

## **Influence of Retirement Preparation on Happiness in Retirement: a case of Nyeri County, Kenya**

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**Abstract:** Retirement has many financial, health and emotional effects. In many developing countries, older people are the poorest members of society. This study aimed at assessing how pre-retirement preparation influences retirement happiness in Kenya, with a view to making appropriate recommendations to improve the quality of life during retirement. The study was conducted in Nyeri County, Kenya using randomly selected retirees. Data was collected using questionnaires analyzed using the Statistical Package for Social Sciences (SPSS). The study found that; age, gender, marital status, parents' socio-economic status, availability of retirement information, monthly income, retirement planning and the availability of reliable social support systems significantly influenced retirement happiness. To prepare for a happy retirement therefore, this study recommends that all employees be provided with retirement planning information and counselling on how to cope with post-retirement social, physiological and financial challenges.

**Key words:** Retirement, Retiree, Retirement Preparation, Retirement Happiness, Retirement Challenges, Retirement Planning, Retirement Information, Kenya

### **1.1 Background**

Retirement is one of the chief life transitions that symbolize entering into a new period in life. Mandatory retirement age is different from country to country, and even within the same country it may still vary based on occupation and gender. Generally, retirement age ranges between 55-75 years. As one retires, one parts from a significant activity that affects many of his\her life domains. Retirement is often accompanied by a decline in life-satisfaction, self-evaluation, and quality of life (Atchley, 1988). According to a report by United Nations (UN, 2002), retirement should not be seen as a stage in one's lifetime which hinders or stops the retiree from continuing being creative and capable of contributing to society. Thus, having adequate coping skills in the transition to retirement could positively influence the outcome of this transition.

Despite the centrality of this life-event, preparation towards retirement is often insufficient. Retirement preparation programs aim to form a realistic perception of retired life and reduce anxiety about retirement. The degree of consistency between individuals' pre- and post-retirement activities is affected by their formal and informal planning, economic status, health, and occupational goal attainment (Beehr, 1986). In their reviews of early studies (Fitzpatrick, 1979; Manion, 1976; Ullmann, 1976), all claimed successful pre-retirement programs have significant impact on retirement satisfaction. Significant differences exist between the perceived life satisfactions of retirees who participated in pre-retirement programs as compared to those who did not (Anderson, 1989). Anderson's study supports the need for pre-retirement planning and retirement preparatory programs.

A study on retirement satisfaction and experiences found that retirement saving and planning had a positive relationship with retirement experience and satisfaction (Floyd, Haynes, Doll, Winemiller, Lemsky, and Burgoyne, 1992). Research has suggested that better psychological health, higher income, and being married predicted better retirement adjustment (Wong and Earl, 2009). To prepare employees for retirement life, retirement programs should be provided in all organizations to make the retiree prepared for retirement and its consequences (Karatu, 1991). This would reduce the anxieties and fears that associate retirement as a step to the grave and make it acceptable as an appreciable end to working life. This study sought to examine the relationship between pre-retirement preparation and the happiness and quality of retirement life in Kenya.

## **1.2 Problem Statement**

Although retirement has various negative social, psychological and physiological consequences, that of economic deprivation is the most felt (Karatu, 1991). Traditionally, care of the elderly was the responsibility of the younger generation. However, the social fabric is breaking and individualism is taking place. In the past, outliving one's savings was not a big issue in Kenya because there was a large extended family that cared for each other. However, the rapid increase in the number of nuclear families, the growing urbanization and the global nature of employment opportunities are forcing a change in this implicit social contract (Nyayieka, 2007). To make the situation worse, given the fragile nature of old age security in many developing countries, many of these older people face the risk of poverty in their old age. Older persons in sub-Saharan Africa are believed to be particularly and increasingly vulnerable (Aboderin and Gachuhi, 2007).

Households with elderly persons are generally poorer than households with non-elderly people. Many of these elderly persons are retirees from formal employment and some have income in the form of pension payments (Karatu, 1991), while others are not eligible for pensions or any social protection (HelpAge International, 2006; HelpAge International, 2007; Hyunt and Kakwani 2006). To make the situation worse, it is hard for retirees to access credit as commercial banks have remained insensitive to their plight, afraid that many of them are not creditworthy due to their advanced age and poor financial position (Nyayieka, 2007). As a result most poor older people expect to work well into old age in order to support themselves unless they make adequate

preparations for their old age support during their younger working years. However, despite worries about funding a comfortable retirement or outliving their retirement savings, many full-time workers have taken few or no independent steps to plan for retirement (Jagannathan, 2008).

In most cases, many middle and low income earners in developing countries are not able to save enough for retirement because their employment life is also characterized by financial strain. They therefore enter a poverty-stricken retirement life after a lifetime of poverty during their employment phase. Studies have found that preparing for retirement could go a long way in reducing many of the retirement challenges (Karatu, 1991; Ng'aru, 2008). This is based on the assumption that for those who are well prepared, retirement can be a positive life transition, a health enhancing rest from the stress of having to work (Belsky, 1984; Tanner, 1976). Consequently, one needs to plan and prepare well for retirement not only because the social values are changing and one can no longer depend on their children for support in old age (Otit, 2006), but also because life expectancy has been growing and is expected to grow further in the coming years (Oyuke, 2009). In view of this, it is important that employees are sensitized and educated on post-employment life and the challenges that come with it. This study therefore assessed the influence of retirement preparation on the quality of post-retirement life in Kenya, with a view to making appropriate recommendations on retirement preparation, if necessary.

