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To Link this Article: <http://dx.doi.org/10.6007/IJARPPG/v8-i1/7422>

DOI:10.6007/IJARPPG/v8-i1/7422

Received: 08 November 2022, Revised: 13 December 2022, Accepted: 26 December 2022

Published Online: 23 January 2023

In-Text Citation: (Wahab & Idu, 2022)

To Cite this Article: Wahab, E. O., & Idu, O. A. (2022). Impact of Retirement Preparation on Post Retirement Living Conditions of Older Persons in Lagos State, Nigeria. *International Journal of Academic Research in Public Policy and Governace*, 8(1), 62–76.

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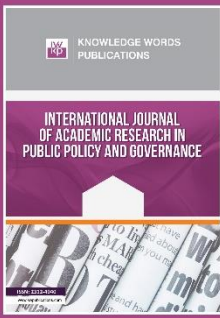
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Vol. 8, No. 1, 2022, Pg. 62 - 76

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## Impact of Retirement Preparation on Post Retirement Living Conditions of Older Persons in Lagos State, Nigeria

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### Abstract

Post service living conditions of the elderly has received increased attention in recent years and the retirement preparation has generated several public policy and academic concerns. There is a correlation between both, as a lot of problems arose out of inadequate preparation. Quantitative data was collected through individual-based questionnaire. Multi-stage sampling procedure was employed to select 300 respondents from selected LGAs in Lagos State. In all, 300 respondents were interviewed. Simple statistical tools like percentile and chi-square were used to determine the net effects of the explanatory factors on the post retirement living conditions. The study found that post retirement living conditions is largely a product of retirement preparation. Furthermore, the results from the test shows that there is a significant relationship between post retirement living conditions of retirees and their preparations toward retirement. The study concludes that there are both sex and educational differences in the perception of retirement stress by retired civil servants.

**Keywords:** Retirement, Living Conditions, Older Persons, Preparation, Nigeria.

### Introduction

In today's fast-paced world, retirement preparation can no longer take a back seat. It has been realized that adequate preparation for retirement would make it easier and enjoyable for the would-be retiree.

One of the greatest challenges that face typical employees throughout their working life is post retirement living conditions. Retirement preparation is concern with financial challenges that workers have to prepare well ahead of time (Hershey's & Jacobs-Lawson, 2007). The fact that retirement happens at old age, health is also an important consideration. In preparation towards retirement however, most workers in the past that did not plan ahead of their retirement have many times blamed themselves for short-sighted vision. Today, with the failures experienced in the public sector pension schemes, there is a major paradigm shift amongst workers as how to manage their lives in retirement. With the passage of the pension reform Act and the establishment of a privately managed contributory pension scheme, workers should be thinking of setting aside some money and investing more aggressively towards their retirement, and indeed taking control of their future. A

sound retirement preparation will ensure you to: retain financial independence, enjoy living the way you like, pursue expensive hobbies/activities, and also, ensure your family is not dependent on anyone in your absence (Greller, 2006).

A worker is said to retire when he/she discontinues, withdraws or ceases doing a particular work for which he/she has been known for a long period of time. It is a phase of an individual's life that requires adequate preparation anticipated with a great sense of fulfillment. However, preparation for retirement is not always easy, especially among the civil servants where majority find it difficult to make ends meet even while still in services. Thus, the main focus of this study is to find out the actual preparation toward retirement of civil servant before retiring from service (Kemp's & Rosenthal, 2005).

Retirement has been defined as a state of being withdrawn from business, public life or active service. According to the Industrial Training Fund, Centre for Excellence (2004), retirement is a real transition. In the views of Ubangba and Akinyemi (2004), retirement is a transfer from one way of life to another; they note that many people suffer from retirement shock such as a sense of deprivation during the early period of their retirement. Billings (2004) described retirement as the transition from first adulthood to second adulthood which is often a jarring and unsettling experience. From these definitions of retirement a retiree is any person who performs no gainful employment during a given year or any person who is receiving a retirement pension benefit and any person not employed full time, all year round after his/her disengagement from a previous work schedule. It is deducible; therefore, that retirement implies a transition from active working life with or without adequate financial capability to less rigorous work schedule or lack of any tangible work schedule at old age.

