Chapter 4
The Relationship between Financial Planning for Retirement and Some Socio-Economic Variables: A Quantitative Study on Middle-Aged Women and Men

Filiz Yildirim
Ankara University, Turkey

Nuray Akpolat
Nevşehir Provincial National Education Directorate, Turkey

ABSTRACT

The purpose of this study, planned as a quantitative research, is to determine the relationship between planning retirement financially in middle-age period and some socio-economic variables. This study is conducted through 287 participants, who live in Nevşehir, Turkey, aged 40-59, and were reached via the help of some key individuals. As the result of the study, statistically no significant difference has been found between the responses of women and men about planning the retirement financially. However, it has been verified that men’s financial plans for retirement were higher in rates than that of women. On the other hand, it was also found that although neither women nor men feel ready for the retirement, it has been determined that for men the factor of being an owner of a house and for women the factor of saving up increases the financial planning for the retirement.

INTRODUCTION

With the increase and aging in the population, planning for the retirement has gained importance in the world. Retirement, generally described as the end of the active working life, starts with middle age period, concurs with transitional period to old ages, and lasts until the end of lives (Günay, 2013). Therefore, retirement is often discussed by the studies on agedness.

DOI: 10.4018/978-1-4666-7484-4.ch004
When people get through one life period to another, different problems and needs emerge simultaneously. Especially, when plans facilitating adaptation to retirement which concurs with transitional period to old ages are not made, this causes psychological, social and financial problems affecting more (İçli, 2008). That is because after leaving the working life, individuals face with more difficulties on meeting their needs especially with increasing costs of health care and decreasing income (Onur, 1995). Similarly, being isolated from the social life with the end of active working life may also cause these individuals to become lonely when old, and to lose their active roles and functions in the society, having some psychological problems. The new social position in the transition to retirement, in a sense, brings about the loss of the previous one, fundamentally changing individuals’ lives. In this context, adaptation to retirement means investments not only financially and psycho-socially but also on health and life style in order to lead a happy and active life. It should be also mentioned that planning retirement in a society depends, most of the time, on what financial sources and opportunities individuals have. That is because even if most individuals have certain ideas regarding plans for retirement during their working years, some could realize these ideas while for some others materializing their preparations and plans can be impossible due to financial reasons (Yazıcıoğlu, 2006).

Financial retirement planning is examined in two categories namely formal and informal planning. Formal retirement planning includes financial preparation such as saving up cash, buying a house, stock papers, fund or bond for longer investment, purchasing life insurance or saving insurance policy and buying accident insurance policy (Lee, 2003). Informal retirement plans, which are known to be the other choice in the financial planning, refers to attending educational activities about retirement, talking to others and exchanging ideas about retirement (Noone, 2010).

Some studies on planning retirement financially (Lee, 2003; Yazıcıoğlu, 2006; Noone, 2010) drew attention to the fact that especially women experience inequality of opportunities in planning their retirement financially (especially in working areas) and depending on that, that they have insufficient financial sources. For instance, Yazıcıoğlu (2006) suggested that many women could not participate in the active working life. Likewise, as Lee (2003) mentioned, many women still get caught to retirement unprepared due to economic and social reasons. Similarly, compared to men, more women could be made to work in jobs with no retirement opportunities, or to take responsibility domestically which provides no income owing to gender roles and even in professions, they could be paid less relative to their male colleagues (Lee, 2003). For this reason, chances and opportunities which will enable women to plan their retirement financially get restricted.

Today, on the other hand, as the number of women working in professions increases, worries about not being able to plan retirement also increase among women. That is because as it was previously perceived as women’s responsibility to look after family members when they are old, the rates in women’s taking responsibility in such work have decreased due to individualization, increasing career opportunities and modernization. Depending on this, the care for especially sick family members has been handed over to hospitals, old pension houses and care institutions. Thus, the requirement to be financially prepared for the care of sick family members for the coming years has also emerged. Additionally, when it is kept in mind that life expectancy of women population in the world is longer than that of men, it is anticipated that retired population will be made up of mostly women (Güleç & Tekbaş, 1997). For this reason, it was suggested that women would be under more health risk and that their life quality would be less when compared to men (Akın, 2012). Therefore, women’s planning their retirement financially has become