

Malaysian Undergraduate Students' Expectation of Life Satisfaction After Retirement: The Role of Parental Influence and Financial Knowledge

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Abstract

Malaysians recording increased life expectancy is also translated into an increased dependency ratio. The concerns over the increased dependency ratio arises from many aspects, especially financial preparedness for retirement. The expected quality of life in retirement has been found to be positively predicted by parental influence, retirement planning and financial knowledge. Yet, financial literacy and retirement planning practices are low among undergraduate students in Malaysia. This study intends to examine the factors influencing expected life satisfaction after retirement among undergraduate students in Malaysia. We used Structural Equation Modeling (SEM) to analyse data collected from 427 university students. The SEM estimation results revealed that parental influence and retirement planning expectation were significant predictors of expected life satisfaction after retirement. On the other hand, financial knowledge had no influence on expected life satisfaction after retirement. This study contributes to the theory and application of existing literature on retirement planning and financial literacy. From a theoretical perspective, the findings suggest the importance of the informal information channel through role modeling from parents to the younger generation in nurturing retirement preparedness in the younger generation. From an applied perspective, these findings should motivate educators, professionals and policy makers to create intervention programmes in financial literacy for undergraduate students.

Keywords: retirement, life satisfaction, parental influence, financial literacy, structural equation modeling

Introduction

The life expectancy of Malaysians

has increased significantly over the past few decades, with a two to three

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years' increase for every decade. It is anticipated that the life expectancy rate will increase further in the future (Selene, 2005). With Malaysians now living longer, the number of senior citizens has seen a rapid growth. It is projected that the percentage of the aged population (65 years and above) will increase from 5% (1.43 million) to 14.5% (6 million) from 2010 to 2040 (Department of Statistics Malaysia, 2016), which is a more than four-fold increase in the proportion of the aged population. As a result, there is a projected increase of old age dependency ratio from 7.4 to 21.7, contributing to an increase to 49.5 from 47.8 in the total dependency ratio. Accordingly, the burden of an increasing ageing population will be borne by the working age population. A longer lifespan translates into a longer retirement span. Although the minimum retirement age in Malaysia for civil servants has increased from 55 years to 58 years and to 60 years for private sector employees, Malaysians are spending more years in the post-retirement period (OECD, 2007; Hunt, 2009). In 2017, a typical Malaysian had a life expectancy of 74.8 years. Therefore, retirees aged 60 years are expected to spend 15 years in their post-retirement years.

Besides the loss of income from employment, the depreciation in the value of the Ringgit will also gradually reduce the purchasing power of retirees and hence their living standard (HSBC, 2010). In fact, the longer post-retirement period coupled with inflation will augur

a hard time for old-age pensioners. Unless post-retirement is prepared for adequately, people have to assume the risk and the responsibility not only to carefully preserve their life savings but also to wisely use them for generating extra resources for their extended post-retirement period. Furthermore, the recent shift of the emphasis in retirement plans from Defined Benefit (DB) to Defined Contribution (DC) has also placed a greater financial burden on employees. The two major retirement schemes currently are the government pension which comprises a DB retirement plan and the Employees Provident Fund (EPF) which is a DC retirement plan. By the same token, this shift of retirement plans from DB to DC has transferred much of the financial burden from the government to civil servants.

Briefly, a civil service pensioner under the DB retirement plan will be entitled to a monthly pension which is half of their last drawn salary for the rest of their retirement years and, under certain conditions, these pension payments could also be extended to family members of the deceased for a certain period of time. Under the DC retirement plan, upon retirement, the employee concerned will be entitled to a lump-sum EPF payment (calculated by reference to their total contributions plus accumulated dividends minus pre-retirement withdrawals, if any), and they will have to decide how to wisely make use of the retirement savings over the rest of their life. In this regard,

research has revealed that, from the psychological perspective, people who are more inclined to think that they are personally responsible for securing investment income are expected to have greater financial preparations (Abel & Hayslip, 1987; Taylor-Carter & Cook, 1995). Unfortunately, many people are generally ill-equipped or have no financial knowledge to manage their retirement savings with the result that the savings are exhausted within a few years after retirement, as not everybody will be knowledgeable enough to make well-informed and highly rational financial decisions (Gustman & Steinmeier, 2002) or not everybody will value savings for the future (Schor, 1998).