Retirement can be broadly grouped into three namely: compulsory/involuntary retirement, voluntary retirement and mandatory/regular retirement. Compulsory or forced retirement is often imposed on an employee by the employer for various reasons at times on grounds of ill-health, mental or physical incapability and so on. Voluntary retirement is associated with personal withdrawal from active service by an employee having put in the required years of service for eligibility for retirement. This in most cases may be due to personal satisfaction or dissatisfaction with work schedule or vocational life style. However, mandatory/regular is said to occur when an employee is made to withdraw his/her service from a long-time work schedule having attained the mandatory retirement age/duration according to the organization's policy.

Retirement in Nigerian civil service is guided by Decree 102 of 1979 (cap 346) which deals with pensions and gratuity. According to this law, the statutory age of retirement of public officers is 60 years while it is 65 years for judicial officers and academic staff of universities. However, with the reform of the civil service decree No. 43 of 1988 retirement age has been put at 60 years or 35 years in service whichever comes first. It must be stated here that irrespective of the type of retirement, the transition is associated with some stress situations like economic, social, psychological and occupational stress. In the submissions of Retire to enjoy (2004), retirement stress could emanate from at least eight broad sources. These are: (i) money; (ii) health; (iii) ageing; (iv) search for meaningful activity; (v) work in retirement; (vi) marital status; (vii) caring for other family members, e.g. grandchildren or elderly parents, and (viii) relocation. However, in the opinion of Denga (1980), retirement is known to affect income, residence, family structure or relationship between members, health and economic viability of the retirees. Nonetheless the case is worsened when the retiree is not adequately prepared to face this ultimate phase of life.

Retirement life demands great managerial ability. It has been observed that the retiree in order to experience a pleasant post-retirement life style would have to devise effective means of managing some challenges inherent in retirement. It has been posited by Kolawole and Mallum (2004); that the typical retiree in Nigeria setting is confronted with the challenge of managing the following: (i) insufficient financial resources; (ii) problem of securing residential accommodation; (iii) the challenge of a new and low social status; (iv) difficulty in health and (v) challenges of declining health. It is against this background that this study was initiated to investigate into the correlation between retirement preparation and post retirement living conditions among the older persons that worked in the formal sector in Lagos state.

According to IBTC pension manager (2008), retirement preparation as an exercise the world over is fraught with many challenges. For Nigerian civil servants who are especially challenged by low levels of income and savings as well as huge family and social responsibilities, retirement preparation can be more complicated. Some of the social issues that affect effective retirement preparation in Nigeria include the size of the family, polygamy, and the additional responsibilities of the extended family, and inadequate access to medical facilities. Also, Nigeria does not have an operable social security system that takes care of the aged, the young, unemployed, and most disturbing, the disabled, meaning that all these categories of people constitute an additional responsibility on the workers' resources. While the average life expectancy of Nigerians are relatively low, a large number of them live up to their 80s and 90s. With many people living up to those ages, and growing sophistication amongst the young adults, provisions have to be made in the social system for caring for the aged. Where such systems are not in place, workers have to prepare ahead also for their old ages, IBTC pension manager (2008). Therefore, what are the factors to be considered when preparing for retirement? What are the impacts of retirement preparation exercise on the post retirement living conditions of older persons? What are the mechanisms towards improving the nature of retirement preparation on post retirement living conditions of older persons? These and other questions shall be probed into in the course of this paper.

### **Theories of Retirement**

Retirement has become a mass phenomenon and a new way of life. The concept of helping people, anticipate and prepare for such consequences of retirement as they change economic status, failing health and changed roles is newer than the accomplished fact of mass retirement.

A theory involves constructing abstract interpretation that can be used to explain a wide variety of empirical situations. A general theoretical interpretation of the nature of aging process and its implications to retirement decisions can be found in a recent theory.

### **Disengagement Theory (Cumming & Henry, 1961)**

Basically posits that most men are ready to disengage or retire because disengagement is an inevitable process. It also holds that disengagement is initiated either by the individual because of ego-changes, or by the society because of organizational imperatives or by both simultaneously.