### **1.3 Objectives**

The study was guided by the following specific objectives:

1. To assess whether retirement planning information was accessed and utilized.
2. To assess the challenges and positive outcomes of retirement.
3. To examine how socio-economic factors influence happiness in retirement.

From the study objectives, this study tested the hypothesis;

'Happiness in retirement is positively related to retirement planning, the retirees' socio-economic status and the social support available to the retiree'.

### **2.0 Research Methodology**

A survey targeting all retired residents of Nyeri County, Kenya who had retired from formal employment upon attaining the mandatory retirement age of 55 years was conducted. The 2009 Population Census Report showed that the area had 33,242 people aged 55 years and above. According to the Kenya Demographic and Health Survey (2003:35), 58 percent of women and 72 percent of men are employed. Nyeri County population comprises of 49 percent males and 51 percent females (Nyeri District Development Plan, 1996).

#### **2.1 Sample**

The sample of retirees was selected from retiree records at the NSSF office in Nyeri Town. According to the 2009 population census report, the area had 33,242 persons aged 55 years and

above. Out of these, 14,384 were men while 18,858 were women. Using the given percentages of employed women and men as 58 percent and 72 percent respectively, then 10,356 men and 10,938 women were retirees. The study selected 2 percent of the retirees to get a sample of 207 men and 219 women, giving a total of 426 retirees. The researcher created a sampling frame using the retiree records held at the NSSF office by first identifying those retirees who formally worked in the formal sector whose contact addresses indicated they were residents of Nyeri County. The researcher then categorized retirees into male and female and used systematic random sampling to select the respondents. All the selected retirees who were still Nyeri county residents were contacted and all those who could be reached were included in the study. Unfortunately, some of the selected retired respondents could not be reached because some of them had succumbed to death after retirement; others were no longer residing in the county, while others could not be contacted through the addresses given. As a result, the study interviewed 400 respondents instead of the anticipated 426 respondents.

## **2.2 Data Collection**

Questionnaires developed from objectives of the study were used to collect data from the respondents. The questionnaires consisted of both open-ended and closed-ended questions so as to collect as much information as possible.

## **2.3 Data Analysis**

After collection, data was reviewed and cleaned carefully. Open-ended questions were then coded before being keyed into a computer using the Statistical Package for Social Sciences (SPSS). The output was described using percentages, frequency distributions, tables and cross tabulations. One-way ANOVA and linear regression analysis were then used to test the hypotheses and thus determine whether or not relationships existed between the variables of interest and whether such relationships were significant.

## **2.4 Limitations of the Study**

This study only covered Nyeri County of Central Kenya; therefore, the results obtained may not adequately reflect the situation in all parts of the country. In addition, the study sample was drawn only from retirees from formal employment sector meaning that the opinion of those who have retired from the informal sector was not considered. Lastly, survey research design was used implying that the findings only reflect things as they were at the time of the study but do not capture the trend over time.

## **3.0 Findings**

This section discusses the findings from 400 retirees of different ages, gender, marital status, education, occupation and income levels. The sample comprised of about 5.5% males and 4.5% females. All the retirees were aged 55 years and above with a mode age bracket of 60-64. About 72% were married monogamous, 4% married polygamous, 10% single, 3% separated/divorced, and 11% widowed. Approximately 56% of the respondents had retired from the public sector while 44%

had retired from the private sector. The following sections discuss the study findings based on the study objectives.

### **3.1 Access and Utilization of Retirement Planning Information**

The study found that less than half of the respondents (47%) had access to retirement planning information. Employees in the public sector were the most affected with 67% of those interviewed reporting not having had access to retirement planning information, compared to the private sector where only 38 percent had no access. This implies that retirement planning information is still not very accessible to employees especially those working in the public sector. Out of the 47 % of those with access to retirement information, the media was the major source, followed by the employer. Although Retirement Benefits Authority (RBA) is a major source of retirement information through the media, only about 5 percent of retirees quoted it as their main source. Other sources of retirement information included friends and family. About 78% of those who had access to retirement planning information had utilized it. This implies that majority of employees are likely to utilize retirement planning information if it could be availed to them. The study found that, although majority of retirees had made prior retirement plans, only 7% were able to adhere to those prior retirement plans during retirement. The remaining 93 percent had to make adjustments to their previously made retirement plans during actual retirement in order to cope with unanticipated financial demands that came with retirement.

### **3.2 Outcomes of Retirement**

Generally retirement seemed to have had more negative than positive effects on the retirees. About 67% and 54% reported that their financial situation and social situation respectively, had worsened since retirement. However, retirement had a positive effect on the financial situation and social situation of 33% and 37% of retirees respectively. Retirement had no social effect at all on about 8 % of retirees.

