

RETIREMENT WELL-BEING: A KENYAN PERSPECTIVE

Discussion paper
Strathmore University
Social security study group

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CONTRIBUTORS AND ACKNOWLEDGEMENTS

This report was written and compiled by members of the social security study group in the Strathmore Institute of Mathematical Sciences.

By partnering with Enwealth Financial Services, the study group aims to examine the retirement benefits practice in Kenya, propose innovative social security products and contribute to policy with a shared vision of better livelihoods in retirement.

It is our hope that this work will contribute to the thinking and decision making of individual members and trustees of retirement benefits funds, HR professionals and relevant policy bodies in the spirit of enhancing the social security for Kenyans.

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EXECUTIVE SUMMARY

This study aims at identifying and describing the general meaning of well-being in retirement with a particular focus on the place and value of financial resources in retirement. The study takes a qualitative approach. This approach allows us to explore personal experiences and provide a rich, full description and deeper understanding of what it means to be a retiree in Kenya today. This supplements quantitative research by informing issues for future research as well as providing deeper understanding for relevant policy considerations.

A database of 205 retirees was provided by Enwealth Financial Services to the research team to obtain the research sample for analysis. Qualitative analyses typically require a smaller sample size than the quantitative analyses. Qualitative sample sizes should be large enough to obtain feedback for most or all perceptions. As such, we successfully transcribed and analyzed interviews of 20 participants who have retired and were receiving pensions from income drawdown and annuities. We were satisfied that the sample size was able to provide most or all perceptions and that we had attained saturation. Glaser and Strauss (1967) recommend the concept of saturation for achieving an appropriate sample size in qualitative studies.

(Giorgi, 1997) Descriptive phenomenological approach was used to analyze the semi-structured interviews. In this approach the opinion and perspective of the individual is privileged over that of the researcher especially with respect to the value that the individual attaches to the experience.

The analysis identified five key constituents of wellbeing in retirement in Kenya today:

- (i) The perspective of retirement as a transition into a self-managed active life.
- (ii) The need for multiple sources of income for adequacy and de-risking
- (iii) Heightened concern of lack of adequate medical insurance to cater for the increasing risk of poor health
- (iv) The significance of social and family networks as a financial coping mechanism
- (v) The need to leave a legacy and financial base for children.

Knowledge gaps highlighted by participants include:

- (i) Budgeting in retirement
- (ii) Chronic disease financing
- (iii) Strategies for increasing retirement savings
- (iv) Early sensitization
- (v) Family stability
- (vi) Computation and access of pension benefits.

These findings contribute to the study of retirement and its associated outcomes by providing a comprehensive description of well-being as experienced by retirees. The new knowledge uncovered could inform policy on strategies of healthcare management in retirement and strategies in relation to cooperative models of saving, thereby improving the social security of the lifetime in retirement.

INTRODUCTION

Retirement refers to a condition in which an individual is forced or allowed to leave the labor market, or is employed less than full-time, and in which his or her income is derived, at least in part, from a retirement pension earned through past years of service as a job holder (Atchley, 1970).

Retirement is an expected and common place eventuality among all societies, often marked by a reduced or lack of a stable source of income. In formalized employment the timing is usually prescribed at a certain age which is often below the average life expectancy .

The increase in life expectancy has changed the retirement period from a short – term bonus to a longer-term undefined period. Increasingly for retirees therefore, retirement is more likely a midlife psychosocial transition as opposed to an old age exit (Kim & Moen, 2001) (Kim & Moen, 2002) with changes in daily routine, social role and incomes (Pinquart & Schindler, 2007).

In addition to longer lifetimes in retirement, most retirees are left to bear the risk of adequacy of financial resources in retirement with many employers converting or winding up their defined benefit schemes that provided a guaranteed lifetime income in favor of defined contribution schemes. This leads to higher susceptibility to poverty.

Researchers and policymakers are seeking to describe and understand this 21st century retirement experience.

With the ability to have adequate income for retirement an important consideration in predicting the quality of life after retirement, a predominant approach by researchers has focused on the role of financial planning for retirement and financial literacy necessary to realize such plans (Lusardi & Mitchell, 2011); (Hershey, Jacobs-Lawson, & Austin, 2013); (Githui & Ngare, 2014); (Bačová, Dudeková, Kostovičová, & Baláz, 2017), as well as issues of wealth and health (Kim & Moen, 2001).

Financial satisfaction among retirees and non-retirees is critical in that financial satisfaction has been found to influence overall quality of life (Andrew & Withey, 1976).

Major criticisms to this approach:

First, the focus on pension savings ignores the fact that less than half of global labour force is covered by a mandatory pension arrangement (Holzmann, Robalino, & Takayama, 2009) . Further in many context, as is the case with Kenya, the annuities arising from pension savings have often been found inadequate in monetary terms to meet the needs after retirement (Raichura, 2008), (Walaba, 2014), (Chebii, 2017) leading to higher susceptibility to poverty. In Kenya, poverty incidences among those aged over 60 years is higher than the population average (Kakwani, Son, & Hinz, 2006). It therefore becomes necessary for individual workers to consider and plan for additional resources that will cater comfortable life in retirement.

