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**BOMIKAZI ZEKA**
**Nelson Mandela Metropolitan University, South Africa**

**MTONHODZI MATCHABA-HOVE**
**Nelson Mandela Metropolitan University, South Africa**

# DETERMINING RETIREMENT INTENTIONS: A STUDY OF WORKING INDIVIDUALS IN THE EASTERN CAPE, SOUTH AFRICA

## Abstract:

Many South Africans reach retirement age without adequate retirement provisions. Prior research has indicated that only 6% of the South African population can afford to retire. The rest of the population are forced to continue working past the normal retirement age. Alternatively, South Africans have to depend on their family, friends and the South African government for income during retirement. This is possibly caused by the fact that planning for retirement is a priority only later in one's life. Therefore, the purpose of this paper is to investigate the factors that influence the retirement intentions of working individuals. A hypothesised model for aiding this investigation was constructed and included variables identified through a thorough review of the literature. The variables illustrated in the hypothesised model were grouped as follows:

- independent variables (financial planner's role, retirement knowledge; personal and financial circumstances) and
- dependent variable (retirement intentions).

An exploratory factor analysis was undertaken and Cronbach's Alpha coefficients were calculated to assess the validity and the reliability of the measuring instrument. A regression analysis was undertaken to test the hypothesised relationships. Based on the results of the exploratory factor analysis, all the independent variables retained their original definitions, however, the dependent variable (retirement intentions) was re-operationalised to retirement planning intentions.

The findings of this study revealed that the role of a financial planner is instrumental in determining the retirement planning intentions of individuals and their retirement knowledge has a significantly positive influence on their intention to plan for their retirement. It is recommended that individuals seek the advice of a professional financial planner regarding their retirement planning to ensure that individuals meet their personal retirement goals and objectives. Through the guidance of a financial planner, individuals may also gain more confidence and knowledge about their financial situation at retirement, which may also assist in determining when they intend to retire and to ensure they are not financially destitute at retirement.

## Keywords:

financial circumstances; financial planner's role; personal circumstances; retirement intentions; retirement knowledge

**JEL Classification:** J26

## Introduction

For many individuals, retirement represents a time of formal departure from paid work (Mohidin, Jamal, Geetha, Sang & Karim, 2013, p.449) or a process that begins when they acknowledge that their worker role will end (Petters & Asuquo, 2008, p.11; Topa, Moriano, Depolo, Alcover & Moreno, 2011, p.502). Petters and Asuquo, (2008, p.11) contend that retirement is an important life event that is associated with difficulties in adjusting to changes in one's lifestyle. Therefore, various factors will impact the nature of the retirement experience for individuals. However, empirical research has indicated that finances continually have an impact on one's decision to retire. (Szinovacz & DeViney, 2000, p.473; Taylor & Shore, 1995, p.76; Topa *et al*., 2011, p.502).

Changes in the economy have impacted the way individuals spend, save, make investments and manage risks in order to protect their standards of living in their retirement years (Kock & Yoong, 2011, p.854-855). Through proper financial planning, individuals can engage in the strategic process that is aimed at helping them to manage their financial resources in order to achieve a range of financial and lifestyle goals (Irving, 2012, p.50; Overton, 2007, p.3). Prior research indicated that many future retirees are ignorant in the matter of financial planning for retirement (Hadley Leavell & Maniam, 2002, p.41). In addition, the primary responsibility for providing sufficient retirement income for an individual no longer lies with governments and the employers of individuals. The responsibility of saving and investing to provide for a secure retirement income is being transferred to the individuals who may not have the knowledge to plan for their retirement (Kock & Yoong, 2011, p.854-855). As a result, many individuals reach retirement age without sufficient retirement savings (National Treasury, 2012; Stanlib, 2012). Given the fact that many South Africans cannot afford to retire, many individuals proceed to retire regardless (Botha, Rossini, Geach, Goodall, du Preez & Rabenowitz, 2014, p.951). Therefore, it is important to investigate the retirement intentions of individuals, as they continue to retire despite knowing that they may be unable to afford to do so.