Due to the low level of retirement saving by Malaysians, studies on retirement planning and saving behaviour of Malaysians have become of great concern to many researchers. Sabri and MacDonald (2010) revealed that due to the lack of financial literacy, university students in Malaysia are not likely to save upon receiving their student loans and spend aggressively for non-academic purposes. As a result, many of them encounter financial problems. Williams (2008) has explained the importance of financial planning and literacy for college students. The study found that the most common mistakes made by the majority of students who lack financial knowledge includes delay in repayment of student loans, accumulation of unnecessary debt, high credit card debts and failure to save. Based on recent trends, it is

safe to assume that university and college students are financially at risk of becoming financially unprepared for retirement and with low retirement income in the future. Thus, the ideal age to start retirement planning should be before they enter the workforce so they avoid falling into financial traps and unnecessary debts later in life.

Undergraduate students are the primary focus of the present study since they will be part of the future workforce. Furthermore, low savings and experiencing financial problems during college life will have a significant effect on their present and future family and working lives. Their current financial knowledge, financial planning and attitude towards saving will determine their future and life satisfaction anticipation. Thus, this study focuses on university and college students aged between 18 to 24 as the ideal group to identify the determinants for expected life satisfaction after retirement among undergraduate students in Malaysia. Malaysia's population was 32.7 million in 2020, of which youths between the ages of 15 to 24 comprised approximately 6 million, or about 18.3% of the total population. Young adults (aged between 15 - 34 years) made up 51.8% of the labour force in 2019 (Department of Statistics, Malaysia, 2020). Undergraduate students are expected to be among the 6 million retirees in 2040. They stand on the threshold of entering the workforce once they graduate when they will be required to make important pragmatic retirement saving decisions, and most



will have set in place a pattern of saving practices that could extend decades into the future.

Not much is known about the retirement planning expectations of undergraduate students in Malaysia and their expected life satisfaction after retirement in particular. Most of the previous studies have been more focused on the retirement expectations of households and middle-aged or older employees (Brougham & Walsh, 2009). This study proposes that there is a need to cultivate the understanding of retirement planning as early as possible and also expose undergraduate students to the idea of post-retirement life satisfaction. Furthermore, while much emphasis has been put on formal financial education, we should not neglect informal education, with regard to the role of parents. The role of parents is crucial in the financial socialization of their children. Young adults generally learn their financial skills from their parents. Some studies have been conducted regarding the importance of parents in children's financial knowledge and behaviours (Koposko & Hershey, 2014; Bucciol & Veronesi, 2014; Campenhout, 2015; Tang 2016; Ergun, 2019). Children learn lessons from observing their parents, which could have a lifetime impact on their financial behaviour and decision-making ability (Jorgensen, 2010; Heckman & Grable, 2011). Evidence shows that adults who manage their financial situation well learned effective financial habits in their childhood (Metcalf & Atance, 2011; Friedline,

Elliot & Chowa, 2013; Sirsch et al., 2020).

Given the importance of planning for retirement and a previous lack of empirical research in determining the impact of parental influence on retirement planning and satisfaction with life after retirement among university students in Malaysia, this study aims to close this gap by examining the role of parental influence and financial knowledge on the expectation of life satisfaction after retirement among undergraduate students representing the younger generation in Malaysia.

Review of Theories

Life Course Theory

The life course theory which is an extensive meta-theoretical perspective of adult development (Crosnoe & Elder, 2002; Elder, 1998a; Elder, 1998b; Umberson, Crosnoe & Reczek, 2010) serves as the theoretical groundwork for this research. According to the theory, experiences from past life and anticipations about the future play a role in affecting a person's choice. That said, early positive experiences shaped by parents, and anticipations about the future, possibly impact a person's thinking on retirement planning and saving. The rigid concept of various future selves that individuals contain has been supported by research done by Cinnirella (1998), Hoyle and Sherill (2006), and Leondari (2007). In other words, both past experiences and anticipations of the future impact the

thoughts a person has regarding the future. As a result, when a person makes their choice as an effort concerning retirement planning, they are implicitly affected by their anticipations of their future identity (Markus & Nurius, 1986). The life course theory serves as an empirical underlying principle for the adapted research model that looks into future retirement planning expectations and expected retirement life satisfaction.

