in their own homes when they retire. The majority of the respondents are optimistic about living comfortably after retirement.

- The majority or the respondents realise they are not too young to prepare for retirement and have already started, or will be investing in retirement by the age of 30. They are investing for retirement through personal saving packages and not relying on the GEPF only.
- Although the majority say they contribute to a medical aid, most of them say their medical aids do not cover them in retirement and yet they do not consider health while planning for retirement. What concerns the researcher is that most of the respondents do not have disability cover and do not think they will have enough in the event of disability.

4.3. RECOMMENDATIONS

- There is a need for a workplace retirement education programme that will address the respondents' need for information regarding retirement. Such a programme must address the following:
 - phases of retirement;
 - impact of retirement;
 - financial planning;
 - health planning;
 - accommodation issues;
 - planning for leisure and use of time; and
 - planning for the implications of disability and emphasizing the importance of planning for disability.
- An Employee Wellness programme would be able to assist in the establishment of a workplace retirement programme that would address the above mentioned issues as well as the development of a pre-retirement counselling/preparation programme.
- The induction programme/manual should include retirement information, especially basic information about the employee and employer's contribution to retirement saving (GEPF). Those responsible for

induction must not neglect giving retirement information as it influences respondents' decisions when preparing for retirement.

- Further studies need to be conducted in all the government departments on retirement issues because more knowledge is still needed in this field, especially in South Africa.

4.4. SUMMARY

The first chapter of this report outlined the goal of the study, which was to describe the knowledge of, and involvement in, retirement planning among respondents in their middle adulthood. The objectives achieved through data collection are set below:

- The first objective was to conceptualise theoretically retirement planning and it came out through the literature review that there is a need for retirement planning even among employees in their middle adulthood.
- The second objective was to describe empirically the knowledge and involvement of employees in their middle adulthood in retirement planning. It was determined, that although employees in their middle adulthood are involved in some retirement planning activities, they still lack knowledge and there is no retirement education offered in their workplace.
- The third and final objective was to formulate conclusions and recommendations for a retirement preparation programme to the Department of Health and Social Development. From the data gathered, the researcher is able to recommend to the Department of Health and Social Development that a retirement education programme needs to be established. This would be made easier if there was an Employee Wellness Programme in place.

It is therefore, safe to conclude that the goal and objectives of the study as described in Chapter One have been achieved.

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