## Problem statement

Retirement planning in South Africa is an issue of concern as many South Africans cannot afford to retire (Butler & van Zyl, 2012; Old Mutual Retirement Monitor, 2011 p.1; Sanlam Benchmark Survey, 2013). Previous research indicates that most individuals engage in low levels of retirement planning (Brucker & Leppel, 2013, p.2-3). Additionally, prior research has also indicated that the majority of South Africans are forced to continue working past the normal retirement age. Alternatively, South Africans are dependent on their family, friends and the South African government for income during retirement (Botha *et al.,* 2014 p.951). This is possibly caused by the fact that planning for retirement is a priority only later in one's life (Davies & Cartwright, 2011, p.251).

The lack of retirement provisions of South Africans may be explained by the fact that while South Africans are aware that there are various types of retirement savings vehicles available, few individuals make use of a retirement savings vehicle. (Financial Services Board, 2012, p.18). Many South Africans also lack effective access to an affordable retirement funding vehicle. This may be caused by the structure of the South African economy, as South Africa has a high rate of unemployment and many working individuals experience periods of unemployment throughout their working lives (Magruder, 201, p.138; National Treasury, 2004, p.6). Since individuals can no longer rely on a steady income from their employer's retirement plan, individuals need to be able to manage their own retirement savings, whether it is through a private retirement policy or with the aid of an experienced, knowledgeable financial advisor (Stanlib, 2012). Given the afore-mentioned facts, the financial situation of South Africans at retirement remains bleak (Botha *et al.,* 2014, p.951; De Clercq, 2009, p.1). Consequently, the retirement knowledge, the personal and financial circumstances of individuals, as well as the role of the financial planner are suggested factors that could possibly influence individuals' retirement intentions.

## Purpose and objectives

The purpose of this paper was to determine which factors have a significant influence on the retirement intentions of working individuals. Therefore, the primary objective of this paper was to identify and investigate the factors that influence individuals' intentions to retire.

## Literature review

The following section will discuss the importance of retirement planning, as well as the factors that influence the retirement intentions of individuals.

### The nature and importance of retirement planning

Retirement planning refers to planning for the period in which an individual's work-related income will cease. Alternatively, retirement planning pertains to making financial provisions for retirement such that individuals meets their retirement goals and are able to live comfortably during their retirement years. More importantly, retirement planning ensures that individuals eliminate the risk of outliving their retirement provisions. (Altfest, 2004, p.53; Botha, Du Preez, Geach, Goodall, Palframan, Rossini & Rabenowitz, 2014, p.951).

Retirement planning is comprised of more than contributing to a pension fund, provident fund or a retirement annuity fund. Retirement planning assists individuals in reaching their retirement objectives by taking the tax laws that govern retirement funds into account. Investment knowledge and time value of money calculations form part of retirement planning and are equally important in ensuring an individual's financial independence and assisting individuals in maximising their wealth over the long-term. (Botha *et al.,* 2014, p.4; Dan, 2004, p.16; Hamp-Adams & Middleton, 1992, p.33).

Individuals who do not plan for their retirement or individuals who begin late in planning for their retirement do not have sufficient time for their retirement savings to grow into a significant amount that will be able to provide them with the income they require at retirement (Brucker & Leppel, 2013, p.1; McMillan, 1993, p.45). Planning for post-retirement financial needs can be beneficial to individuals in several ways. Individuals who are prepared for their financial needs later in life are more likely to have adequate financial resources in retirement and to be satisfied with that income during retirement. (Hershey, Henkens & Van Dalen, 2007, p.367; Kock, Yoong, & Fatt, 2012, p.18). Thus, planning for retirement enables individuals to retire voluntarily, before normal or compulsory retirement age. Such individuals have the advantage of retiring when they desire, as opposed to those individuals who are compelled to retire as a condition of the rules of their retirement fund. (Hamp-Adams & Middleton, 1992, p.6).