¹This is usually between 55 and 65 in Kenya

²The World Fact Book. <https://www.cia.gov/library/publications/the-world-factbook/fields/2102.html>, Central Intelligence Agency. (2016).

In Kenya for instance the life expectancy is 64.

³In Kenya, poverty incidences among those aged over 60 years is higher than the population average (Kakwani, Son, & Hinz, 2006)

⁴In Kenya for instance the formal pension covers just over 15% of the working age population (Retirement Benefits Authority, 2018)

INTRODUCTION

Second, approaching finances as an end as opposed to an enabler of needs in the life cycle could ignore other relevant elements of life in retirement such as level of engagement and influence of personal and family networks and connectedness.

Financial satisfaction has been used in models predicting life satisfaction and other measures of subjective wellbeing (George, 1992; Davis & Helmick, 1985). It is logical to assert that a sense of financial well-being depends not only upon objective and subjective measures of the financial situation, but also on how a person perceives objective attributes of the financial situation after comparing those attributes against certain standards of comparison (Porter & Garman, 1993). Financial satisfaction refers to the subjective evaluations of the degree to which ones financial resources are adequate versus inadequate, or satisfactory versus dissatisfactory (Andrew & Withey, 1976). The financial satisfaction variable has been measured differently by various researchers. Subjective measures have included variables like perception of past and future financial outcomes, perceptions of income adequacy (Keith, 1985), and satisfaction with overall economic condition including debt, savings, and income (Hira, 1993). Objective indicators to measure financial satisfaction include size of levels of income, assets, savings, and net worth (Hira, 1993).

The concept of financial satisfaction has also been measured using several items as indicators or using just one item as an indicator, such as satisfaction with income, satisfaction with financial situation in general, or satisfaction with level of living. Satisfaction

with financial situation seems to be the broadest measure of the variables, eliciting evaluations of the overall financial situation. George (1992) concluded that both subjective and objective measures are important in the assessment of financial satisfaction and wellbeing of retirees.

Finally, the studies often focus on pre-retirement period with very weak follow up on the retirement experience. Understanding the retiree's realities for the duration of retirement to the end of life would be more useful in defining meaningful interventions supporting the improvement of the quality of life in retirement as well as preventing old age poverty.

There is general consensus, therefore, that achieving a complete understanding of retirement in today's realities requires examining all aspects of life in retirement beyond finances.

It is for this reason that the study undertakes a wider approach to understanding retirement.

With the logical frame of an individual's desire to maximize their utility, there are growing number of studies on retirement using an all-round proxy to utility such as happiness (Sasaki, et al., 2018), quality of life (Thuku, 2016) or well – being (Horner, 2014) from the classic (Bradburn, 1969) study.

INTRODUCTION

Despite the limitation of having a universal measurable definition (Pollard & Lee, 2003), the concept of well-being has been argued to encompass of quality of life (Forgeard, Jayawickreme, Kern, & Seligman, 2011) and happiness (Shah & Marks, 2004) and therefore a better proxy for utility.

Although from previous studies, financial satisfaction and wellbeing is positively related to income, it is not dependent on income alone. Low income is not always associated with dissatisfaction nor does a high income guarantee economic satisfaction and well-being. Studies have shown that income only indirectly influences financial satisfaction and wellbeing in retirement. Liang and Fairchild (1979) assert that where income has been found to influence satisfaction, the influencing variables have not been explicitly considered. Liang and Fairchild also found that relative deprivation is a useful intervening variable between income and financial satisfaction. If an older person has a relatively low income but believes he is better off than his reference others, he is likely to be satisfied.

Conversely, an aged person with higher income may be dissatisfied because he feels he is worse off than his peers (Liang & Fairchild, 1979).Kostelecky (1994) found that age, income, and asset value were all significant predictors of financial satisfaction for retirees. In this study chronic health conditions were also found to be positively related to satisfaction with financial situation. Large health costs can put a heavy strain on the financial resources of the retirees and deplete what may already be a meager lifestyle. Kostelecky (1994) also found lower age and higher income to be predictors of financial satisfaction among older retirees compared with younger retirees.

STATEMENT OF PROBLEM

The perception that a Kenyan retires to a life of bliss and comfort is now largely refuted. With increasing reports of meager monthly pensions after a prosperous career, late life health complications wiping out a family's financial resources and evidence of old age poverty, the Kenyan sunset years appear bleak.

In similar related studies, perception of income inadequacy has also been found to be positively correlated with financial satisfaction. There is consistent evidence that older adults are more satisfied with their overall resources than young or middle-aged adults (Herzog & Rodgers, 1981). George (1992) found that financial satisfaction does not decrease with length of time since retirement. However, researchers have found that there is less variability in financial satisfaction among the elderly compared with the non-elderly (Hennon & Burton, 1986).