The disengagement theory is adopted because it's a general theoretical interpretation of the social and psychological nature of aging in Nigeria.

### *Continuity Theory*

*Continuity theory* describes retirement as a linear series of life events that gradually lead to a logical career stage and a pleasant experience or transition without maladjustment or distress into retirement (Hooyman & Kiyak, 2000; Quick & Moen, 1998). It suggests that the circumstances of retirees (e.g., resources, behaviors) do not change, but instead they maintain a consistent pattern. Further, as they age, retirees frequently substitute new roles for lost ones (Atchley, 1988; Hooyman & Kiyak, 2000). Additionally, the central personality (e.g., core characteristics and values) will be more pronounced during the later stage of life (Hooyman & Kiyak, 2000).

These theories of retirement are insufficient for explaining how older persons, especially in Nigeria, experience retirement. In contrast to role theory that assumes an individual's role of worker is primary (Adams et al., 2002), Nigerians do not typically have one principal role, but maintain several roles simultaneously all through their life course (Cochran et al., 1999). In addition to their work related roles, many older Nigerians reside in multigenerational households and are caregiver of immediate, kin and non-kin family members (Staples & Boulin-Johnson in Cochran et al., 1999; Taylor et al., 1988). They are also active as volunteers in their communities and in their churches (Ralston, 1997). Therefore, the assumption that older persons are looking forward to retirement where there will be a reduction in their stress levels and a greater quality of life may not be realized (Kim & Moen, 2001). Role theory also posits that many retirees return to work after retirement because of the rolelessness or the lack of fulfillment during retirement.

### **Methodology**

The study population will include persons (male and female) that have retired aged 60 years and above. A total sample size of 300 was drawn from the selected local government areas in Lagos State and multi stage sampling technique was used in selecting the respondents. Structured questionnaire method was used for the collection of data and other important information for this study. The questionnaire was structured into 3 (three) sections. Section A was on obtaining information on their socio demographic profile. Section B dealt with preparation towards retirement. Section C focused on the Post retirement living conditions of the older persons.

However, frequency table was used to describe the relevant variables in the questionnaire while chi square was used to test the hypotheses of this study.

The computed chi square analysis was used to compare the table of analysis to give a rationale for the reason of the decision rule about the hypothesis.

### **Findings**

A total 300 questionnaire was administered but only 282 was recovered as success level. Therefore, this study analyzed the retrieved 282.

Table 1

*Socio-Demographic Profile of Respondents*

What is your SEX?

	Frequency	Percent
Male	170	60.3
Female	112	39.7
Total	282	100.0

What is your age?

	Frequency	Percent
60-64	113	40.1
65-69	93	33.0
70-74	38	13.5
75and above	38	13.5
Total	282	100.0

Religion

	Frequency	Percent
Christianity	112	39.7
Islam	170	60.3
Total	282	100.0

Marital Status

	Frequency	Percent
Married	131	46.5
Divorced	19	6.7
Widow/Widower	132	46.8
Total	282	100.0

**Educational Qualification**

	Frequency	Percent
Primary Education	207	73.4
SSCE/WASCE	18	6.4
HND/BSc	38	13.5
NCE/OND	19	6.7
Total	282	100.0

**Years in Service**

	Frequency	Percent
15-19	37	13.1
20-24	57	20.2
25 and above	188	66.7
Total	282	100.0

Source: researcher's field survey, 2022

**Discussion**

From the above table 1, it is evident that more than half of the respondents are males and two fifth of the remaining respondent are females.

Next to the sex of the respondents is their age. From the findings, two-fifth of the retirees are within the age bracket of 60-64. And more than one tenth of the retirees are within the age bracket of 65-69 while less than one quarter of the respondents are within the age bracket of 70-74 and through 75 years and above.

From the research, it was gathered that Christians fall on the side of numerical minority in that, they are made up of just two fifth of the entire respondents while more than half of the respondents were Muslims.

More than two fifth of the respondents are still happily married while more than one quarter of the entire respondents are divorced while the remaining more than two fifth of the retirees have become widows/widowers.

Less than four fifth of the respondents obtained just primary Education. While those that have SSCE/WASCE and NCO/OND are mare faction of the entire respondent making just about one quarter.