**The factors that influence the retirement intentions of individuals**

Retirement intentions can be defined as the plans an individual makes to retire (Zaniboni, Sarchielli & Fraccaroli, 2010, p.273). Retirement intentions can also refer to the decision individuals make about retiring early or retiring later on in their lives (von Bonsdorff, 2009, p.23). There are various aspects that can be used to measure an individual's intention to retire, and an individual's level of retirement knowledge can possibly influence his retirement intentions.

According to Stiles, (2010, p.12), retirement knowledge pertains to the finance-related concepts that are required to ensure that individuals do not dismiss certain aspects that can negatively affect the value of their retirement savings, such as the impact of inflation. Financial concepts include compound interest, the various types of retirement saving vehicles such as retirement annuity funds and other savings vehicles. Financial concepts also include the consideration of one's expected life span and the impacts of tax policy on the retirement benefits of individuals at retirement age (Lusardi & Mitchell, 2014, p.22; Stiles, 2010, p.12).

Furthermore, basic knowledge about how pension or provident funds operate, as well as knowledge about different types of assets and their risk level, is required to assess one's potential future income accurately and is needed to make plans for an individual's retirement. In addition to the actual knowledge individuals possess about retirement funds, the level of confidence of individuals in their financial knowledge and ability to make financial decisions is expected to influence their retirement planning. (Dan 2004, p.96; Lusardi & Mitchell, 2014, p.22). A lack of retirement knowledge may cause individuals to start saving too late in life to realise their retirement goals (Clark, d'Ambrosio, McDermed & Sawant, 2003, p.6; Garner, 2012). Therefore, the retirement knowledge of individuals can possibly influence their intentions of when to retire.

In addition to the retirement knowledge of individuals, the personal circumstance of individuals can also determine their retirement intentions. For instance, one's health status is important to life satisfaction during all life stages, including retirement. Ill-health and disability are the most common factors contributing to the decision of individuals' regarding when to retire (Phillipson & Smith, 2005, p.1). Thus, ill health has been identified as an important determinant of retirement intentions. (Beehr, Glazer, Nielson & Farmer, 2000, p.211; Public Employment Office NSW Premier's Department, 2006, p.40).

Work-related aspects have been reported to have an influence on the retirement intentions of individuals. Employees' autonomy in the workplace refers to their ability to make decisions about how and when workplace tasks should be undertaken (Valencia, 2005). One factor that may affect an individual's intention to retire is their level of autonomy in the decision-making at work (Phillipson & Smith, 2005, p.3-5). Early retirement has been reported to be related to low levels of autonomy in job tasks. The perceived autonomy in the workplace consequently has a negative influence on the decision to retire (Davies & Cartwright, 2011, p.252; Shacklock & Brunetto, 2011, p.257-258). Therefore, a low level of workplace autonomy can influence an individual's retirement intention, as that individual would most likely retire early.

The financial circumstances of individuals, in terms of the income available for retirement, is an important factor influencing their decision or intention to retire. Individuals' financial circumstances have important implications on their involvement in the labour force. Their intentions also influence timing of their retirement or when they decide to retire. (Beehr *et al.,* 2000, p.207-208; Denaeghel, Mortelmans & Borghgraef, 2011, p.116).

Individuals who are less confident about how sufficient their retirement savings and assets will be, may have to start saving more, postpone their retirement plans or seek new employment to supplement their post-retirement income. Retirement intentions can influence the quality of life of individuals, as early retirement may affect the financial security they may possibly have during the retirement years, as they would have accumulated less retirement savings than planned or desired (Kock & Yoong, 2011, p.870; Li, Montalto & Geistfeld, 1996, p.39). Income prior to retirement remains a strong indicator of the income an individual may receive in retirement. (Koposko & Hershey, 2015; Masud, Haron, Hamid & Zainaluddin, 2006, p.456). Therefore, the financial circumstances of an individual play an instrumental role in determining their retirement intentions.