Image Theory

The Image Theory (Beach, 1998; Beach & Mitchell, 1987) states that in terms of retirement planning, a person comes to a decision based on a few considerations instead of following a strict systematic process. The first consideration is the effectiveness of a plan of action in achieving one's goal, which in this case is to make savings contribution. The second consideration is the consistency of the plan with the person's principles, standards, and viewpoints. Lastly, it is the rationality and efficiency of the nature of the strategy in line with the action plan.

Development of Hypotheses

Parental Influence on Saving

The character of parents has been acknowledged as the key to developing their children's financial behaviour (Sohn et al., 2012; Cude et al., 2006; Clarke et al., 2005; John, 1999; Ergun, 2019; Schuab, Franca, & Amorim, 2019). As role models, parents have

greater impact than other role models (Rickwood & White, 2009; Shim et al., 2010). Thus, it is important for parents to become good role models to their children, particularly in terms of financial management. The opinions of parents related to savings for retirement are regarded as a highly respectable personal source of information. Conversing about financial matters with parents increase the odds of youth practising retirement planning and saving (Hancock, Jorgensen & Swanson, 2013; Mandell, 2009; Sabri et al., 2010; Zhao & Zhang, 2020; LeBarons, Marks, & Rosa 2020; Robertson-Rose, 2019).

Parents can encourage the advancement of abilities vital for saving to children (Otto, 2009). Early parental influence on planning and saving for retirement was found to significantly affect financial knowledge (Koposko & Hershey, 2014; Heckman & Grable, 2011), retirement goal clarity (Hershey, Henkens & van Dalen, 2010), economic decision-making (Webley & Nyhus, 2006), and formation of financial conducts, values, and mindset (Jorgensen, 2010; Lusardi et al., 2011). It has been found one's income is predicted by children who have parents that prepared their own retirement (Dan, 2004). Consecutively, income has a significant effect on savings contributions (Hira, Rock & Loibi, 2009; Lunt & Livingstone, 1991). Through explicit instruction, partaking, and practice, and self-observations, children gain knowledge of finance matters from parents (Clarke et al., 2005; John, 1999; Moschis, 1987). Moreover, the

progress of a youth's saving behaviour and attitude is associated with closeness to parents (Otto, 2009). A study by Kopusko and Hershey (2014) found that parental influence on saving was an important predictor of satisfaction with life in retirement scores (SWLRS) for the young group members, which could be due to the financial lessons learnt and were still fresh in the young respondents' minds. Based on the findings of past literature, the following hypotheses were proposed:

H1: Parental influence on saving will be positively related to expected satisfaction with life in retirement.

H2: Parental influence on saving will be positively related to financial knowledge.

Retirement Goal Clarity

Retirement goal clarity has been shown to be predictive of a successful pattern of retirement planning and saving (Hershey, Mowen & Jacob-Lawson, 2003; Neukam & Hershey, 2003; Zhu & Chou, 2018). It is essential to set clear and specific retirement goals because clear goals are needed to further plan. Having clear goals helps individuals to prepare themselves mentally and financially (Stawski, Hershey & Jacob-Lawson, 2007), and also to be able to provide a yardstick to check whether they have achieved their goals (Gollwitzer, 1993). Retirement goal clarity means clear financial aims about the living standard and quality in retirement have been set. It is a motivational force that prompts those who have set their goals to start planning (Beach, 1998), and planning

behaviour enables one to identify the amount within one's means to save for retirement savings. Clear goals are able to induce preparation for financial behaviour (Noone, Stephen & Alpass, 2010; Neukam & Hershey, 2003).

Through retirement planning efforts, retirement goal clarity affects retirement savings indirectly (Hershey et al., 2007; Stawski et al., 2007). Retirement goal clarity is predictive of financial planning knowledge (Hershey & Mowen, 2000; Jacobs-Lawson & Hershey, 2005; Mowen et al., 2000). The act of thinking about retirement and setting clear goals for retirement motivates the wish to further find out about how to accomplish a satisfactory quality of life in terms of finances. Individuals who have set clear financial goals participate in more financial preparation efforts, and this effect is bigger for individuals with higher financial knowledge (Hershey, Mowen & Jacob-Lawson, 2003).