With the reality of retirement significantly different in view of time and geographical and cultural context today, traditional close-ended quantitative approaches may ignore relevant elements of life in retirement that were previously not identified or measured. This could lead to inconsistencies of results (Jæger & Holm, 2004) making it difficult to implement effective policy action.

It is for this reason that the study undertakes a wide lens qualitative approach to understanding retirement.

The research fills the knowledge gap by adding the voice of retirees' in understanding the improvement of retirement experience. There is limited research understanding wellbeing in retirement from the perspective of retirees.

OBJECTIVE OF THE STUDY

This study aims at identifying and describing the general meaning of wellbeing in retirement; drawing out key themes that could contribute to generating relevant variables of retirement in Kenya. A particular focus is paid on the place and value of financial resources in retirement.

METHOD

We adopt (Dodge, Daly, Huyton, & Sanders, 2012) p. 230 definition of wellbeing as “the balance point between an individual’s resource pool and the challenges faced” presented conceptually below.

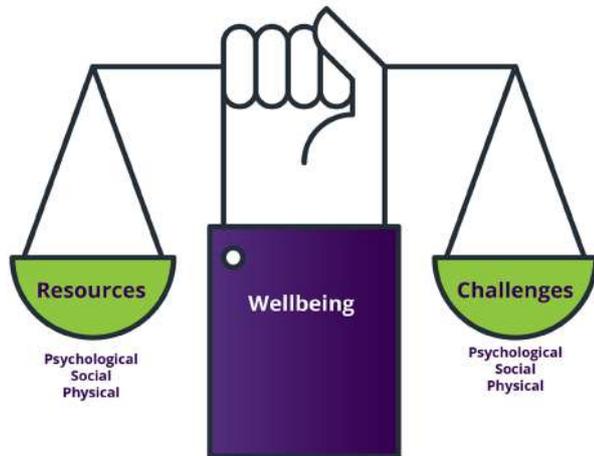


Figure 1: Defining wellbeing from (Dodge, Daly, Huyton, & Sanders, 2012)

Semi structured interviews were recorded and transcribed. The use of semi structured interviews elicits stories that are well placed to describing human experience and their actions towards achieving their desired purpose (Polkinghorne, 1995).

The interviews explored four major themes around the transition into retirement:

- i. Engagement in retirement
- ii. Connection with family and community
- iii. Planning for retirement and Choice of access of retirement benefits
- iv. Coping with crisis in retirement.

Purposive sampling was used to identify retirees in transition. The approach is suitable where the researcher has knowledge of the population and can select participants based on the criteria relevant for the study (Etikan, Musa, & Alkassim, 2016). Since retirees can experience a short ‘honeymoon’ phase (Pinquart & Schindler, 2007) the criteria for recruitment focused on recent retirees 6 months to 5 years who could easily reflect on their transition to retirement. The data was requested from Enwealth Financial services and consisted largely of pensioners from professional public service.

20 retirees were successfully recruited and interviewed in full and transcribed enabling the researcher to explore saturation of ideas (Glaser & Strauss, 1967) suggested between 5 to 25 interviews for a phenomenological study (Creswell, 1998). Data was gathered mainly using telephone interviews to facilitate easier access of participants outside Nairobi. 3 interviews were conducted face to face.

The study applied Giorgi's descriptive phenomenological method to describe and interpret elements of wellbeing in retirement as articulated by the interviewees. The phenomenological approach attributes importance to what the interviewee reveals rather than seeking explanation based on assumptions (Giorgi, 1997) and is best suited to uncover deeper understanding of everyday lived experiences.

The main steps of this method are presented below:



Figure 2: Steps undertaken in the descriptive phenomenological method adopted from (Giorgi, 2012)

DESCRIPTION OF PARTICIPANTS POPULATION AND SAMPLE

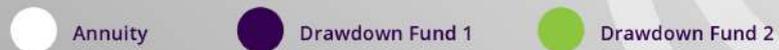
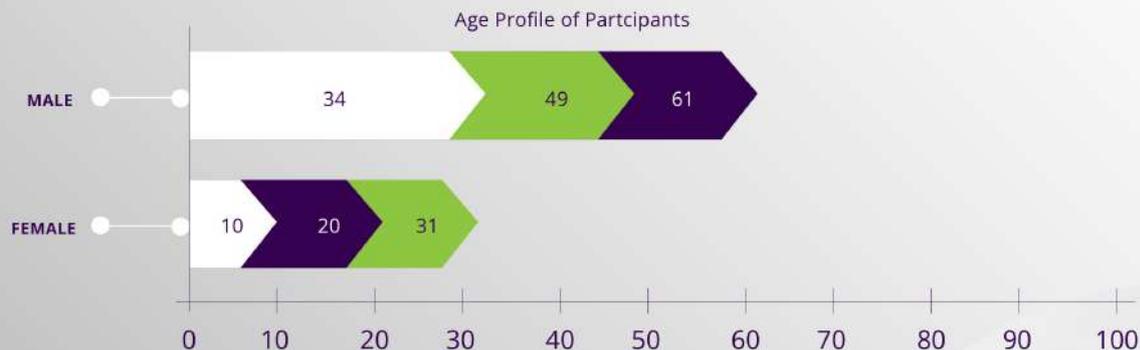