Freedom to do what one wanted and having quality time with loved ones were the major benefits of retirement. However, only 12% of retirees found retirement life to be less stressful than employment life. Some retirees felt that too much time that never needed to be accounted for made some retirees engage in activities such as excessive alcohol drinking that were detrimental to their health. The biggest challenge reported by majority of retirees (about 65%) was financial constraint. Other challenges faced by retirees were time management, irregular income and deteriorating health. While almost 97 percent of retirees reported that they had not anticipated most of the challenges they were facing, 97% of those who were facing unanticipated challenges reported that the challenges could be reduced through better retirement planning and adherence to a good retirement plan. Those challenges that were reported to have been unavoidable included failing health and death of spouse, friends and other loved ones.

### 3.3 Factors Influencing Retirement

The study found that retirement needs, family and income were the main factors that the respondents reported to have considered when planning for retirement. All the respondents had accessed some level of formal education and almost 42% had proceeded beyond secondary school. However, only about 5 percent of retirees had university education. Retirees from the private sector earned higher monthly incomes than those from the public sector. This is evident because, in the lower income brackets of below forty thousand Kenya Shillings per month, there were higher percentages of those who have retired from the public sector than those who have retired from the private sector. However, among those earning more than forty thousand shillings per month, there were higher percentages of retirees from the private sector than from the public sector. In fact, 97% of those who retired from the public sector earned less than forty thousand shillings per month, and less than 3 percent of them earned more than eighty thousand shillings monthly. Among those who retired from the private sector, about 67% earned more than forty thousand shillings monthly, with almost 16% earning more than eighty thousand shillings per month.

To assess how the variables of study interest influenced retirement happiness, inferential analysis was used. The hypothesis ‘Happiness in retirement is positively related to retirement planning, the retirees’ socio-economic status and the social support available to the retiree’ is tested in the next section.

#### 3.3.1 Testing of Research Hypothesis

This section presents the results of the statistical tests that were carried out on the research hypothesis; ‘*Happiness in retirement is positively related to retirement planning, the retirees’ socio-economic status and the social support available to the retiree*’, to determine whether relationships existed between the variables of interest and whether those relationships were significant. The means for selected elements were first established to determine their trend in the relationships of interest and the one-way analysis of variance (ANOVA) test conducted at 95% confidence level. One-way ANOVA test was selected because it is useful when testing for differences among two or more independent groups (means). Linear regression analysis was then carried out because the hypothesis had more than one independent variable being related. To test this hypothesis, the degree of happiness in retirement was measured by the extent to which the retiree engaged in activities of his/her choice, was able to maintain the former lifestyle, and was coping with unexpected challenges.

#### Retirees’ Happiness based on Engagement in Activities

Retirees were considered to be engaged in activities of their choice by looking at the frequency with which they attended to their religious, recreational, social and physical commitments. In each of the four activity areas, highest scores were awarded to those who attended to their commitments daily while lowest scores were awarded to those who were irregular in their commitments. Score for ‘engagement in activities of choice’ was calculated on the basis of the following Likert Scale: Daily involvement= 4; once a week= 3; once a month= 2; irregularly= 1. Scores were then added for the four items namely, religious, recreational, social and physical commitment. Those who scored

higher were considered to be happier than those who scored lower. For purposes of analysis, those who scored eight points and above were considered to be happy because they had scored at least half of the total expected scores. Those who scored below eight points were considered to be unhappy. From the findings, about 56% of the retirees scored 8 points and above and were therefore considered happy while the remaining 48% were regarded as unhappy.

### **Retiree happiness based on ability to maintain former lifestyle**

Another factor that this study used to measure happiness in retirement was the extent to which the retiree maintained the former (pre-retirement) lifestyle. This was measured by looking at how retirement had influenced the social and financial situation of the retiree. Scores were awarded depending on whether the situation of the retiree had improved (score=3), remained the same (score=2) or worsened (score=1) after retirement in both the social and financial aspects. Based on this scale, the higher the scores, the happier the retiree was considered to be. Out of a maximum score of six points, the highest score obtained from the data was five points while the lowest score was two points. Based on the scale, almost 60% of retirees were unable to maintain their former lifestyle after they retired, and were therefore considered unhappy.

### **Retirees' Happiness based on Ability to Cope with Unexpected Challenges**

The final measure of retiree happiness in this study was how well they were able to cope with unexpected challenges. The coping mechanisms that the retirees employed in dealing with retirement challenges were rated and used as a measure of retiree adjustment and happiness in retirement life. Highest scores were awarded to those retirees who were able to adjust comfortably to retirement challenges (score=3); followed by those who accepted and accommodated the situation as it was (score=2); while lowest scores were awarded to those who had to seek external help whenever challenges appeared (score=1). The findings showed that only 3% of the retirees scored this highest score; and were therefore regarded as well adjusted to challenges and thus very happy. The majority (76.5%) of the retirees scored 2, implying that they accepted retirement challenges as part of retirement life and were therefore considered contented and fairly happy. The remaining 20.5% of retirees scored 1 because they had to seek external help and were therefore regarded as unhappy.