It is helpful to calculate for retirement saving needs early in one's life. However, this is not always the case as individuals think the effort is not worth the time because they fail to see the importance (Mayer, Zick & Marsden, 2011). Taken together, the studies cited above indicate that retirement goal clarity plays a critical role in the retirement planning process. Based on the above discussion, the following hypothesis was proposed:

H3: Retirement goal clarity will be positively related to financial knowledge.

Financial Knowledge

Financial knowledge can be defined as the ability to comprehend important monetary terms and concepts required to function every day (Bowen, 2002). Some other definitions of financial literacy in the literature include “the ability to read, analyse, manage and communicate about the personal financial conditions that affect material well-being” (Vitt, Anderson, Kent, Siegenthaler & Ward, 2000, p.2); “a basic knowledge that people need in order to survive in a modern society” (Kim, 2001, p.1); “a person’s ability to understand and make use of financial concepts” (Servon & Kaestner, 2008, p.273); and “sufficient knowledge of personal finance facts and terms for successful personal financial management” (Garman & Fogue, 1997). In this paper, financial literacy and financial knowledge were used interchangeably despite the minor differences between the two terms.

Theoretical analyses on financial literacy are sparse because the microeconomic theories of saving presume that savers possess the necessary financial knowledge (Modigliani & Brumberg, 1954). According to the standard economic theory, consumers are fully informed and able to make rational choices in long-term financial planning to maximize their utilities over life cycle stages. However, empirical research indicates that consumers are not fully informed and cannot make rational choices even when the information

is available (Campbell et al., 2011; De Meza, Irlenbusch & Reyniers, 2008).

Much of past research has found financial knowledge to be an excellent predictor of financial planning activity (Hershey, Mowen and Jacobs-Lawson, 2003; Ali, Abd Rahman & Bakar, 2015; Shaharuddin, Zain & Ahmad, 2021; Hauff et al., 2020). The rationale is that an extent of knowledge concerning financial matters will be linked with an understanding of the range of preparation activities that are significant to carry out. Individuals are frequently unsuccessful at planning for later life due to the lack of ample domain-specific knowledge. An individual who is classified as a “planner” tends to have higher financial literacy than a non-planner (Lusardi & Mitchell, 2009). High-knowledge individuals have consistently been shown to plan and save more than their low-knowledge counterparts (Ekerdt & Hackney, 2002; Chan & Stevens, 2003). Individuals who are financially illiterate do not plan and are less likely to invest in high risk investments such as stocks. Other studies have also emerged indicating that the least literate is also the least likely to plan and save for retirement, while those who cannot do simple and compound interest calculations are less likely to be able to calculate their retirement needs (Lusardi & Mitchell, 2008). Therefore, we proposed that:

H4: Financial knowledge will be positively related to expectations of financial planning for retirement.

Financial knowledge has also been found to reinforce financial satisfaction (Joo & Grable, 2004; Kopusko & Hershey, 2014; Xiao & Porto, 2017). Individuals with a higher level of financial literacy are more likely to plan for retirement than those whose literacy levels are lacking, and involvement in planning activities is likely to leave individuals better positioned for old age (Lusardi & Mitchell, 2011). Thus, the following hypothesis was proposed:

H5: Financial knowledge will be positively related to expected satisfaction with life in retirement.

Expectations of Financial Planning for Retirement

Retirement planning has been found to have a positive impact on actual or anticipated retirement satisfaction (MacEwen et al., 1995; Gall, Evans & Howard, 1997; Elder & Rudolph, 1999). Personal planning reduces retirement anxiety, increased retirement adjustment, and improved satisfaction with life (e.g., Glass & Flynn, 2000; Reitzes & Mutran, 2004). Financial planning activities increase investor knowledge (Bernheim, 1998), stimulate savings practices (Gustman & Steinmeier, 2001), stimulate an internal locus of control and positive attitudes toward investing (Lynch, Ogg, & Christensen, 1975), and simultaneously enhance anticipated levels of retirement satisfaction (Taylor-Carter, Cook & Weinberg, 1997; Quick & Moen, 1998). Hence, the following hypothesis was proposed:

H6: Expectations of financial planning for retirement will be positively related to expected satisfaction with life in retirement.

