

## THE BEHAVIOR OF PREPARING FOR RETIREMENT IN THAILAND

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### ABSTRACT

This study aims to explore the behavior of preparing for retirement. The study used a questionnaire for primary data. The sample size was 400. The focus group was the ones with aged between 50 to 60 years old in Bangkok, Thailand. Data analysis applied both quantitative and qualitative methods. The data were estimated by using WAI (Weighted Average Index). The majority of sample was married female with Bachelor's degree. Most of them were company employee with the monthly wages more than 90,000 baht per month.

The behavior of preparing for retirement comprise of six sections as followings: 1. Preparing for mental 2. Preparing for physical 3. Preparing for assets 4. Preparing for free-time activities 5. Preparing for the relationship within family 6. Preparing for housing. From these six sections, the study found that the first three sections that the sample was most interested were 1. Preparing for the relationship within the family i.e., teaching descendants respect to the elderly. The second one was preparing for housing in type of residency to rearrange the convenient location not far from community, friends and relatives. The last one was preparing for spending free time doing activities.

In this study we test whether difference in sex, age and career had affect the behaviors preparing for retirement or not. The results showed that 1. female will focus on every aspects of the behaviors preparing for retirement more than male. 2. difference in age had not affect the behaviors of preparing for retirement. The important section that they are emphasize was the relationship within the family and the least important was the free-time activities 3. the private employees prepare for retirement less than other groups.

**Keyword:** Preparing for retirement

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### STATEMENT OF PROBLEM

According to the survey of the United Nation showed that the population structure in most countries has entered to aging society due to decreasing fertility

rate and the marriage. As a result, it leads to the proportion of children decline while the proportion of the workers and the elderly increase. The proportion of the elderly increased from 9.2 percent in 2010 to 11.7 percent in 2013 and this ratio will continue to rise to 21.1 percent until in 2050. The countries have experienced with this problem such as the People's Republic of China, Taiwan, Japan, Germany, Hong Kong (United Nations, 2013). It is expected the number of the elderly will over 60 percent within 15 years. In 2030 there will be the elderly around 1,000 million persons and more than 1.6 billion persons in 2050 (Table 1).

**Table 1: The number of population aged 65 years old and older in 2015, 2030 and 2050**

year	total population (person)			population aged 65 years old and older (person)			population aged 65 years old and older (percentage)		
	total	male	female	total	male	female	total	male	female
2015	7,253.3	3,652.0	3,601.3	617.1	274.9	342.2	8.5	7.5	9.5
2030	8,315.8	4,176.7	4,139.1	998.7	445.2	553.4	12.0	10.7	13.4
2050	9,376.4	4,681.7	4,694.7	1,565.8	698.5	867.3	16.7	14.6	18.5

Source: U.S. Census Bureau, 2013; International Data Base.

ASEAN has stepped into the aging society and there was an increase of the elderly rapidly. Table 2 shows how long it will take for some countries in ASEAN to have the share of the elderly up to 20 percent.

The government has taken the crucial role to transform to aging society and launch the measure to handle with every dimension such as decreasing the corporate income tax to companies hiring the elderly, giving the housing loan to elderly (reverse mortgage) and giving the allowance for living. Moreover, this issue is placed as challenge of society in the 20-Year National strategy (2017-2036). When the elderly faced the problem in their daily life and degeneration of the body. Long term stage care to the last stage care there will be high cost. How the retired people prepare themselves after retirement. Planning is the first step that is important in order to have good life without problems at the end of life.

## METHODOLOGY

The current study used questionnaire as a primary data source with supplementary documents, reports, and official records. Data analysis applied both quantitative and qualitative methods

**Table 2: The number of years the share of the elderly increased from 10 to 20 percent in ASEAN**

<i>Country</i>		<i>The number of years</i>
Cambodia	(2022-2047)	25
Brunei	(2017-2030)	13
Laos PDR	(2036-2057)	21
Indonesia	(2019-2045)	26
Burmese	(2018-2044)	26
Malaysia	(2019-2044)	26
Philippine	(2033-2073)	40
Singapore	(1997-2019)	22
Thailand	(2007-2021)	14
Vietnam	(2013-2033)	20

*Source:* Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects

Questionnaire responses used a five-point Likert scale to assess respondents' opinions about the preparation for retirement. Then, a weighted average index (WAI) was applied to the result. The WAI was computed using following equation:

$$I = \frac{\sum s_i f_i}{N}$$

where,  $I = WAI$ , such that  $0 \leq I \leq 1$ ,  $s_i$  denotes the scale value at  $i^{\text{th}}$  priority ranging from very poor, poor, moderate, high to very high and  $f_i$  denotes frequency of  $i^{\text{th}}$  priority and  $N$  is equal to the total number of observations, i.e.,  $\sum f_i$ . WAI was used transform the opinions of respondents from a nominal scale (very poor-very high) into numeric scores. The scores were classified into five levels such that  $0-0.20 =$  very poor,  $0.21-0.40 =$  poor,  $0.41-0.60 =$  moderate,  $0.61-0.80 =$  high, and  $0.81-1 =$  very high (Md Abdul, M, Q. 1993).