### **Cumulative Retirement Happiness**

In order to conduct statistical tests on the relationship between happiness in retirement and the socio-economic factors of interest, a variable labeled 'cumulative retirement happiness' was created by combining the three indicators of happiness in retirement discussed above. When the frequencies were run, out of a possible maximum score of twenty-five points, the highest score obtained from the responses was seventeen points and the lowest score was eight. The retirees who scored thirteen points and above were considered to be happy as this score is slightly above the mid-point on the maximum scale of 25 points. Those who scored below 13 points were considered to be unhappy. Based on these findings, only about one-third of retirees were considered to be happy. Having determined the degree of happiness in retirement, the next section examines whether any

relationship exists between happiness in retirement and the socio-economic factors of interest namely; retirement planning, retirees' socio-economic status and the social support available to the retirees.

### **Relationship between Happiness in Retirement with Age, Gender and Marital Status**

The statistical tests showed that the demographic characteristics of age, gender and marital status significantly influenced happiness in retirement. The trend in the means showed that happiness in retirement was lowest immediately after retirement (age 55-59 years), then increased up to age 70 years when it started declining. In relation to gender, female retirees were found to be happier than the male retirees. This is probably because women adjust easier to changes in life and can even be used to explain the fact that women outlive men as evidenced by the larger proportion of female widows compared to male widowers. Based on the findings, retirees who were married (both in monogamous and polygamous marriages) were happier than those who were single (all those who had never been married combined with those who were divorced, separated and widowed).

### **Relationship between Happiness in Retirement and Retirement Planning**

Extent of retirement planning was measured by scoring the number of retirement preparation areas that the retiree reported he/she had adequately planned for, prior to retirement. Six key retirement preparation areas were tested in this study namely; when to retire, retirement activities, sources of income at retirement, choice of retirement residence, social network and medical care during retirement. Scores were awarded as follows; plans in the six key preparation areas (score=7), plans in five areas (score=6), plans in four areas (score=5), plans in three areas (score=4), plans in two areas (score=3), plans in one area (score=2), no plan at all (score=1). Out of a maximum score of seven, the highest score obtained from the responses was five while the lowest score was one. From the findings, only 8.5% scored 4 and above implying they had planned in at least three areas, while 91.5% had made plans in less than half of the six key areas.

In order to undertake statistical tests on the relationship between retirement planning and happiness in retirement, the Cumulative Happiness Scale was used as the dependent variable against the Extent of Retirement Planning Scale discussed earlier. Means and standard deviations were then established on retirement happiness between retirees with different levels of retirement planning. An ANOVA test was conducted at 5% level of significance, to show whether a significant relationship existed between the two variables. Results showed that means increased as the number of retirement planning areas increased and the ANOVA test confirmed a highly significant relationship ( $p < 0.001$ ) between retirement planning and happiness in retirement.

### **Relationship between Socio-Economic Status and Happiness in Retirement**

The socio-economic status of retirees was measured by determining the socio-economic background of the retirees' parents, the retiree's level of education, and the average amount of monthly income the retiree received during retirement. The Cumulative Retirement Happiness Scale was once again



used as the dependent variable against each of the socio-economic indicators discussed in this section.

### **Relationship between Parent's Socio-Economic Status and Happiness in Retirement**

The socio-economic status of the family in which an individual is born and brought up may have an influence on the person's happiness in retirement. This study, accordingly, tested the relationship between the retirees' parents' socio-economic background and retiree happiness. To measure the parents' socio-economic background, highest score was given to the retirees who had both parents formally employed during their childhood (score=4); followed by those whose fathers alone were employed (score=3), followed by those whose mothers alone were employed (score=2); and the least score went to those who had none of their parents in formal employment when they were children (score=1). Based on this measurement, almost two-thirds of retirees came from poor socio-economic backgrounds as they scored only 1 on the Likert Scale. Only 2.8% came from families of high socio-economic backgrounds, with the rest coming from middle socio-economic families.

Using the scores obtained from the responses and the scale on Cumulative Retirement Happiness, the means and standard deviations were established on the extent of retiree happiness for different retirees' parent's socio-economic backgrounds. The means were highest where both parents were employed and lowest where both parents were unemployed. The ANOVA test results showed a highly significant relationship ( $p < 0.001$ ) between parents' socio-economic background and happiness in retirement. This implies that retirees from higher parental socio-economic backgrounds were happier than their counterparts from lower parental socio-economic status. This was probably because they had a good start in life which gave them an advantage over colleagues born to poor parents.

### **Relationship between Retiree's Level of Education and Happiness in Retirement**

Level of education was measured by awarding scores to the various academic levels of education reached by the retirees. University education was awarded the highest score (score=4), followed by middle-level colleges (score=3), then by secondary school level (score=2), while primary school level had the lowest score (score=1). Although means increased as education level increased, ANOVA test results and the linear regression analysis showed that there was no significant relationship between the level of education and happiness in retirement. Though surprising, this finding is possible because the loss of occupational prestige may make the retiree unhappy no matter how educated he/she may be, especially soon after retirement when he/she is still trying to adjust to the retirement role.