Method and Data

The sample population of our study comprised undergraduate students in the Klang Valley, Malaysia. This study utilized non-probability sampling with convenience sampling techniques and deductive research design. In applying the quantitative research approach, a self-administered survey questionnaire with four sections (A, B, C and D) was used to collect primary quantitative data from respondents. The questionnaires were adapted from Kopusko and Hershey (2014) as their scales have shown successes in predicting the motivational forces that underlie retirement planning practices.

The study received 689 total responses with a 68.9% returned rate. However, only 427 responses were useable after data cleaning by discarding incomplete or unattended responses - those with straight line or zigzag answers in Sections C and D. All the data were gathered and processed using SPSS version 23 and AMOS version 23. Descriptive Analysis and Compare Means in SPSS was used to analyse the questions in Section A, B, and C, and Structural Equation Modeling (SEM) in AMOS version 23 was used to analyse the scales in Section D.

The distribution of respondents (N = 427) is tabulated in Table 1. The mean age of the sample was 20.32 years (SD

= 1.59). Fifty-five percent of the sample was aged 19 to 20, followed by those aged 21 to 22 (27.2%), those aged 23

and above (10.3%), and those aged 18 and below (7.5%). Females made up 56.4% of the total respondents. Only

The list of items in each construct were:

Parental Influence on Saving

My parents had a strong influence on my current opinions about saving.

Growing up, my parents helped me to imagine situations when I might need extra money to fall back on.

My parents made sure that I understood the value of money and that money is a limited resource.

Saving money for the future was an important lesson I learned as a child.

My parents suggested to me concrete ways to save money on my own.

Retirement Goal Clarity

I have set clear goals for gaining information about retirement.

I have thought a great deal about my quality of life in retirement.

I set specific goals for how much I will need to save for retirement.

I have a clear vision of how life will be in retirement.

I have discussed retirement plans with a family member, friend, or significant other.

Financial Knowledge

I know a great deal about financial planning for retirement.

I know more than most people about retirement planning.

I have informed myself about financial preparation for retirement.

I have a clear understanding of financial issues for retired people.

I know the amount of money I will need for retirement.

Expectation of Financial Planning for Retirement

I expect to meet my financial goals in terms of planning and saving for the future.

I think I will do a good job of planning and saving for retirement.

Success at financial planning for retirement will be something that will come easily to me.

For me, planning and saving for retirement is difficult.

Expected Satisfaction with Life in Retirement

I expect that in retirement, my life will be close to ideal.

Once I enter retirement, the conditions of my life will be excellent.

After I retire, I will be satisfied with life.

After I retire, I will have got the important things I wanted in life.

1.6% of the respondents were married while the rest (98.4%) were single. The respondents self-identified as being Malay or Bumiputra (65.1%), Chinese (24.6%), Indian (7.7%), and others (2.6%). The respondents were enrolled in the following four categories of study: Science (50.6%), Arts and Social Science (26.2%), Business, Economics, Management, and Law (19%), and others (4.2%). Full time students comprised 93.9% of the participants.

Prior to the estimation, Exploratory Factor Analysis (EFA) was conducted. A principal axis factoring extraction with Varimax rotation was used. The Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy and Bartlett's Test of Sphericity serve as a minimum standard to be passed before conducting a factor analysis. The KMO test varies between 0 and 1, and the suggested minimum value is 0.6. The null hypothesis that the correlation matrix is an identity matrix is tested by Bartlett's Test of Sphericity.