Table 1: Summary of full population of retirees

DESCRIPTION OF PARTICIPANTS POPULATION AND SAMPLE

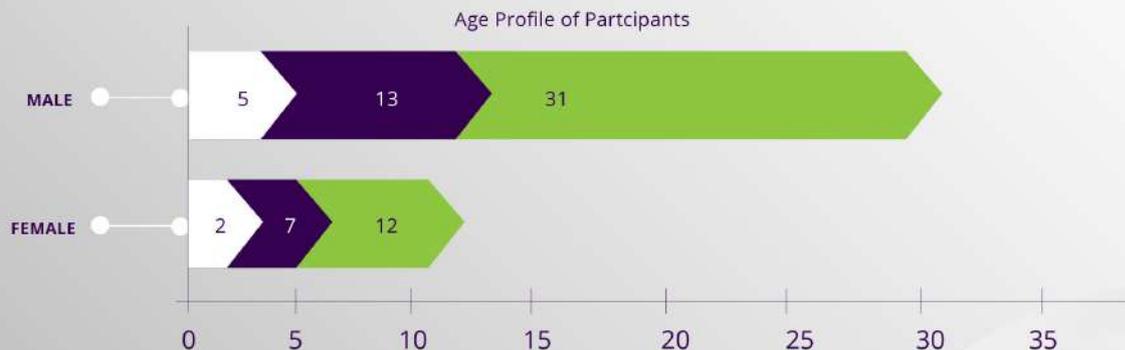


Table 2: Summary of eligible retirees based on study criteria

DESCRIPTION OF PARTICIPANTS POPULATION AND SAMPLE

The methodology allows between 5 to 25 full interviews (Creswell, 1998). We therefore targeted 30 interviews and estimating a 50% success rate in initial contacting, we purposively sampled 56 participants with a bias towards women who were fewer in number from the full population. Out of the 56, 35 were successfully contacted with 28 completing the full interview giving a yield of 80%. After data cleaning, only 20 interviews were analyzed for this report.

ETHICAL CONSIDERATIONS

- i. Potential participants were identified from the database of retirees provided by Enwealth Financial Services Limited comprising retired individuals from different organisations with a physical spread across the country.
- ii. Sanitized data was shared indicating the name and cellphone contact of the retiree.
- iii. A verbal recorded consent was sought and obtained for each participant. Before the interviews commenced, the participants were briefed on the nature of the study, their right not to answer a question and their right to end the interview at any time.
- iv. Participants were also made aware that access to transcribed data would be restricted for research purposes and identifying information would be omitted. They were also made aware that extracts of the interviews would be used for analysis and the findings would be presented in research briefs as well as academic journals.

REVIEW OF RELEVANT LITERATURE

A number of studies have sought to understand dimensions of well-being of retirees in Kenya.

Studying retired teachers under the Teachers service commission (Kithinji, 2012) confirms age as the main trigger for retirement in the study group and links lack of preparedness to distress in retirement. (Thuku, 2016) measures quality of life in retirement among registered members of Kenya Association of Retired Officers (KARO) in Nyeri County. Noting only 41.5% of respondents experience a high quality of life in retirement, the study identifies age, gender and marital status as significant factors while noting the non-significant influence of education level.

(Hira & Mugenda, 1998) highlight financial concerns in explaining variability of financial satisfaction among retirees. In addition to financial concerns in retirement (Muthondeki, Sirera, & Mwenje, 2014) emphasis the significance psycho-social factors when studying retired administration police officers.

These studies have primarily employed quantitative measures in assessing various elements of wellbeing. With the emphasis of understanding wellbeing as that expressed by the individual (Shin & Johnson, 1978) such a predefined approach could result in omissions of relevant financial concerns in retirement (George, 1992).

For instance, since the seminal work by (Yaari, 1965) on the need to plan for an uncertain future lifetime, insurance practitioners have battled to explain the annuity – puzzle (Brown, Kling, Mullainathan, & Wrobel, 2008) in evaluating the choices made by individuals in accessing their retirement income. Logical arguments would evaluate an annuity as the rational choice as this offers secure lifetime income. However, there could be lack of a fully informed

choice, the desire to bequeath and undervaluation of the social context where the lifetime security is insured by family members (Chalmers & Reuter, 2012) or the increasingly significant health cost risk (Peijnenburg, Nijman, & Werker, 2012).

The classic (Bradburn, 1969) study on psychological wellbeing is credited for de-medicalized the study of wellbeing beyond clinical diagnosis to the understanding how people coped with their daily lives. (Diener & Suh, 1997) extended this premise by suggesting three interrelated components of subjective wellbeing: life satisfaction, pleasant affect and unpleasant affect which are distinct dimensions rather than on opposing ends (Headey, Holmstrom, & Wearing, 1984).

