Pre-retirees’ Plan Prior to Retirement of the Local Government Employees in the Province of Palawan

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Abstract: The study explored the pre-retirees’ plan prior to leaving government service of 143 local government employees in the Province of Palawan. Respondents were selected purposely from various local government units in the Province of Palawan. Result of the survey showed that close to two thirds of the respondents have well planned spiritual activities, financial, health, social and family aspects. On the other hand psychological planning received the lowest rating, with less than half of the respondents have it planned well. In relation to financial planning, the pre-retirees are concerned more on which retirement packaged to consider from the GSIS and followed with saving the retirement money for emergency and medical allocation. The desire to take care of their health is very high; however current lifestyle shows they are not into it. The least among the list of planned activities is the pre-retirees participation in political and cultural activities. In general, the pre-retiree’s planning activities are based only on limited knowledge about retired life, mostly they learned it from colleagues who have already retired and from what they read and hear. Interviews revealed that there is no concrete pre-retirement activities conducted by their units, if there is, it’s very much limited only on a short-period seminar about retirement while the rest is through the initiatives of the pre-retirees. There is a need to strengthen pre-retirement activities for the LGU workers. Financial literacy and health is one very important area of intervention that needs to be addressed.

Keywords: pre-retirement plans, unwritten plans, retirement, government employees, GSIS

1. Introduction

In 2010, the global vision of retirement for both retired and those still working is time for self, financial concern and the expectation that life will be less different after retirement (AXA, 2010). Retirement is a period of transition whose effects on the elderly differs from person to person. These effects on the physical, mental, psychological, and financial status of the retirees depend on their attitude toward and the reason for retiring (Dave, Rashad, and Spasojevic, 2008). Many find difficulty adjusting to certain aspects of retirement, such as reduced income and altered social role and enticements. Hence, appropriate preparation for retirement may help the elderly cope with this life transition.

Pre-retirement preparation is conducted for the employees to enjoy the four key elements of retirement for their peace of mind: these are financial security, health optimization, family support, and spiritual well-being (Bank of America, 2014). In the Philippines, the Civil Service Commission (CSC) issued in Memorandum Circular (MC) No. 23, s. 1993 directing all heads of departments, bureaus, and agencies of the National Governments, including
Government-Owned and Controlled Corporations to adopt the pre-retirement program for government officials/employees as well as its conduct. Currently, the most common pre-retirement initiatives are in a form of a short seminar like those conducted by Baguio City LGU (Amadeo, 2013), Technological University of the Philippines (Galvez, 2017), and others to discuss GSIS retirement benefits (Congress of the Philippines, 1997) and its many amendments, the Senior Citizen Act (Congress of the Philippines, 2010) and some business engagements they can make themselves busy after retirement to name a few.

In 2010, working and the retired Filipinos says that their retirement as an opportunity to give them ample time to take care of themselves and spending it with family and relatives (AXA, 2010). In 2008 report, around 38 percent of Filipinos still have a post-retirement job, higher than the global average of 17 percent. For many, working keeps them healthy other than just earning. This suggests that there is life after retiring and this life needs planning. The Philippines workers has the highest intention to start planning for retirement, but only 30% have actually started which is among the lowest among 26 countries surveyed (AXA, 2010).

Unlike South Korea, Singapore, Taiwan and Hong Kong, Filipinos believe that the government has the responsibility of providing income to retirees (GIA, 2015). There has been a lot of exciting news about retirements such as travels and the numerous benefits provided by many governments around the world. However, despite the positive trends for retirement, around 90% of Philippines workers are the second extremely anxious about their retirement security.

The government as expected by those still in the workforce must ensure that the needed support to its workforce especially those retiring are provided. Despite the existence of CSC MC 23 series of 1993, many government agencies have not been regularly implementing the circular. Is this true in the Province of Palawan? What are the pre-retirees preparations?

2. Objectives

The study determined the pre-retirees’ plans prior to retirement in selected LGUs in the Province of Palawan, Philippines.

3. Methodology

The study uses a descriptive research design. A total of one hundred forty-three (143) pre-retiree respondents in selected municipalities in Palawan, Philippines were interviewed. They were selected in a purposive-convenience sampling process. A researcher-made survey questionnaire was used in this study. Prior to its use, it was subjected to experts’ validation at Western Palawan University and was tested to select group of respondents. Survey questionnaires were distributed to the respondents after revisions were made. The respondents were given ample time to accomplish the questionnaire; follow-up interview was made to some respondents to validate their responses.

Secondary data were also obtained to support some of the primary data gathered. Extents of plans were used on the pre-retiree personnel respondents’ plans. The pre-retirement well-being benefits as financial, health, psychological, social and family, and the spiritual plan was also used in the study.
The respondents were assured of the confidentiality of their responses to give them the freedom to express their views and to provide honest answers to the questions.

Data were presented in frequency count, averages and shown in a table.

4. Results and Discussion

The plans of the pre-retiree respondents prior to retirement are categorized into 1) financial, 2) health, 3) social and family, 4) psychological and 5) spiritual plans.

4.1 The Financial Plans Prior to Retirement

Table 1 shows the frequency distribution and mean rating of financial plan prior to retirement of the pre-retirees respondents in the LGUs. All items were verbally interpreted as "well-planned." The participants select options that are more beneficial to them such as retiring early or reach mandatory retirement age; take a five-year lump sum or a cash payment with instant pension (RA 8291), the Magic 87 (RA 660) and many others. They also intend to continue working using their skills gained while working. In the 2014 Manulife Investor Sentiment in Asia survey reported that they wanted to keep working even beyond retirement age to support them and loved ones. About 64% were even in favour of raising retirement age just to continue working (PRU LIFE UK, 2015).