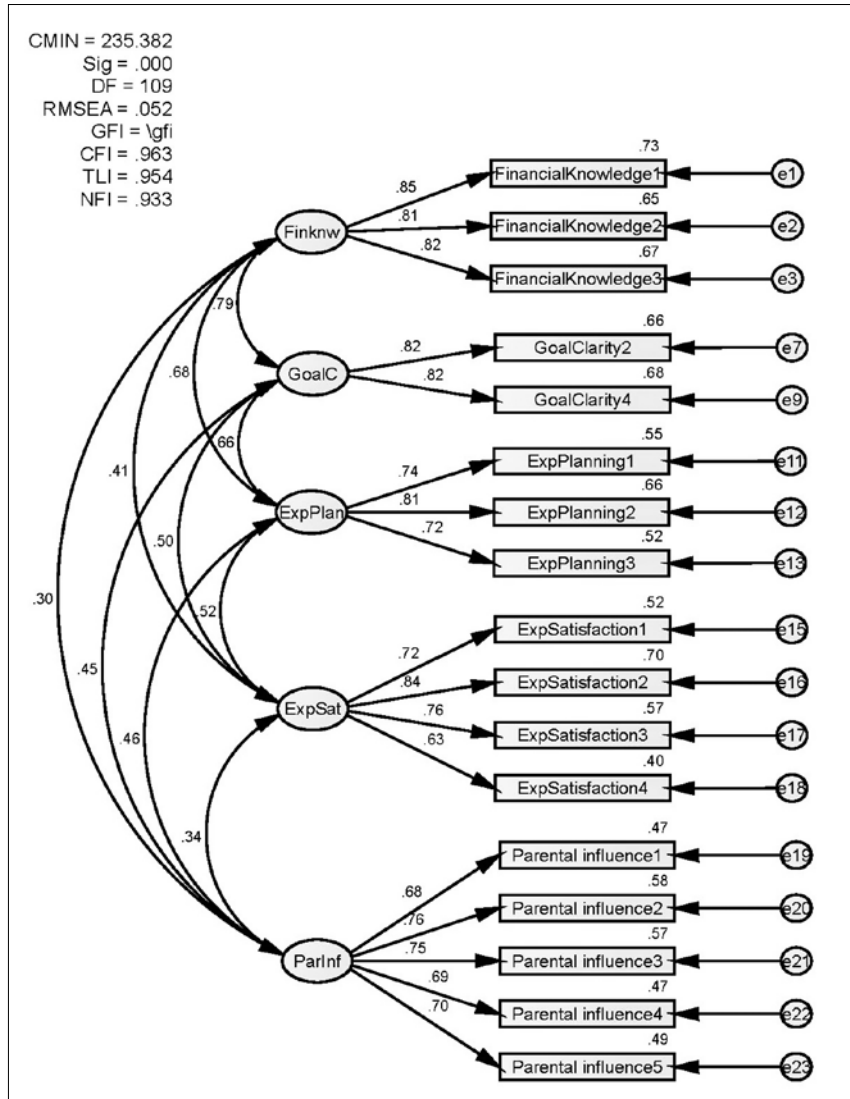
Table 1
Demographic Profile of Respondents

Items	Category	Frequency (n)	Percentage (%)
Gender	Female	186	43.56
	Male	241	56.44
Age	18 and below	32	7.5
	19 to 20	235	55.0
	21 to 22	116	27.2
	23 and above	44	10.3
Marital Status	Single	420	98.4
	Married	7	1.6
Ethnicity	Malay and Bumiputra	278	65.1
	Chinese	105	24.6
	Indian	33	7.7
	Others	11	2.6
Field of study	Business/Economics/ Management/Law	81	18.97
	Science	216	50.59
	Arts and Social Science	112	26.23
	Others	18	4.21
Household Income	Less than RM 1000	77	18.03
	RM1000 ≤ RM3000	121	29.75
	RM3001 ≤ RM8000	155	36.3
	RM8001 ≤ RM15,000	55	12.88
	More than RM15,000	13	3.04

All of the diagonal elements were 1 and all off diagonal elements were 0 in an identity matrix. The KMO was .934 and the Bartlett's test suggested the

null hypothesis be rejected. These tests showed that the sample had patterned relationships amongst the variables ($p < .001$) and was suitable for EFA.