Researchers have thereafter suggested various dimensions to fully describing wellbeing. (Ryff, 1989) emphasized personal level eudaimonic sense of achievement such as a purpose for life, realization of potential, autonomy, mastery of environment and self-acceptance with cultural context as an important dimension (Fattore, Mason, & Watson, 2007).

With the nature of wellbeing being complex and multidimensional, it becomes difficult to encapsulate it into theory and a universal measurable definition (Pollard & Lee, 2003).

However, there has been general consensus on how wellbeing should be measured. Right from early works there was a clear emphasis that such the measures need be according to the individuals own criteria (Shin & Johnson, 1978) based on their own perception.

A consistent theory has also emerged of subjective wellbeing having a defined balance or equilibrium (set-point) of life (Brickman

REVIEW OF RELEVANT LITERATURE

& Campbell, 1971) with life events that shift the individual away from equilibrium (Headey & Wearing, 1989). (Cummins, 2010) extends this theory to consider the equilibrium as being dynamic and the life events presenting challenges that shift the individual away from the equilibrium subjective wellbeing. (Csikszentmihalyi, 2002) then propose that the individual would overtime develop coping mechanisms in terms of skills and resources to enable them overcome the challenges.

Focusing on these three facets (Dodge, Daly, Huyton, & Sanders, 2012) p. 230 define wellbeing as “the balance point between an individual's resource pool and the challenges faced”.

INTERVIEW QUESTIONS

Six semi structured open ended questions developed from review of relevant studies were used to generate conversation around realities of life in retirement with a focus on the financial resources necessary for wellbeing. For each questions additional probing questions were deigned to trigger memory recall of events and reconfirm understanding. The initial leading and probing questions were factual designed to settle the participant and then gradually become reflective and exploratory. The questions were not asked in rigid order allowing a flow with the participant's thoughts.

1. Please tell me about yourself and your life in retirement
2. Please describe your current daily life, roles and responsibilities after formally exiting from the workplace
3. What process did you undertake in planning for retirement?
4. How you financially cater for yourself and your household in retirement?
5. Have you or your partner (if retired) had a case of major illness or hospitalization in retirement? How did you or your family cater for this expense?
6. How would you evaluate your financial decisions AT retirement when contrasted with your reality in retirement today?
7. Is there anything you feel that we have not covered in relation with life in retirement?

DATA ANALYSIS

The interviews which lasted between 25 to 62 minutes were digitally recorded, transcribed and anonymised. Transcription was in verbatim where spoken word was converted “as is” to text.

The first step involved immersing into the text and reading the whole transcript while listening to the recordings. Initial comments were noted down highlighting descriptive and conceptual comments. Thereafter the transcripts were imported into Atlas.ti8 and codes were generated guided by responses to the interview questions. The codes were thereafter grouped into themes based on commonalities and relations.

FINDINGS

Analysis of the 20 interviews presented five major themes providing a rich description of the experience of retirement. There is emphasis on active engagement with retirement being strongly viewed as a change to a self-managed active life. The concern of inadequacy of pension income to meet needs is mitigated through investment pre- and post-retirement in multiple sources of income mainly financed through cooperative systems. There is especially a significant concern on exposure to medical expenses. The discussion below highlights the perspective and relevant quotation supporting the themes.

1. TRANSITION INTO A SELF-MANAGED ACTIVE LIFE - "RETIRED BUT NOT TIRED"

DEFINING RETIREMENT



Figure 3: Participants definition of retirement

POSITIVE IMPACT ON WELL BEING

REST

"Retirement is the best thing that could happen to a worker. I know some panic when the letter comes but having worked so long, I think it is important to rest. To take things easy. Your body needs rest, for heaven's sake"

FREEDOM
OF
CHOICE

"I time myself."

FAMILY
TIME

"I see my retirement as a time to be with my family to make up for the time I was working"

PERSONAL
HEALTH

"[You] plan your own things; you are not a captive of time.... You manage your day very independently. You work when you want and rest when you want. Actually at retirement you should be younger if there no other difficult issues."

GIVING
BACK

"Retirement is not the way people think... when you retire you go home sit and do nothing. But when you retire, you are fired. You're charged to do even more. For me retirement is bringing back all your experiences, all your understanding, all your connections, bring it together and pass it to others [community, society]."

CHANGE

*"...what I have now seen or experienced first-hand – retirement does not mean you go out there and just sit around. It is a different type of active life."
"I am retired but am not tired, am an active person."*