In the context of retirement planning, a financial planner's role is to produce advice that is relevant to an individual's financial situation, in order to assist individuals to meet their retirement goals and objectives. The role of a financial planner includes compiling a plan that will meet the needs of individuals and monitoring the plan to ensure that all aspects of the plan are on track. Financial planners are responsible for educating individuals who seek their advice, on their financial affairs and encouraging individuals to take charge of their finances. (Rossini & Maree, 2010, p.7).

Given the poor level of retirement planning in which South Africans engage, 38 percent of South Africans have never received professional advice about their retirement savings (Old Mutual Retirement Monitor, 2011; Sanlam Benchmark Survey, 2013). When considering the sources of financial advice consulted by individuals, it was determined that few individuals make use of independent financial planners. Many individuals revealed that they rely on family and friends, and the most commonly cited formal source of advice was the local bank manager (Financial Services Board, 2012, p.19; Struwig, Roberts & Gordon 2013, p.61), even though a financial planner possesses the knowledge and expertise to assist individuals in determining when they should retire, so as to avoid being financially destitute at retirement (Botha, 2012, p.89; Cull, 2009, p.27; Irving, 2012, p.50). Therefore, a financial planner can potentially influence the intentions of individuals to retire.

## Research hypothesis

Based on literature employed in this paper, the following hypotheses were subjected to empirical testing.

**$H^1$**: There is a relationship between *Retirement knowledge* and *Retirement intentions*.

**$H^2$**: There is a relationship between *Personal and financial circumstances* and *Retirement intentions*

**$H^3$**: There is a relationship between the *Financial planner's role* and *Retirement intentions*.

## Research methodology

Secondary and primary data was collected to develop and test the hypothesis and address the objectives of the research. Factors that have an influence on an individual's retirement intentions were identified and explained. Given the nature of problem statement and objectives of this research, a quantitative research approach was adopted.

### Sampling and data collection

Primary data was collected, with the aid of a questionnaire, from individuals working in the Nelson Mandela Bay area. The questionnaire was divided into three sections. Section A collected the demographic information of the respondents. Section B collected general information regarding the respondents' retirement plans. Section C utilised a five-point Likert scale ranging from strongly disagree, disagree, neutral, agree, to strongly agree, on the factors influencing the respondents' retirement intentions. Non-probability convenience sampling method was used. A total of 200 questionnaires were distributed, from which 157 were collected. Of the 157 collected questionnaires, only 151 were usable.

### Data analysis

The data collected from the usable questionnaires was then subjected to statistical analyses using Microsoft Excel (2010) and Statistica 12 software programmes. The statistical techniques used to perform the analysis included descriptive statistics such as the mean, standard deviation and frequency distributions and inferential statistics, namely multiple regression analysis. Validity of the scale was assessed using an exploratory factor analysis and reliability of the scale was assessed using Cronbach's alpha (CA) coefficient.

## Empirical findings

The results of the empirical data analysis are discussed in the sections that follow.

### Sample description

The demographic data collected from section A of the questionnaire concerned information relating to the gender, age, race, education level, monthly income, tenure of employment and marital status of the respondents. There was a relatively even split in the gender of the respondents, with 51.7% being males and 48.3% female. The biggest group of the respondents (23.8%) were aged between 20 and 29 years as well as between 30-39 years. The respondents between the ages of 50 and 59 constituted 22.5% of the sample, whilst those aged between 40 and 49 made up 20.5% of the sample. Regarding the ethnicity of the respondents, the majority of the respondents were Black (58.9%), followed by White and Coloured respondents who made up 19.9% and 13.9% of the sample respectively. Most of the respondents had obtained either a Diploma (29.1%), a Bachelor's degree (26.5%) or a postgraduate qualification (23.8%). Most of the respondents (38.4%) indicated they were married, whilst 36.4% indicated that they were single. The majority of the respondents (51%) had been employed for between 1 and 10 years, whilst 23.1% had been employed for between 15 and 20 years. The majority of the respondents (33%) reported their total personal income was between R10 000 to R20 000 per month, whilst 31% of the respondents indicated they earn more than R20 000 per month.