Figure 1
Confirmatory factor analysis

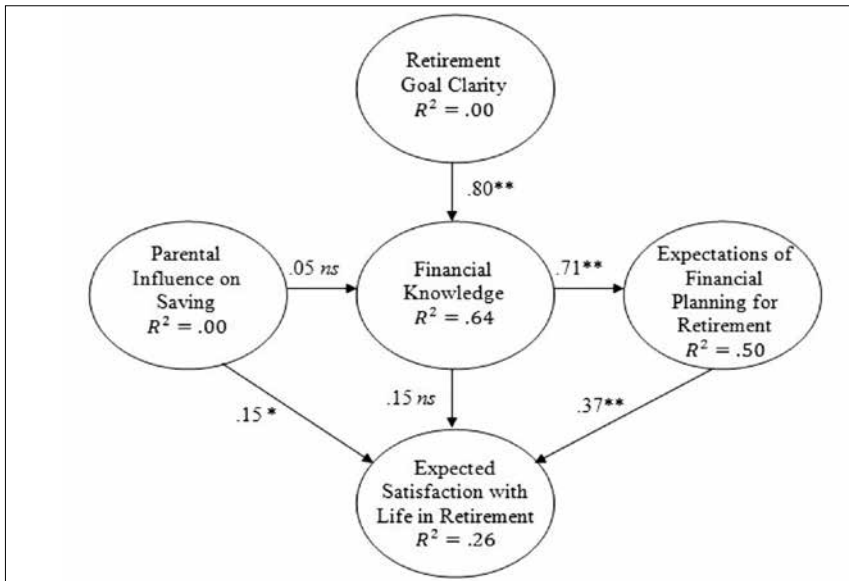


Following the suggestions of Anderson and Gerbing (1988), Confirmatory Factor Analysis (CFA) of the items of each scale (parental influence, retirement goal clarity, financial knowledge, expectations of retirement planning, and expected retirement life satisfaction) was performed with AMOS in SPSS. Model fit indices were analysed following the criteria recognized by Hu and Bentler (1999). The validity result is as shown in Table 4.5. The final CFA revealed satisfactory fit statistics, $X^2 (109)=235.382$, $p<.001$, $TLI=.954$, $CFI=.963$, $RMSEA=.052$, as shown in Figure 1.

Results and Discussion

The model was estimated using SEM maximum likelihood estimation. The resulting measurement suggested an excellent fit to the sample data, $X^2 (113)=340.993$, $p<.001$, $TLI=.919$, $CFI=.933$, $GFI=.912$, $RMSEA=.069$. The path model in Figure 2 contains R^2 values for each variable and standardized regression weights for each path. Out of the six path values, only four path coefficients were found to be statistically significant. The squared multiple correlations (R^2) revealed that the research model accounted for 64% of the variance in financial knowledge, 50% of the variance in retirement planning expectations, and 26% of the variance in expected retirement life satisfaction.

Figure 2
Path analysis



Following the criteria suggested by Keith (1993) for the standardized path values' size and influence, .05 to .10 is considered meaningful although small influence, .11 to .25 is moderate, and about .25 is large. Table 2 summarizes the standardized path values and the size and influence.

Parental influence on saving had a significant and moderate influence ($p < .05$) on expected satisfaction with life in retirement but did not have an impact on self-rated financial knowledge. Supporting Hypothesis 1, respondents who assumed that they were knowledgeable in planning financially for retirement also anticipated that they would make better preparation. Retirement goal clarity had a significant influence ($p < .01$) on financial knowledge, supporting Hypothesis 3. On the other hand, the path coefficients revealed that self-rated financial knowledge was unrelated to

the expectations of financial planning for retirement.

Hence, students who had higher perceived financial knowledge did not have a significant higher expectation of satisfaction with life in retirement (does not support Hypothesis 5). Financial knowledge, however, significantly predicted ($p < .01$) the expectations of financial planning for retirement, which in turn significantly explained ($p < .01$) the expected retirement life satisfaction, supporting hypothesis 4 and hypothesis 6.

Individuals who have set clear retirement goals would be encouraged to obtain more information about ways to financially achieve a satisfying life, and to analyse financial needs in retirement life, thus making it essential to undertake proper retirement planning actions. This is parallel to the findings by Hershey, Mowen, and Jacobs-Lawson (2003) who revealed that

Table 2
Path Parameters for the Conceptual Mode

Predictor	Criterion	Path coefficient	Size and influence
Parental influence on saving	Expected satisfaction with life in retirement	.15*	Moderate
Parental influence on saving	Financial knowledge	.05 ns	-
Retirement goal clarity	Financial knowledge	.80**	Large
Financial knowledge	Expectations of financial planning for retirement	.71**	Large
Financial knowledge	Expected satisfaction with life in retirement	.15 ns	-
Expectations of financial planning for retirement	Expected satisfaction with life in retirement	.37 **	Large

Note: ns - non-significant paths. * $p < .05$. ** $p < .01$.



retirement seminars with goal-founded content affected planning behaviours. To dig further in terms of retirement goal and retirement planning, we also collected information on respondents' perceived ideal age to start planning for retirement and also their actual preparation to ensure financial security after their retirement. The majority of the respondents thought that the ideal age to initiate plans for retirement was the age of 40, with almost 45% of them agreeing that it was ideal to plan before the age of 30. Accordingly, 35% of the respondents claimed that they were serious planners in terms of making the effort to calculate the savings needed for their life after retirement. These findings suggest that quite a large proportion of the respondents had a clear goal in terms of how much to save for their retirement.