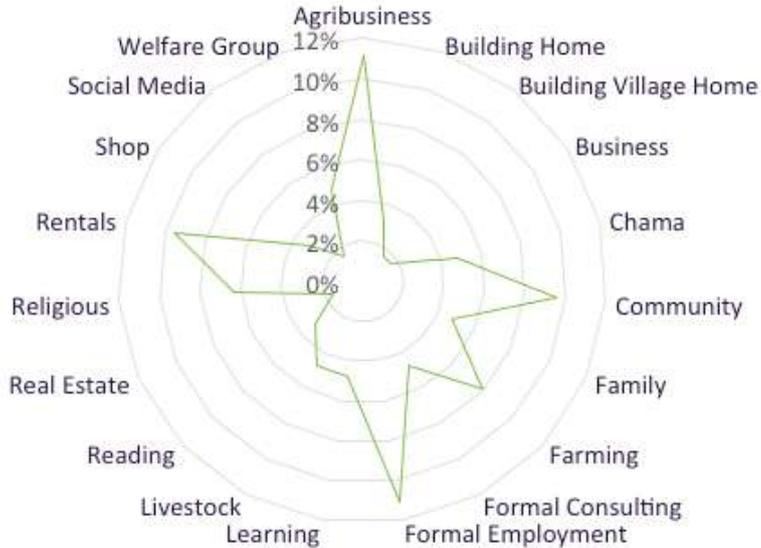
NEGATIVE IMPACT ON WELL BEING



"... it makes me worried. Its actually quite a number of things externally. Let's say security in the country. There is a high rate of unemployment whether it is here in Nairobi or upcountry. I have to have security 24/7. I have a night guard and a day guard. Simply because our house is almost open to be broken into if people know you are away. You just find that there is a cost one can't do without.

"They may not tell you but I think the community from what I have heard before when other people have retired, particularly in the village they are always thinking that now we are going to be the same with them. Sometimes they are negative, and they don't tell you."

Dimensions of Active Engagement Retirement



Those who remained active in retirement engaged in:



Agri-business



Formal Employment

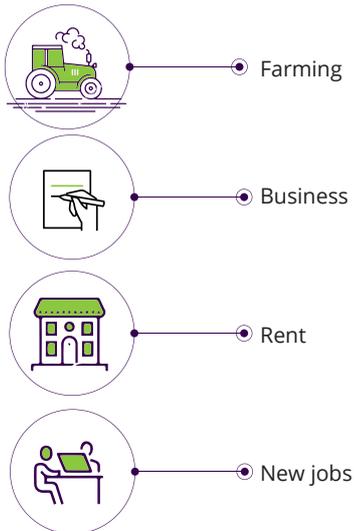


Rentals

Figure 4: Dimensions of active retirement

2. THE NEED FOR MULTIPLE SOURCES OF INCOME FOR ADEQUACY AND DE-RISKING

The next most important source of income, according to RBA Pension Survey 2004:



Other concerns highlighted included:

Family stability *"I think one of them usually family stability. People usually look at the money aspect and all that but you realize people get problems because of the stability of the family. Maybe you have never understood each other much and you start living together after retirement and realized you have never really been together."*

Family welfare *"The kids are concerned. They think dad is idle and are very concerned what dad will be doing. My wife was also concerned but so far they have accepted it."*

"The challenges. Let me tell you. The biggest challenge in retirement is health. When you are not properly covered."

"The area of health needs a lot of attention. I have colleagues who retired earlier than me have suffered health wise and the money can't be enough. Some homework need to done to save more for the health insurance to avoid effects of illnesses that spring up during old age."

FINANCIAL CONCERNS IN RETIREMENT

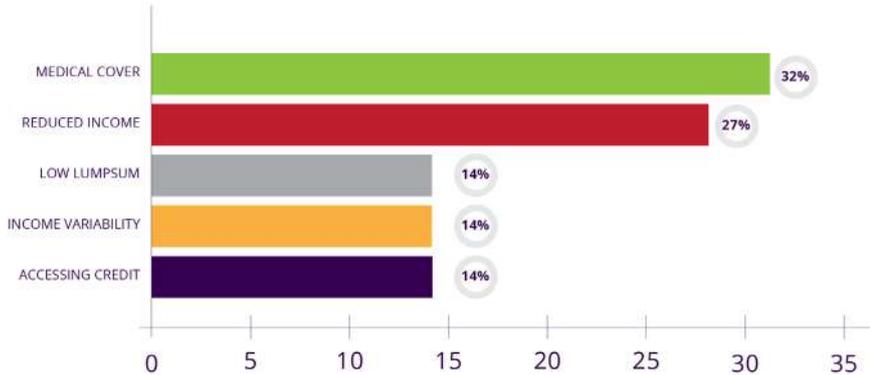


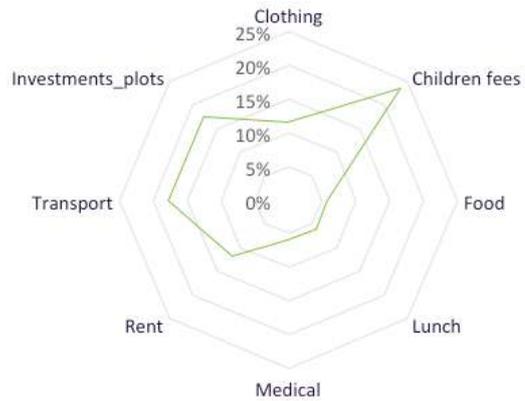
Figure 5: Financial concerns in retirement

The impact of reduced income is best expressed by the expenditure in retirement with very few respondents feeling that expenses have reduced.