### **Relationship between Retiree's Monthly Income and Happiness in Retirement**

Monthly income was measured by arranging the gross monthly incomes of retirees into categories and then awarding the highest score to the highest category. The following Likert Scale was used: Income above 80,000 shillings (score=4); 80,000-40,001 shillings (score=3); 40,000-20,001 shillings (score=2); below 20,000-10,001 shillings (score=1); below 10,000 shillings (score=1). The

distribution obtained when the frequencies were run on retirees' monthly incomes was classified into four socio-economic classes namely; High socio-economic class (those earning above 80,000 shillings), Upper middle class (those earning 40001-80000 shillings), Low middle class (those earning 20001-40000 shillings), and Low socio-economic class (all those earning 20000 shillings and below). Based on this classification, 65.5% (about 2/3) of retirees belonged to the low socio-economic status.

Means and standard deviations on Cumulative Happiness in retirement conducted on retirees with varying levels of monthly income show that means increased as monthly income increased. This confirmed that those retirees with higher monthly incomes were happier than those with less monthly income. In addition, the ANOVA test pointed to a very significant relationship between monthly income and happiness in retirement ( $p < 0.001$ ). This is probably because; the amount of income that one gets determines his/her ability to access basic needs and all other requirements that influence an individual's lifestyle and in effect, his or her happiness.

### **Relationship between Social Support and Happiness in Retirement**

This section seeks to establish whether social support influenced happiness in retirement in any way. The relationship between social support and happiness in retirement was tested by asking the retirees for their opinion on whether 'retirees with strong social connections were happier than those with weak social connections. The study assumed that retirees would respond to this question based on personal experiences on their social relationships. Retirees were required to respond by indicating whether they strongly agreed (score=5), agreed (score=4), did not know (score=3), disagreed (score=2) or strongly disagreed (score=1). From the findings, almost two-thirds of the respondents agreed that retirees with strong social connections were happier than those with weak social connections. To establish the relationship between happiness in retirement and the degree of social support, the Cumulative Happiness Scale was used as a dependent variable against the scale on the degree of Social Support. Means, standard deviations and ANOVA test were computed to explain the relationship between social support and happiness in retirement. The trend in means showed that those who agreed with the statement had a higher mean than those who disagreed with the statement. In addition, the ANOVA test results showed a highly significant relationship between social support and happiness in retirement ( $p < 0.001$ ), implying that the more social support a retiree received, the happier he/she was. This concurs with the proposition of continuity theory whereby, for continuity in life, retirees must maintain social relationships and form other social networks to replace bonds forged with former colleagues and acquaintances that he/she may have lost due to retirement.

The relationship between marital status and happiness in retirement can also be used to explain the influence of social support. According the statistical tests, married retirees had a higher mean than the single retirees (combined number of retirees who had never been married, with those who were divorced, separated and widowed). The ANOVA test results for this relationship was positive

( $p < 0.001$ ) implying that being married increased retiree happiness, probably due to the social-emotional support offered by the marriage partner.

### **Linear Regression Analysis Regarding Socio-Economic Status of Retirees**

Having established the relationship of various socio-economic indicators and happiness in retirement, a linear regression analysis was conducted to find out the relative strength of each in predicting the dependent variable. From the findings, happiness in retirement was significantly determined by parents' socio-economic background, retirees' monthly income, and social support available to the retiree. Surprisingly, level of education was not a significant determinant of happiness during retirement, probably because it is the attitude, rather than the education level that help retirees to adjust to a retirement life.

### **3.4 Summary, Conclusion and Recommendations**

This study found that age, gender, marital status, parent's socio-economic status, monthly income, retirement planning, financial and social investments are the major factors influencing happiness in retirement. While happiness in retirement increased up to age 70 years then started declining, female retirees were generally found to be happier than male retirees. This was probably because, immediately after retirement, retirees lose their role identity which lead to identity crisis for those who do not have other important roles to substitute for the lost employment role. However, most women continue to be busy with their domestic and familial roles which make them feel more useful than male retirees. As time goes, they get used to the retirement role thus increasing their retirement happiness up to about 70 years where physiological deterioration of the body leading to frailty and loss of strength may make it more difficult for retirees to engage actively in their former activities leading to dependency and in effect, unhappiness.

In addition to gender, marital status was another factor that directly influenced happiness in retirement. Retirees who were married were found to be happier than their colleagues who were single (individuals who were widowed, divorced, separated and those who had never been married) during the period of this study. This was probably because; married individuals could combine their economic and social resources with their spouses' leading to more and better social and financial investments and they are also more likely to give each other emotional support.

The socio-economic status of retirees' parents directly influenced retirees' happiness probably because, individuals from wealthy families are more likely to have access to good schools leading to a good education and a good job with a good income. In addition, these individuals are also likely to inherit more property from their parents than their colleagues from poor backgrounds. This implies that even if they do not put a lot of individual effort to prepare for retirement during their employment life, they are still likely to have property from their parents which would provide the needed income, and they are also likely to enjoy the social support from the social network created by their wealthy parents.

The study found more people from the private sector in the high income brackets, and more people from the public sector in the low income brackets. In addition to low income, more than half of the sampled retirees had no access to information on retirement planning. Once again, the public sector constituted about two thirds of those with no access to retirement planning information. Moreover, this study found that insufficient access to sources of retirement planning information led to inadequate preparations for retirement. This may help to explain why ninety three percent of the sampled retirees who had made retirement plans had to adjust them. In fact, almost ninety seven percent of retirees reported that they had not anticipated most of the challenges they were facing in retirement, while more than ninety seven percent of those who were facing unanticipated challenges reported that those challenges would have been avoidable with better retirement planning and adherence to a good retirement plan. This study found that more than three quarters of retirees who had access to retirement planning information had utilized it. This underscores the importance of retirement planning information in helping individuals to plan not only for financial needs, but also for social and health needs.