Yet, more than half of the sample had never attempted the retirement saving calculation, nor developed a saving plan. It is quite distressing to see that one in ten respondents perceived that it was still ideal to start retirement planning between the ages of 41 and 60. Studying the profile of those who had no interest in planning for retirement or were most likely to delay the planning should be able to help any relevant agencies to have better targeted programmes to increase their awareness of the importance of having proper planning specially related to financial matters to support better life satisfaction after retirement.

We also asked the respondents to list the types of informal financial lessons that they had learned at home. Most common were saving (87%) and budgeting (68%). A lower percentage of respondents said that they had been exposed to other financial decisions and behaviour such as life insurance (40%), keeping records of financial transactions (39.3%), investment (34.4%), loan/debt (33.3%), taxes (25%), and interest rate (19.4%). Family members, especially parents, play an imperative role in influencing their children's retirement planning as talking to family or relatives was the most preferred source of advice for the respondents. The positive influence of respondents' experience with their parents with regard to financial matters as found in this study serves as a support to the prediction of the life course theory. The theory posits that surroundings and past events shape an individual's decision. The early exposure to savings from their closest social agent, namely their parents, had clearly shaped the behaviour of respondents, and left a positive impact on their expected satisfaction of life in retirement. On the other hand, the image theory suggests that an individual's decision is shaped by their pursuit to achieve some specified desired outcome. In our study, this was reflected in the significant contribution of retirement goal clarity in explaining financial knowledge. This was as quite a large proportion of the respondents had a clear goal in terms of how much to save and when to plan for their retirement. This then translated into effort to gain financial knowledge.

Another finding worth highlighting is insignificance of financial knowledge in explaining the expected satisfaction with life in retirement, in contrast to previous findings that reported the importance of financial knowledge in determining financial satisfaction (Joo & Grable, 2004; Kopusko & Hershey, 2014; Xiao & Porto, 2017). Xiao and Porto (2017), for instance, argue that better financial knowledge is often associated with better knowledge acquisition, confidence and action taking, which contribute to the enhancement of financial well-being. In their model, Kopusko and Hershey (2014) deemed financial knowledge represented plans to achieve the goals set. In our case, the score for financial knowledge of the respondents was low, which could explain the smaller contribution of financial knowledge on expected life satisfaction.

In sum, parental influence and retirement planning expectations are significant predictors of expected retirement life satisfaction. An undergraduate student who is positively influenced by parents or has higher retirement planning expectations has higher expected retirement life satisfaction. In understanding the required financial practices for retirement planning, sufficient fundamental knowledge concerning financial issues is imperative. Positive financial behaviours such as better planning and saving, translate into greater life satisfaction, and these experiences bring very significant

impact on expectations of retirement life satisfaction.

Conclusion

This study aimed to examine the factors influencing expected retirement life satisfaction. The study employed SEM maximum likelihood estimation to estimate the research model. The study found that: 1) Expected satisfaction with life in retirement is significantly influenced by expectations of financial planning for retirement and the role of parental influence on saving; 2) Retirement goal clarity is found to have a significant influence on financial knowledge; and 3) financial knowledge significantly impacts expectations of financial planning for retirement. However, parental influence does not influence financial knowledge. Financial knowledge also does not significantly impact expected satisfaction with life in retirement. This is due to the reason that consumers may not be fully informed and cannot make rational choices even when the information is available. Thus, the theory that assumes an individual will be able to make rational choices when they have complete information regarding long-term financial planning to maximize their utility throughout the life cycle stage is rare in reality.

The study has a few limitations. It would be clearly beneficial to include these factors in an expanded model in a future empirical investigation. Despite the two non-significant paths between parental influence, financial knowledge and expected satisfaction with life in



retirement, parental influence and setting clear retirement goals should be taken seriously, given their crucial roles in developing an individual's development ■

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