The highest financial concern recorded was on the limited medical cover and reduced income.



PRE RETIREMENT EXPENDITURE



POST RETIREMENT EXPENDITURE



The top 3 pre retirement expenditure is on:



Children fees



Transport/Investment plots



Rent

The top 3 post retirement expenditure is on:



Food



Children fees



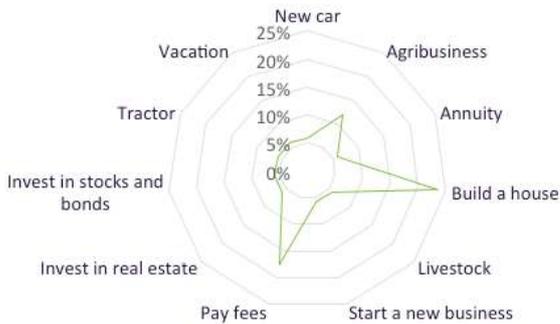
Rent/Transport/Utilities



"... Food stuffs are expensive. The same kind of foodstuff you were eating when you had your employment and your 400,000/- now you are getting maybe 80,000/- or 100,000/-. Can you see the difference? Big difference. Big difference."

New diets "...I grow a number of things for myself. But I still find food extremely expensive. As you retire, there are things you have to eat and you can't grow everything. So you have to buy them at the supermarket. You may probably need a lot more veggies, fruits there are certain things you can't eat and you can probably only find them at the supermarket. So food has become quite expensive. So you find I spend quite a huge amount of money on food."

Utilization of Lumpsum



Additional sources of income in retirement



"I invested a bit of it, then a bit of it I put up some structures – residential structures, a part of it for myself and that's what I am working on right now, trying to finish those structures"

"The most useful for me is the one that is permanent. We've got the rental because it is there forever. Even if you have a problem with the tenant that one you can always do something about it. So with those you can survive."

3. HEIGHTENED CONCERN OF LACK OF ADEQUATE MEDICAL INSURANCE TO CATER FOR THE INCREASING RISK OF POOR HEALTH



Participants were averse to seeking private insurance highlighting cases of limits in the commercial insurance covers.
"I withdrew from another because they refused to pay for other diseases eg diabetes"

Some retirees seek alternative avenues of seeking a continuation of medical benefits:
"But we are trying to push through another forum – that one for retired civil servants – they should let us continue with that arrangement. That 1,700/- they can get from my monthly pension then I get entitled to good medical. That is the only area I feel that I am not benefitting as I used to. Otherwise everything else I don't mind."

4. THE SIGNIFICANCE OF SOCIAL AND FAMILY NETWORKS AS A FINANCIAL COPING MECHANISM

Welfare groups are also popular among retirees

"Yeah. I am in several welfare groups. Those are just those that... when you have a problem they can assist but they do not give any financial assistance. Yes, I contribute money to the groups. There is one composed of two locations where I come from. We give monthly and then when someone is bereaved they we give assistance or you have any other problem then we assist."

"Welfare group? I belong to many. With wazees... my age mates and others. Like where I stay we have one which we formed 2 years ago. And I am the chairman and It's a welfare group. Those ones I'm in many. But not SACCO, they're welfare groups. You save some little money, you invest there but the main goal for such is welfare."

5. THE NEED TO LEAVE A LEGACY AND FINANCIAL BASE FOR CHILDREN.

All expressed a need to bequeath their children with some wealth on their eventual demise

"OK. So far you see what I know, whatever I am acquiring – You see like these buildings... some of these things you acquire them but you know, even if you die of old age you have limited time. Your children – if God wishes – they will outlive you. So even this is theirs. So in the meantime, because you can't say that you will wait till you die, I am planning that when it is fully done, I am planning that I can at least give each of them a few units so that they may get income from it. And then it is some plots of land I have here and there, as much as I am encouraging them to get theirs, what I have is also there."

This could situate the reason as to why majority of participants invest their lumpsum into rental units that are considered to last forever.

CONCLUSION

The study aims at identifying and describing the general meaning of well-being in retirement with a particular focus on the place and value of financial resources in retirement.

The study focused on early stage retirees (0-5 years in retirement) with a workplace pension plan. All participants had one predominant employer with no breaks in their career and subsequently no early access of pension benefits.

(Atchley, 1976) argument of an initial honeymoon stage of retirement characterized by a period of euphoria as retirees relish their new freedom of time was evident with participants attributing improved wellbeing as they transition into retirement. This could bring to question the adequacy of pre-retirement training in capturing and preparing retirees for the various transitions in retirement.

The study affirmed concerns and trajectories by industry players of the need to consider the availability and affordability of healthcare in retirement. The participants interestingly quipped this with the need for support in nutrition as dietary concerns become increasingly important. This is emphasized by the place and importance of food as a post retirement expenditure when contrasted with pre-retirement expenditure.

The importance of housing was strongly highlighted not only as a

place to live in but also a place to live on with the majority choosing to utilize lumpsum into some construction activities considered permanent that aligns well with their desire to bequeath their children.