Section B of the questionnaire collected information relating to the respondents' retirement plans and was summarised in Table 1. From Table 1 it can be seen that the majority of the respondents (57%) plan to retire between 56-65 years. Most of the respondents (96.7%) are members of a pension or provident fund and more than half (51.3%) voluntarily contribute to a retirement annuity.

**TABLE 1: Retirement plans of the respondents**

| Planned age to retire | Frequency | Percentage |
|---|---|---|
| Before 50 | 11 | 7.3 |
| 50 – 55 years | 28 | 18.5 |
| 56 – 60 years | 45 | 29.8 |
| 61 – 65 years | 41 | 27.2 |
| 66 – 70 years | 20 | 13.3 |
| I cannot afford to retire | 6 | 3.9 |
| **Member of a pension fund or provident fund** | **Frequency** | **Percentage** |
| Pension Fund | 104 | 68.9 |
| Provident Fund | 42 | 27.8 |
| Not a member of a fund | 5 | 3.3 |
| **Main source of financial advice** | **Frequency** | **Percentage** |
| Friends/community | 20 | 13.2 |
| Family member | 16 | 10.6 |
| Financial advisor | 67 | 44.4 |
| My employer | 17 | 11.3 |
| Banker | 19 | 12.6 |
| I'm not comfortable asking for financial advice | 12 | 7.9 |

*Source: Calculated from the retirement plans section of the questionnaire*

The respondents were also requested to indicate if they were planning towards being financially independent at retirement, as well as if they believed their current retirement savings plans would be adequate for their retirement. Most (94%) indicated that they were actively planning towards being financially independent at retirement. However, only 36.4% believed they had adequate retirement savings plans. 37% of respondents indicated that they did not have adequate retirement savings, whilst 25.8% were not sure if their retirement savings would be sufficient.

**Results of the validity and reliability analysis**

An exploratory factor analysis was conducted to identify the unique factors present in the data, and to assess the discriminant validity of the measuring instrument. For the purpose of this current research, items that reported a loading of 0.4 or above and those only loading onto a single factor were accepted as significant (Hair, Black, Babin, Anderson & Tatham 2006:778; Moolla & Bisschoff 2012:5), thus fulfilling criterion for a significant item. In identifying the factors to extract for the model, the percentage of variance explained and the individual factor loadings were considered. Four factors were extracted, which explained 41% of the variance in the data.

Nine of the twelve items intended to measure *Retirement Knowledge* loaded as expected. Eleven of the fourteen items originally intended to measure *Personal and Financial Circumstances* loaded as expected. One additional item (RINT5) also loaded onto *Personal and Financial Circumstances*. All eight of the items measuring *Financial Planner's Role* loaded onto one factor as expected. Three additional items also loaded onto *Financial Planner's Role*. Five of the twelve items intended to measure *Retirement Intentions* loaded as expected.

According to Nunnally and Bernstein, (1994, p.265), CAs of less than 0.50 are deemed unacceptable, those between 0.50 and 0.69 are regarded as adequate, and those above 0.70 are acceptable. CAs of greater than 0.70 were returned for all constructs, therefore the scales measuring *Retirement Knowledge, Personal and Financial Circumstances* and *Financial Planner's Role* were acceptably reliable.

From the validity and reliability results, the operational definitions of the variables were summarised in Table 2. The dependent variable, *Retirement Intentions,* was renamed to *Retirement Planning Intentions* to reflect the re-operationalised definition from the items that loaded to this factor. Table 2 presents the Cronbach's alpha (CA) coefficients that were calculated to assess the reliability of the scales measuring the factors under investigation.