Generally, retirement seemed to have had more negative than positive effects on the retirees. The study found that almost 70% of retirees reported that they were in a worse financial situation, while 54% reported a decline in social life since retirement. According to the retirees, deterioration in social life was mainly caused by a reduced financial ability which made it difficult for retirees to entertain their friends in social places and reduced occupational prestige which was previously conferred by their employment status. Nonetheless, retirement had a positive effect on the financial situation of thirty-three percent of retirees and on the social situation of about thirty-seven percent of them. Due to the challenges that came with retirement, retirees had developed mechanisms of coping. Many of them had adjusted their lifestyle and retirement activities in order to cope with unanticipated financial, social and health demands.

Most of the findings of this study correspond with the existing research literature, for example;

- There were more widowed females than males in the sample of retirees confirming the observation in the literature review that women outlive men (HelpAge International, 1995; Urdvardy and Cattell, 1992).
- Many retirees had insufficient access to retirement planning information. This is unfortunate because the findings also confirmed that insufficient access to retirement planning information led to inadequate preparations for retirement (Karatu, 1991; Atchley, 1988; Schwarz, 2003).
- A positive relationship was found between an individual's socio-economic status and happiness in retirement. This finding corresponded with the observation in the literature review that low income-earners were unlikely to make adequate preparations for retirement because they likely had education and income levels that would not facilitate access to retirement information. (Schwarz, 2003; Karatu, 1991; Atchley, 1988; McMahon, 1957; Odhiambo, 1993)

- Most of the retirees with high monthly incomes were those who had other sources of income during their employment days. This was in line with the literature review which reported that retirees who were happy with their retirement were those who had laid a good economic foundation before retirement. In fact, this study also found a very significant relationship between happiness in retirement and amount of income during retirement (Karatu, 1991; Tanner, 1976; Belsky1984).
- Retirees with reliable social support systems were happier than those without. According to the continuity theory, a smooth transition from the employment role to the retirement role required that the retirees perform familiar activities with familiar people in familiar surroundings. In view of this, ability to maintain reliable social groups such as family, friends and religious associates contributed to retiree happiness (Atchley, 1988; McMahon, 1957; Gray, 1999).

Although most of the study results concurred with the findings in the literature that was reviewed, there were a few that were contrary to the reviewed literature as explained below:

- The level of education did not significantly influence happiness in retirement among the sampled retirees. This was surprising considering that the study found the level of education to have a significant influence on retirement preparation among the sample of prospective retirees. Logically, since education influenced retirement preparation, more educated retirees were expected to be happier. Perhaps the loss of occupational prestige causes retiree unhappiness irrespective of educational attainment, especially soon after retirement when one is still trying to adjust to the retirement life. The literature reviewed had pointed to a situation where those who were more educated were more likely to have better jobs and better incomes leading to a higher quality of life and happiness during retirement (Belsky1984), which is contrary to the observation made on the sample of retirees where education did not significantly influence retirees' happiness.
- While retirement is expected to lead to a drop in income, this study found out that although majority of retirees had reduced incomes after retirement, a few of them experienced increase in their incomes. The study found that a few of the retirees who had other sources of income during their formal employment period, were probably able to put more time and energy into those alternative sources of income after they retired from formal employment thus increasing their income. This is contrary to a number of studies (such as Belsky1984; Karatu 1991; Otit, 2006; Republic of Kenya, 2005; Nyayieka, 2005) which pointed to a reduction of income during retirement.

## **RECOMMENDATIONS**

Since some of the factors that influence life in retirement such as age, gender and parents' socio-economic status are impossible for individuals to change, employees must put in extra effort to improve those socio-economic factors in which their personal effort can make a difference. Such factors include education, retirement planning, making financial investments and establishing social networks. The following recommendations are made in reference to these and related factors that have emerged as important in this study.

1. Employers should ensure that employees get the correct information on retirement by organizing for them workshops on retirement planning to sensitize them on what to plan for, how to plan and why they need to plan. They need to be enlightened on the social, physiological and financial challenges that come with retirement and the need to start planning early for retirement.
2. To address the issue of accessibility to retirement planning information, employers are urged to work together with retirement planning bodies in order to organize how best the employees can be helped to access this information. This challenge is especially directed to the public service where access to retirement information is low.
3. To enable employees to plan better for their retirement economic benefits, they should be encouraged while still in employment to invest in financial schemes such as co-operatives, purchase of government bonds and company/corporate shares. Income from sources such as these will enhance their financial status during retirement.
4. Part of preparation for retirement through seminars, workshops and written documents must stress to prospective retirees the importance of an active social life during retirement. Hence, prospective retirees need to be informed of the need to seek membership in social groups including religious associations and to maintain kinship networks for mutual social support.
5. Finally, through the efforts of employers, workers' and employers' representative bodies including RBA, employees should be given psychological counselling on prospective challenges posed by life in retirement and strategies of coping with emergent challenges.