Less than one quarter of the respondent spent only 15-16 years in service and one fifth of the respondents spent 20-24 years in service and more than half of the population interviewed spent 25years and above in service

Table 2

*Perparation For Retirement*

**Do you believe you retired too early or late if so, why?**

	Frequency	Percent
Health status	76	27.0
Financial crisis	150	53.2
Wealth accumulation	56	19.9
Total	282	100.0

**How well did you prepare for your retirement?**

	Frequency	Percent
Capital investment	94	33.3
Family wellbeing	93	33.0
Investment in liability	95	33.7
Total	282	100.0

**Did you participate in your employer's retirement preparation plan?**

	Frequency	Percent
Yes	245	86.9
No	37	13.1
Total	282	100.0

**Was it easy for you to save?**

	Frequency	Percent
Yes	132	46.8
No	150	53.2
Total	282	100.0



**How often did you save?**

	Frequency	Percent
Often	38	13.5
Very often	94	33.3
Rarely	112	39.7
Others	38	13.5
Total	282	100.0

**What were the social issues that affected your effective retirement preparation?**

	Frequency	Percent
Family size	169	59.9
Additional responsibilities	75	26.6
Inadequate access to medical facilities	19	6.7
Others	19	6.7
Total	282	100.0

**Did you put money in your retirement savings account?**

	Frequency	Percent
Yes	282	100.0

**Did you find out about your social security benefits?**

	Frequency	Percent
Yes	245	86.9
No	37	13.1
Total	282	100.0

**Do you think that consistency in savings is a very important factor to be considered when preparing for retirement?**

	Frequency	Percent
Yes	263	93.3
No	19	6.7
Total	282	100.0

**Did you draw the line between your retirement needs and leisure?**

	Frequency	Percent
Yes	225	79.8
No	57	20.2
Total	282	100.0

Source: researcher's survey, 2022

**Discussion**

The table 2, shows the reason why some of the retirees in Lagos State retired too early or late due to their health status or financial crisis and even as a result of wealth accumulation. An individual can decide to retire early perhaps due to failing health or wealth accumulation or could prolong retirement due to financial crisis. More than one quarter of the entire respondents retired early due to their health status while more than half of the respondents retired late due to financial crisis and less than one quarter of entire respondents also retired early, but, due to wealth accumulation.

More than one tenth of the retirees were inclined to capital investment in preparation for retirement. On the other hand, one tenth of the retirees found it difficult to be involved in any beneficial investment but rather invested more on family well being. Again more than one tenth of the retirees invested more in liability such as buying cars among others.

More than four fifth of the respondents were involved in their employers retirement preparation plans while the remaining less than one quarter did not. Almost half of the respondents were rather comfortable when saving while more than half of the entire respondents did not find it easy at all to save.

More than one tenth saved often while more than one fifth saved very often and two fifth of the respondents rarely save others ranked more than one tenth. The entire respondents agreed that they put money in their Retirement Savings Account. According to the retirees, during their working days, more than four fifth of the respondents knew about the effectiveness of their social security benefits, while less than one fifth of the remaining respondents did not. Almost the entire retirees' concord that consistency in saving is very important when preparing for retirement, while more than one quarter thought otherwise. Four fifth of the respondent draw the line between retirement needs and leisure while one fifth did not.

Table 3

*Post Retirement Living Conditions***At what age did you retire?**

Age	Frequency	Percent
60-64	263	93.3
70-74	19	6.7
Total	282	100.0

**To what extent has your retirement preparation impacted on your pos retirement living conditions?**

	Frequency	Percent
Greatly	94	33.3
Good	19	6.7
Fairly	169	59.9
Total	282	100.0

**On what ground did you retire?**

	Frequency	Percent
Mandatory retirement	130	46.1
Medical ground	57	20.2
In accordance with the terms and conditions of employment	76	27.0
Others	19	6.7
Total	282	100.0