**TABLE 2: Operational definitions and validity and reliability results**

| Operationalisation of factors | Items | Factor loadings | CA |
|---|---|---|---|
| *Retirement Knowledge* refers to understanding how pension funds, provident funds and retirement annuity funds work, as well as being aware of the retirement age and rules governing pension/provident/retirement annuity funds. | 9 | Max: 0.780 Min: 0.528 | 0.878 |
| *Personal and Financial Circumstances* refers to having sufficient retirement income and a decent standard of living at retirement; having sufficient current and future provisions to meet one's retirement goals; being influenced to retire by the state of one's health; lack of interest at work; having an emergency fund to provide for unexpected expenses. | 12 | Max: 0.594 Min: 0.418 | 0.731 |
| *Financial Planner's Role* refers to the belief that it is the role of a financial planner to consider their clients' longevity risk; to meet with their clients regularly to discuss their retirement planning; to ensure that their clients have sufficient savings for retirement; to educate their clients about their retirement benefits; to consider the impact of tax on their clients' retirement benefits; to review their client's financial situation comprehensively and to advise their clients on matters that will help ensure their financial security upon retirement in advance. | 11 | Max: 0.852 Min: 0.423 | 0.905 |
| *Retirement Planning Intentions* refers to the intention to seek assistance with planning for retirement; the intention to make provisions for retirement, as well as the intention to make use of a financial planner in the future for help with retirement planning. | 5 | Max: 0.688 Min: 0.488 | 0.797 |

**TABLE 2: Operational definitions and validity and reliability results (cont.)**

*Source: Researchers' own construction following EFA and reliability results*

### Results of the descriptive statistics

Descriptive statistics, which included the mean, standard deviation and frequency distributions, were calculated, and were used to describe the sample data, as summarised in Table 3. Response categories on the 5-point Likert type scale were categorised as *Disagree* (1 <= x <2.5, *Neutral* (2.5<= x <3.5) and *Agree* (3.5<= x < 5.0).

**TABLE 3: Descriptive statistics (**N=151)

| Factor | Mean | Std. dev | Disagree% | Neutral% | Agree% |
|---|---|---|---|---|---|
| Retirement knowledge | 3.24 | 0.967 | 22.52 | 36.42 | 41.06 |
| Personal and financial circumstances | 3.41 | 0.673 | 9.93 | 49.01 | 41.06 |
| Financial planner's role | 4.17 | 0.746 | 7.94 | 25.84 | 66.22 |
| Retirement planning intentions | 2.48 | 0.501 | 51.65 | 28.34 | 20.01 |

*Source: Calculated from the survey responses*

The mean scores for the factors influencing *Retirement Planning Intentions* investigated are reported in Table 3. *Retirement Knowledge* reported a mean score of 3.24, with 41% of respondents agreeing (both slightly and strongly) that they understand how pension funds, provident funds and retirement annuity funds work. The respondents also agreed that they are aware of the retirement age and rules governing their pension/provident/retirement annuity fund.

*Personal and Financial Circumstances* reported a mean score of 3.41, with 41% of respondents slightly or strongly agreeing to having sufficient retirement income and a decent standard of living at retirement; having sufficient current and future provisions savings to meet one's retirement goals; wanting to retire earlier than the normal retirement age; being influenced to retire by state of health, lack of interest at work; having an emergency fund to provide for unexpected expenses.

*Financial Planner's Role* reported a mean score of 4.17, with 66% of respondents slightly or strongly agreeing that it is the role of financial planners to consider their clients' longevity risk; to meet with their clients regularly to discuss their retirement planning; to ensure their clients have sufficient savings for retirement; to educate their clients about their retirement benefits; to consider the impact of tax on their clients' retirement benefits; to comprehensively review their clients' financial situation and to advise their clients on matters that will help ensure their financial security upon retirement in advance.

With regards to the dependent variable *Retirement Planning Intentions*, a mean score of only 2.48 was reported. The majority (52%) of respondents disagreed that they intend to seek assistance with planning for retirement; intention to make provisions for retirement, as well as the intention to make use of a financial planner in the future for retirement-related matters.

### Results of the multiple regression analysis

Multiple linear regression analysis is a tool for predicting a dependent variable based on several independent or exploratory variables (Chen, 2012, p.85; Cooper & Schindler, 2007, p.323). In order to determine whether the independent variables (*Retirement Knowledge, Personal and Financial Circumstances, Financial Planner's Role*) had any significant influence on the dependent variable (*Retirement Planning Intentions)*, a multiple regression analysis was performed. The results of the multiple regression analysis are summarised in Table 4.