The number of population aged 50-60 years old in Bangkok district on December 2018 was 908,718 persons (Registration statistics system) by using the formula of Taro Yamane, 1973 the sample size was as follows:

$$n = N / (1 + N(e)^2)$$

when  $n$  is the sample group  
 $N$  is the size of population

$e$  is the sampling error

Substitute  $N = 908,718$

$e = 0.05$

The sample size was 399.82. Hence the sample size of 400 observations was collected.

### **Theory related to the behavior of preparing for retirement**

The behaviors of preparing for retirement comprise of 6 sections as below:

1. Preparing in mental: due to the immediately changes in term of social condition, if they do not prepare in advance, they always face with the problem of stress and flexibility.
2. Preparing in physical: the person who are nearly retirement is supposed to prepare the physical to face in order to handle the elderly.
3. Preparing in asset: management the money, the person who are already retirement will face with the decreasing revenue. As a result, if they donot have arrange the expense carefully, those amount of money will be disposed rapidly.
4. Preparing in free- time activities: when they enter in retirement, the activities in free-time is the important role conducting to satisfy; moreover should find out the works which are beneficial to themselves and others.
5. Preparing in the relationship within family: to maintain the good relationship in family is really crucial helping retired person focus on the value of member in family
6. Preparing in housing: housing arrangements should be prepared before retirement and should be prepared since middle-aged

### **REVIEW LITERATURE**

Singharerk and Siriwong (2017) study the preparing in retirement of the authorities in Saving Cooperative Assembly in Thailand Co., Ltd. The study conducted by interview, observing and recording 10 sample aged more than 55 years old. The results show that the authorities have conditions to preparing quite well in 5 sections i.e., economy, housing, health, free-time with family and society. The results indicated that health was the most serious problem, following by the economic and housing problem, respectively. The interviewed sample

suggest that the Saving Cooperative Assembly should have the guideline of preparing for retirement, the exercise project for health, the job training project after retirement and loan project for substituted job.

Rattananon *et al.* (2014) study the pattern of preparing for retirement: the case study of teachers at private school in NongBuri province. The study found that the pattern of preparing for retirement in each school was similar. The persons in every age period must prepare their own in section of economy, housing, mental and spending time. Family must support in every condition for instance moods/feeling, information and material/object. While the related institutions should offer the information about preparing retirement and preparing the activities to encourage the retirement.

Thongphueng (2012) aim to study the personal financial planning for retirement. The study showed that the financial planning pattern for teachers in Bangkok and the financial planning when retirement was statistically significant for civil teachers in Bangkok.

## **RESULT**

Most sample was married female aged between 50-55 years old with Bachelor's degree. Most of them were private employees with salary 90,000 baht/month. Most of them have health insurance and life insurance. Majority of investment was in mutual fund and invest in stock and gold respectively.

In term of psychology, people in the sample group are optimistic and the most relaxed (WAI 0.8375). The second factor is positive encouragement to encounter with retirement by applying Dharma in order to keep and calm their minds (WAI 0.8065). In the psychological behavior, the sample who performed below the average was the ones who keep in touch with news and meditate for calming themselves and self-acknowledged to accept the change after retirement. Similarly, the sample who participate in activities with others such as cooking, gardening, drawing have the lowest WAI (WAI 0.7245). For physical preparation, drinking clean water at least 8 glasses a day and annual health checking-up are almost equivalent WAI 0.7915 and 0.7855, respectively. Furthermore, proper and regular exercising account for the lowest WAI, which is 0.7210. For budget preparation, hobbies during free time is lower than other mentioned factors since the average is only 0.6835. The popular activities, which are chosen by the sample group, are sports such as walking, swimming. Another important perspective is hanging with friends, and its WAI is equal to 0.70. For

the family relationship factor, loving and being respectful to senior members are the most highlighted (WAI 0.8420). The second significance is to be a role in a family (WAI 0.8040). The lowest average of these factors are to take care each other in critical situations and to spend time with family members such as travel planning, visiting family, and communicating among members. For residency, the sample group emphasis on location for convenient transportation and within reach with communities, friends and hospital, which contain the highest WAI. The second one is the future life plan, relating to who will take care them, and WAI is 0.7845. For resident preparation to support life after retirement, there are slip resistant material, stairs handling, and bathroom at the ground-floor, and this is below the group average, and the WAIs are equal 0.7265 and 0.7768, respectively.