### **Areas of Further Research**

- There is need to conduct a study on retirement on individuals from the informal sector because this study only focused on the formal sector. Informal sector in this case includes small business enterprises mostly owned by private individuals and have more than two employees.
- Since this study only covered one district, similar studies should be conducted in different parts of the country and if possible compare the quality of life between retirees who are resident in urban areas and those resident in rural areas.

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**Appendix: Tables of Research Findings**

Table 1 Distribution of Respondents by Age and Gender

|       | MALE      |       | FEMALE    |       |
|-------|-----------|-------|-----------|-------|
|       | Frequency | %     | Frequency | %     |
| 55-59 | 17.0      | 7.8   | 25.0      | 13.8  |
| 60-64 | 86.0      | 39.3  | 87.0      | 48.1  |
| 65-69 | 37.0      | 16.9  | 21.0      | 11.6  |
| 70-74 | 57.0      | 26.0  | 45.0      | 24.9  |
| 75+   | 22.0      | 10.0  | 3.0       | 1.7   |
| TOTAL | 219.0     | 100.0 | 181       | 100.0 |

Table 2 Distribution of Respondents by Gender and Marital Status

|                    | Male      |      | Female    |       |
|--------------------|-----------|------|-----------|-------|
|                    | Frequency | %    | Frequency | %     |
| Married Monogamous | 193.0     | 88.1 | 102.0     | 56.4  |
| Married Polygamous | 15.0      | 6.8  | 3.0       | 1.7   |
| Single             | 3.0       | 1.4  | 33.0      | 18.2  |
| Separated          | 6.0       | 2.7  | 0.0       | -     |
| Divorced           | 0.0       | -    | 5.0       | 2.8   |
| Widowed            | 2.0       | 0.9  | 38.0      | 21.0  |
| TOTAL              | 219.0     | 100  | 181.0     | 100.0 |

Table 3 Distribution of Respondents by Level of Education

|                   | Frequency | %     |
|-------------------|-----------|-------|
| Primary School    | 112.0     | 28.0  |
| Secondary School  | 122.0     | 30.5  |
| Mid-Level College | 145.0     | 36.3  |
| University        | 21.0      | 5.3   |
| TOTAL             | 400.0     | 100.0 |

Table 4 Distribution of Respondents by Sector and Monthly Income

|                       | Public Sector |       | Private Sector |       |
|-----------------------|---------------|-------|----------------|-------|
|                       | Frequency     | %     | Frequency      | %     |
| Monthly Income In KSh | 69            | 31.1  | 23             | 12.9  |
|                       | 97            | 43.7  | 73             | 41.0  |
|                       | 50            | 22.5  | 24             | 13.5  |
|                       | 0.0           | 0.0   | 30             | 16.9  |
|                       | 6             | 2.7   | 28             | 15.7  |
|                       | 222           | 100.0 | 178            | 100.0 |

Table 5 Distribution of Respondents by Source of Retirement Information

| Source of Information         | Frequency | %    |
|-------------------------------|-----------|------|
| Media                         | 71.0      | 19.2 |
| Employer                      | 69.0      | 18.6 |
| Retirement Benefits Authority | 20.0      | 5.4  |
| Insurance agencies            | 10.0      | 2.7  |
| Other sources                 | 4.0       | 1.1  |
| Total                         | 174.0     | 47.0 |

Table 6 Distribution of Respondents by Utilization of Retirement Information

| Utilization of Retirement Information | Access to Retirement Planning Information |       |           |       |
|---------------------------------------|---|-------|-----------|-------|
|                                       | Yes                                       |       | No        |       |
|                                       | Frequency                                 | %     | Frequency | %     |
| YES                                   | 135.0                                     | 77.8  | 0.0       | 0.0   |
| NO                                    | 39.0                                      | 22.2  | 196       | 100.0 |
| TOTAL                                 | 174.0                                     | 100.0 | 196.0     | 100.0 |

Table 7 Retirees' happiness based on engagement in activities

| Happiness score | Frequency | Percent | Cumulative Percent |
|-----------------|-----------|---------|--------------------|
| 5               | 1         | 0.2     | 0.2                |
| 6               | 18        | 4.5     | 4.8                |
| 7               | 158       | 39.5    | 44.2               |
| 8               | 132       | 33.0    | 77.2               |
| 9               | 48        | 12.0    | 89.2               |
| 10              | 25        | 6.2     | 95.5               |
| 11              | 9         | 2.2     | 97.8               |
| 12              | 9         | 2.2     | 100.0              |

Table 8 Retirees' Happiness based on Ability to Maintain Previous Lifestyle

| Degree of happiness score | Frequency | Percent | Cumulative Percent |
|---------------------------|-----------|---------|--------------------|
| 2                         | 60        | 15.0    | 15.0               |
| 3                         | 175       | 43.8    | 58.8               |
| 4                         | 123       | 30.8    | 89.5               |
| 5                         | 42        | 10.5    | 100.0              |