**TABLE 4: Influence of the independent variables on retirement planning intentions**

| **Dependent variable: Retirement planning intentions R-square = 0.6587** | | | |
|---|---|---|---|
| **Independent variables** | **Beta** | **t-value** | **Sig.(p)** |
| Retirement knowledge | 0.0911 | 1.9970 | 0.047 |
| Personal and financial circumstances | 0.0961 | 1.4708 | 0.143 |
| Financial planner's role | 0.7712 | 1.1128 | 0.001 |

*Source: Calculated from the survey multiple regression results*

The results of the multiple regression analysis show that the three independent variables explained 65.87% of the variance in the dependent variable, *Retirement planning intentions*. As can be seen in Table 4, a significant positive relationship was found between the independent variables, namely *Retirement Knowledge,* (0.0911; p<0.05) and *Financial Planner's Role* (0.7712; p<0.001) and the dependent variable *Retirement Planning Intentions.* No significant relationship was reported between *Personal and Financial Circumstances* and the dependent variable *Retirement Planning Intentions*. Based on these results, support is found for hypotheses $H^1$ and $H^3$ but not for $H^2$.

## Implications

The primary objective of the research was to investigate the factors influencing the retirement intentions of working individuals. The EFAs and the Cronbach's alpha correlation coefficients confirmed evidence of validity and reliability for the measuring instrument used in this study. As a result of conducting a factor analysis, the dependent variable *Retirement Intentions* was re-operationalised to R*etirement Planning Intentions*. The empirical results indicate that the independent variables *Retirement Knowledge* and *Financial Planner's Role*, are significant considerations for individuals in terms of determining their retirement planning intentions. The empirical results also revealed that individuals' *Personal and Financial Circumstances* have a positive, but not a significant, influence on the intentions of individuals to plan for retirement. As retirement knowledge and a financial planner's role have a significant positive influence on retirement planning intentions, these two aspects should be the focus areas for financial planners and financial service providers when providing retirement advice to their clients.

## Recommendations

Considering the above findings, the researchers recommend the following practical actions for South African financial planners in looking at their client's retirement plans:

Financial planners should ensure that individuals are aware of the financial implications associated with their retirement planning intentions. For instance, if individuals decide to retire early, they need to ensure that they have sufficient retirement savings to last them as long as possible. In addition, financial planners should be mindful of how influential the advice that they provide individuals is, as individuals perceive the role of a financial planner as important in determining their intentions to plan for retirement.

Although a financial planner's role is instrumental in the determination of an individual's retirement planning intentions, working individuals must also be knowledgeable about their own retirement planning. For instance, individuals must be knowledgeable about the rules governing their retirement fund and individuals are also advised to monitor their own retirement savings consistently. Furthermore, working individuals should also educate themselves on how retirement funds operate, to improve their retirement knowledge.

## Limitations

Although the implications of the research provide important feedback on retirement intentions, several limitations should be considered when interpreting the results. These limitations are stated below, along with recommendations for future research.

One of the main limitations of this research was sample bias. Only individuals in the Nelson Mandela Bay area were included in the sample of the study. For future studies, a larger sample should be obtained by including individuals who reside in other provinces within South Africa.

Secondly, the research problem is one in which very limited previous research was done and as a result, measures specifically related to the current research were not available. Most of the measurement items were constructed by researchers and the scales from which some of the items were adapted for the current paper.

## Further areas of research

For further research, qualitative material should be used to generate hypotheses and theory from which more valid and reliable quantitative measures can be developed (Creswell, 1999, p.460). Perhaps the combination of both these methods could generate more accurate results which better compliment what was established in the literature review.

## Conclusion

Following the above discussion, it is clear that the results of this research offers relevant, practical recommendations and suggestions to financial planners and working individuals on improving individuals' retirement planning intentions, as a misdetermination regarding one's retirement planning intentions could have dire consequences for individuals later in their retirement years.

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