In short, the behavior of preparing for retirement, the sample group in practices is in good level. The average value of WAI in each section equal 0.7544 as well as interesting in relationship in family in first range and second range is housing by there is the average value of WAI equal to 0.7960 and 0.7768 respectively. In the section of spending free-time in activities there is the least value with the average value of WAI equal 0.6835 (Table 3).

**Table 3: The behaviors preparing for retirement**

<i>The behaviors of preparing for retirement</i>	<i>WAI</i>
<b>1. Preparing for mental</b>	
1. You motivate the good morale to face with retirement by using principles which is to count on the mental.	0.8065
2. You practice your own to be positive thinking and let you on.	0.8375
3. You have a good relationship with friends having age difference from you.	0.8000
4. You attempt to do creating activities with other person such as cooking, garden, drawing, raising animals.	0.7245
5. You follow the situation of news.	0.7515
6. You meditate in order to making calm mental and accept to changes easily after retirement.	0.7360
Total	0.7760
<b>2. Preparing for physical</b>	
1. You properly eat with nutrition and age appropriate	0.7380
2. You go to exercise regularly	0.7210
3. You properly sleep	0.7450
You check your health at least 1 time a year	0.7855

*contd. table 3*

<i>The behaviors of preparing for retirement</i>	<i>WAI</i>
5. You change the behavior of eating to protect the diseases and support your health	0.7575
6. You properly drink water at least 8 glasses	0.7915
7. You regularly go to a doctor and take medicine due to illness	0.7630
Total	0.7574
<b>3. Preparing for asset</b>	
1. You estimate the amount of revenue using after retirement	0.7705
2. You estimate the expense each month	0.7615
3. You allocate the reserve revenue when emergency ex. illness, repair house etc.	0.7520
4. You allocate some revenue for descendants	0.6940
5. You investment in real estate or property	0.6640
6. You change the behaviors for expense; using only necessary goods	0.7770
Total	0.7365
<b>4. Preparing for using free-time for activities</b>	
1. Your habits are writing, reading, creating	0.6945
2. You play sports such as walking, swimming etc.	0.7075
3. You contact or hang out with friends, old friends	0.7070
4. You plan to be a member in the interesting clubs or activities when retirement	0.6570
5. You plan to be volunteer for society	0.6515
Total	0.6835
<b>5. Preparing for relationship within family</b>	
1. You always keep in touch with your family	0.7500
2. You take care together when there are problems	0.7950
3. You are the good example for family	0.8040
4. You spend time with family ex. planning to rest	0.7890
5. You teach descendants to know love and respect the elderly	0.8420
Total of the relationship in family	0.7960
6. Preparing for housing	
1. The location of house is convenient for journey, not far from community, friends, hospital and relative	0.8195
2. You plan in advance for who are living with after retirement such as spouse, alone or nursing home	0.7845
3. You prepare in housing for support the life after retirement for instance non-slip material, handrail in the downstairs	0.7265
Total	0.7768
<b>Total of the behaviors of preparing for retirement</b>	<b>0.7544</b>

## THE RESULTS OF HYPOTHESES

In this study we test whether difference in sex, age and career had affect the behaviors preparing for retirement or not. The results showed that 1 female will focus on every aspects of the behaviors preparing for retirement more than male 2 difference in age had not affect the behaviors of preparing for retirement. The important section that they are emphasize was the relationship within the family and the least important was the free-time activities 3 the private employees prepare for retirement less than other groups.

## POLICY RECOMMENDATION

According to the results showed that when nearly retirement, the employees working at company had the behaviors of preparing for retirement less than other groups. Hence, the private employees should plan for saving in order to have sufficient revenue or should invest for additional revenue after retirement.

Following this study finding that the elderly worth themselves lightly, so the government should stimulate the elderly to worth themselves more because they are able to work or are the expert sharing their experience. Thus, there should be extension working for retired people who are remain working well.

From this study finding that the activities using their free-time have the lowest value. As a result, it should have the sports that can urge the elderly to exercise, especially, sports suitable for the elderly so they would like to participate or doing other activities with other people.

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