Table 9 Distribution of Retirees based on their Degree of Coping with Challenges

| Degree of coping with retirement challenges score | Frequency | Percent | Cumulative Percent |
|---|-----------|---------|--------------------|
| 1   | 82        | 20.5    | 20.5               |
| 2   | 306       | 76.5    | 97.0               |
| 3   | 12        | 3.0     | 100.0              |

Table 10 Distribution of retirees on the Degree of Cumulative Happiness in Retirement

| Degree of happiness score | Frequency | Percent | Cumulative Frequency | Cumulative Percent |
|---------------------------|-----------|---------|----------------------|--------------------|
| 17                        | 9         | 2.3     | 9                    | 2.3                |
| 16                        | 0         | 0.0     | 9                    | 2.3                |
| 15                        | 1         | 0.3     | 10                   | 2.5                |
| 14                        | 24        | 6.0     | 34                   | 8.5                |
| 13                        | 101       | 25.3    | 135                  | 33.8               |
| 12                        | 79        | 19.8    | 214                  | 53.5               |
| 11                        | 75        | 18.8    | 289                  | 72.3               |
| 10                        | 63        | 15.8    | 352                  | 88.0               |
| 9                         | 37        | 9.3     | 389                  | 97.3               |
| 8                         | 11        | 2.8     | 400                  | 100.0              |

Table 11 Distribution of Retirees' based on the Extent of Retirement Planning

| Extent of retirement planning score | Frequency | %    | Cumulative Percent |
|-------------------------------------|-----------|------|--------------------|
| 1                                   | 59        | 14.8 | 14.8               |
| 2                                   | 152       | 38.0 | 52.8               |
| 3                                   | 65        | 16.2 | 69.0               |
| 4                                   | 90        | 22.5 | 91.5               |
| 5                                   | 34        | 8.5  | 100.0              |

Table 12 Means and Standard Deviations on Happiness in Retirement between Retirees with varying levels of retirement planning

| Extent of Retirement Planning | Mean | N   | Std. Deviation |
|-------------------------------|------|-----|----------------|
| No plan =1                    | 11.9 | 59  | 1.5            |
| Plan in one area =2           | 12.8 | 152 | 1.2            |
| Plan in two areas =3          | 12.8 | 65  | 1.2            |
| Plan in three areas =4        | 13.7 | 90  | 0.9            |
| Plan in four areas =5         | 15.4 | 34  | 2.1            |
| Total                         | 13.1 | 400 | 1.6            |

Table 13 Distribution of Retirees based on their Parents' Socio-Economic Background

| Parents' Socio-Economic Status | Frequency | Percent | Cumulative Percent |
|--------------------------------|-----------|---------|--------------------|
| High Status =4                 | 11        | 2.8     | 35.5               |
| Middle Status-Upper =3         | 131       | 32.8    | 32.8               |
| Middle Status-Lower =2         | 12        | 3.0     | 38.5               |
| Low Status =1                  | 246       | 61.5    | 100.0              |

Table 14 Means and Standard Deviations on Happiness in Retirement between Retirees from different Socio-Economic Backgrounds

| Level of retirees' parent's socio-economic background | Mean | N   | Std. Deviation |
|---|------|-----|----------------|
| High  | 14.0 | 11  | 0.0            |
| Middle  | 13.7 | 143 | 1.1            |
| Low   | 12.8 | 246 | 1.8            |
| Total   | 13.1 | 400 | 1.6            |

Table 15 Distribution of Retirees by level of Monthly Income

| Monthly Income        |                                | Frequency | Percent | Cumulative Percent |
|-----------------------|--------------------------------|-----------|---------|--------------------|
| Socio-Economic Status | Level of monthly Income Scores |           |         |                    |
| Low Class             | < 20,000 =1                    | 262       | 65.5    | 65.5               |
| Low Middle Class      | 40,000-20,001 =2               | 74        | 18.5    | 84.0               |
| Upper Middle Class    | 80,000-40,001 =3               | 30        | 7.5     | 91.5               |
| High Class            | ≥80,000 =4                     | 34        | 8.5     | 100.0              |

Table 16 Means and Standard Deviations on Happiness in Retirement between Retirees with different amounts of Monthly Income

| Gross Monthly Income | Mean  | N   | Std. Deviation |
|----------------------|-------|-----|----------------|
| Below 10,000 =1      | 11.9  | 92  | 1.2            |
| 10,0001-20,000 =2    | 13.2  | 170 | 1.8            |
| 20,001-40,000 =3     | 13.7  | 74  | 1.1            |
| 40,001-80,000 =4     | 13.8  | 30  | 0.6            |
| Above 80,000 =5      | 13.6  | 34  | 1.1            |
| Total                | 13.15 | 400 | 1.6            |

Table 17 Means and Standard Deviations on the relationship between Social Support and Happiness in Retirement

| Strong Social Networks Increase Retiree Happiness | Mean | N   | Std. Deviation |
|---|------|-----|----------------|
| Strongly Agree                                    | 13.5 | 82  | 0.9            |
| Agree   | 13.8 | 176 | 1.5            |
| Do Not Know                                       | 13.3 | 28  | 2.2            |
| Disagree  | 12.0 | 19  | 0.8            |
| Strongly Disagree                                 | 12.9 | 95  | 1.3            |
| Total   | 13.1 | 400 | 1.6            |