The inadequacy of pension income was evident with participants expressing a strong need for alternative income to bridge the gap. In addition to pension income, nine additional sources of income were highlighted corroborating findings by (Bankable Frontiers Africa, August 2014) of 10 sources of income of households in Kenya. Rental income was highlighted as an important alternative source of income for its “permanence” nature and the ability to bequeath to future generations.

The qualitative approach of this study was arguably a key strength as it enabled a richer account and understanding of realities to be explored. Furthermore it has built on the limited qualitative research in this area of study.

CONCLUSION

Five key themes emerged from the study:

1. The perspective of retirement as a transition into a self-managed active life.
2. The need for multiple sources of income for adequacy and de-risking
3. Heightened concern of lack of adequate medical insurance to cater for the increasing risk of poor health
4. The significance of social and family networks as a financial coping mechanism
5. The need to leave a legacy and financial base for children.

The study was however not without limitations. Our participant's characteristics of having a workplace pension and average monthly pension above Kshs. 50,000 represents less than 5% of the Kenyan retirees. This presents an avenue for extending the research to compare realities across different sources and amounts of incomes, as well as time in retirement.

COMMENTARY ON INDUSTRY POLICY AND PRACTICE CONSIDERATIONS

With the proportion of the global population aged 60 years and over set to double to 21% by 2050 (United Nations, 2018), the assessment of the adequacy of financial resources in retirement is gradually becoming a national conversation (Hurwitz, Sade, & Winter, 2018) with ongoing debate on the role and nature of intervention that governments should take to ensure individuals retire with adequate savings (Reyers, Van Schalkwyk, & Gouws, 2015). This is especially in light of the recent Government fund cash-transfer for the elderly. The policy implications are significant. From considerations on the fitness of the current structure of public and private pension programs to new institutions instruments to cater for the uncovered through a system of social pension that could provide a basic minimum financial cover for the aged.

In Kenya, for instance, the intervention has been a balancing act between protecting an individual's right to property and freedom of choice; and safeguarding pension savings to meet the ultimate goal of adequate income in retirement. The government has taken on a tax incentive approach to encourage preservation of retirement savings with contribution of up to 20,000 per month and pension payments after attaining the age of 65 not subject to tax among other incentives (Parliament of Kenya, 2012). The sustainability of this cash-transfer program is a key concern considering the rapidly growing old-age population. We recommend a shift to mandatory defined contributions pension scheme whose results shall be growth of the national savings pool (that may be used for infrastructure developments and reduce foreign debt).

The government also instituted the Older Persons Cash Transfer (OPCT) in 2007 that now covers over 200,000 households nationally (Ministry of Labour, Social Security and Services, 2018). The sustainability of this cash-transfer program is a key concern considering the rapidly growing old-age population. We recommend a shift to mandatory defined contributions pension scheme whose results shall be growth of the national savings pool (that may be used for infrastructure developments and reduce foreign debt).

From this study we observe that housing remains a key concern in relation to the retirement well-being of Kenyans, whereas we find the Government initiatives for introduction of pension backed mortgage regulations in 2009 through which section 38 of the RBA Act was amended to allow members savings to be assigned as collateral security for mortgage access. We note that the uptake of this facility has been remarkably low. The reality of its desired objectives has not been achieved. We recommend further analysis of the gaps in its implementation, a legislative review on use of pension to access mortgages and industry home-ownership product innovations. The various research studies that have been undertaken, cost of medical insurance remains a top-concern for retirees and thereby negatively affecting their perception of well-being. The recent move by RBA to introduce supportive legislative framework for pre-funding healthcare needs is highly supported. The overall healthcare expenditure in retirement is likely to reduce significantly due to the investment income accrual that helps in the pre-funding. The exemption of RBA Levy on this portion of funds .

⁵Generally defined as “cash transfers, not linked to contributions, that take place after retirement or after a given eligibility age” pg 1 (Holzmann, Robalino, & Takayama, 2009)

COMMENTARY ON INDUSTRY POLICY AND PRACTICE CONSIDERATIONS

However, we recommend further consideration to make saving for medical needs compulsory and have these funds fully exempted from taxation.

The study observed that a majority were prepared through formal pre-retirement training programs facilitated by employers. Retirement training programs that are presently undertaken by the RBA is clearly a noble cause in enhancing retirement well-being within the society as supported within the various research findings. We recommend that these formal retirement preparedness programs should be based on a reviewed and widely accepted curricular. Much of the studies have focused on the pre-retirement without much focus on post-retirement. The observed retirement “honey-moon” phenomenon could be a tip of the ice-berg of the various life stages

post retirement that may have material concerns and implication on the retirement well-being. Further research could deepen the scope of knowledge of the various trends post-retirement, responsive product design, policy formulation and relevant knowledge capital for retirees enhanced coping mechanisms. Access to supportive social amenities and services at discounted rates in appreciation of societal immense contribution in social-economic development of the nation.

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