**Do you receive any pension?**

	Frequency	Percent
Yes	282	100.0

**If yes, how often are you paid?**

	Frequency	Percent
Often	189	67.0
Rarely	93	33.0
Total	282	100.0

**Do you retain financial independence upon retirement?**

	Frequency	Percent
Yes	113	40.1
No	169	59.9
Total	282	100.0

**Can you pursue expensive hobbies due to your level of preparation for retirement?**

	Frequency	Percent
Yes	113	40.1
No	169	59.9
Total	282	100.0

**Do you enjoy living the way you like?**

	Frequency	Percent
Yes	94	33.3
No	188	66.7
Total	282	100.0

**What is your post retirement living conditions like?**

	Frequency	Percent
Satisfactory	94	33.3
Fairly good	37	13.1
Unsatisfactory	151	53.5
Total	282	100.0

Source: researcher's field survey, 2022

**Discussion**

More than four fifth of the respondents were in the age bracket of 60-64 while more than one quarter of the retirees retired at the age bracket of 70-74

More than one fifth of the entire respondents felt that their retirement preparation has great effect on their retirement life. While more than one fifth of the respondents felt that their retirement preparation as good impact on them. And three fifth of the respondents think that the impact of the preparation towards retirement is fair. More than two fifth of the retirees experienced mandatory retirement. A quarter of the retiree retirement was in accordance with the terms and conditions of employment, whereas more than one quarter retirement was due to other factors. The entire retirees agreed that they are receiving pension. However, on the basis of how often they are being paid, more than three fifths of the retirees often receive pension while more than one tenth of the retirees rarely receive their pension. Due to this, it can be told to a very large extent the retirees that are able to retain financial independence upon retirement. Two Fifth of the retirees actually retain financial independence while Three Fifth of the retirees did not. It is only the Two Fifth of the retirees that have been able to retain financial independence that can pursue expensive hobbies due to their level of retirement preparation and financial independence. While the rest Three Fifth can no. The implication of this findings is that more than One Fifth of the retirees could afford to live the way they like while more than half were unable to do so. Put succinctly, retirement indeed affect living conditions

### Hypotheses Testing

This involves determining whether observed differences in statistical estimates are due merely to chance or are significant enough to make difference. If the research is to be effective, hypotheses must be formulated in such a way that factual material gathered will provide evidence either supporting or disproving them. Hypotheses is simply a conjectured statement about an unknown statistical parameter to which a test of inferential analysis is carried out. In the analysis of data, the chi-square was done using the statistical package for social scientist (SPSS).

### Hypotheses

**Ho:** Post retirement living conditions of older persons is not determined by the level of retirement preparation.

**H1:** Post retirement living conditions of older persons is determined by the level of retirement preparation.

Table 4

*Case processing summary*

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Do you retain financial independence upon retirement? * How well did you prepare for your retirement?	282	100.0%	0	.0%	282	100.0%

### Do you retain financial independence upon retirement? \* How well did you prepare for your retirement? Cross tabulation

Count

	How well did you prepare for your retirement?			Total
	Capital investment	Family wellbeing	Investment in liability	
Do you retain financial independence upon retirement? Yes	94	0	19	113
No	0	93	76	169
Total	94	93	95	282

TABLE 5

*Chi-Square Tests*

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	218.704 <sup>a</sup>	2	.000
Likelihood Ratio	284.664	2	.000
Linear-by-Linear Association	124.821	1	.000
N of Valid Cases	282		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 37.27.

**Decision Rule**

The chi-square calculated of 218.704 with 2 degree of freedom at .05 level of significance is greater than the decision criterion or the alpha level of 5.99, therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, post retirement living conditions is determined by retirement preparation.

**Discussions of Findings**

Now that the researcher has successfully analyzed the data that was obtained from the field survey as well as the relevant test that has been carried out in line with the research questions and the aim and objectives of the study, the results showed that post retirement living conditions is largely a product of retirement preparation. Furthermore, the results from the test shows that there is a significant relationship between post retirement living conditions of retirees and their preparations toward retirement

**Conclusion**

It can be concluded from the findings of this study that retirement at present is generally stressful for retired civil servants in Lagos state. It can also be inferred that retirees are experiencing retirement stress from ten broad sources. They have acknowledged using eight different retirement stress management strategies. It is clear from the findings of this study that there are both sex and educational differences in the perception of retirement stress by retired civil servants in Lagos State.

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