The pre-retirees’ financial plan prior to their retirement was interpreted as “well-planned.”

Although government employees have GSIS security for retirement, additional insurance and pension plan from reliable private insurance agency is still necessary. Probasco (2015) gave this suggestion in his Ten Commandments for Retirement: "thou shalt buy insurance." The much-awaited retirement proceeds from GSIS have been to most retirees their ultimate source of income. It is their prerogative to choose which GSIS package they may decide to get, whether on instalment or lump sum. The CSC (1993) enjoined heads of government agencies to ensure that workers planning to retire shall have undertaken Pre-Retirement Course one to two years prior to their retirements. The program has 4 parts to provide the would-be-retiree a focused

<table>
<thead>
<tr>
<th>Plans</th>
<th>WP</th>
<th>P</th>
<th>NP</th>
<th>Mean</th>
<th>Intp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Plan the type of GSIS retirement options which is more advantageous to them</td>
<td>128</td>
<td>14</td>
<td>1</td>
<td>2.89</td>
<td>WP</td>
<td>1</td>
</tr>
<tr>
<td>2. Plan to have a possible income by investing their saved money and other capital sources in reputable banks/institutions</td>
<td>108</td>
<td>31</td>
<td>4</td>
<td>2.73</td>
<td>WP</td>
<td>6</td>
</tr>
<tr>
<td>3. Plan to enroll in savings literacy and have the initiative to acquire better financial management</td>
<td>91</td>
<td>43</td>
<td>9</td>
<td>2.57</td>
<td>WP</td>
<td>4</td>
</tr>
<tr>
<td>4. Plan to learn budgeting practices or through personal initiative</td>
<td>93</td>
<td>47</td>
<td>3</td>
<td>2.63</td>
<td>WP</td>
<td>3</td>
</tr>
<tr>
<td>5. Plan to save the money from separation or pension for emergency and medical allocation</td>
<td>128</td>
<td>4</td>
<td>11</td>
<td>2.82</td>
<td>WP</td>
<td>5</td>
</tr>
<tr>
<td>6. Plan to use expertise to continue earning even when retired</td>
<td>93</td>
<td>46</td>
<td>4</td>
<td>2.62</td>
<td>WP</td>
<td>2</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.71</td>
</tr>
</tbody>
</table>

Legend: Interpretation (Intp); 2.5-3.00 “Well-Planned” (WP); 1.50-2.49 “Planned” (P); 1.00-1.49 “Not Planned” (NP)
retirement plan which will lead to a more fruitful and satisfying life and many more including literacy about GSIS pension plans and other financial benefits.

Haveman et al. (2006) speaking on a current policy issue on saving plans, suggested the adoption of one that could sustain the retiree’s economic well-being after retirement. This is made possible by enabling the full maintenance of his estimated pre-retirement consumption. There would be a less serious problem even if new retirees have insufficient resources to enable them to maintain an above-poverty-level lifestyle during retirement. Standard and Poor’s (S&P) Global Financial Literacy Survey in 2014 says that only 25 percent of Filipino adults are financially literate with the US having 57% and global average is 33% (Klapper et al., 2014). This reality suggests that much help needs to be provided to retirees to manage their retirement money very well.

Financial factors that a pre-retiree needs to attend to are saving, investing, budgeting, and spending. Allessie (2011) emphasized the positive effect of financial literacy as preparation for retirement. It is ideal that there be a viable financial literacy the LGUs provides to their pre-retiree employees. Doverspike (2003) found out that those who are financially secured have a more positive attitude towards retirement. Retirement confidence is a factor of education, income and financial attitude and behaviours (Joo & Pauwels, 2002). Financial education is identified to be the most significant factor influencing financial attitude and behaviours (ibid). Financial literacy is a must for all government workers.

Based on the retiree’s expertise, retirees can continue working and, hence, earning, even during their retirement. Failing to prepare by prudent investing during their pre-retirement, retired employees can fall back on another way of acquiring income, to be reemployed by some agencies in need of their specialization. This is an employment opportunity for retirees who have higher educational attainments or competencies needed by those agencies. Maestas (2010) reveals that vast majority of those returning to work after retirement (termed as unretirement) was anticipated and is not a result of financial shocks poor planning or low wealth accumulation. As shown in Table 1, 65 percent of pre-retirees planned to make use of their expertise after retirement to earn.

4.2 The Health Plans of Pre-retirees Prior to Retirement

Table 2 shows the frequency

<table>
<thead>
<tr>
<th>Plans</th>
<th>WP</th>
<th>P</th>
<th>NP</th>
<th>Mean</th>
<th>Intp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maintain personal fitness through exercise that fits one’s personality and hobbies</td>
<td>128</td>
<td>14</td>
<td>1</td>
<td>2.89</td>
<td>WP</td>
<td>1</td>
</tr>
<tr>
<td>2. Proper diet based on advice from experts and knowledgeable informants</td>
<td>108</td>
<td>31</td>
<td>4</td>
<td>2.73</td>
<td>WP</td>
<td>3</td>
</tr>
<tr>
<td>3. Practice healthy habits and recreational activities found in community work activities</td>
<td>91</td>
<td>43</td>
<td>9</td>
<td>2.57</td>
<td>WP</td>
<td>4</td>
</tr>
<tr>
<td>4. Having a healthy lifestyle through personal discipline</td>
<td>93</td>
<td>46</td>
<td>4</td>
<td>2.62</td>
<td>WP</td>
<td>2</td>
</tr>
<tr>
<td>Overall</td>
<td>270</td>
<td></td>
<td></td>
<td>2.70</td>
<td>WP</td>
<td></td>
</tr>
</tbody>
</table>

Legend: Interpretation (Intp); 2.5-3.00 “Well-Planned” (WP); 1.50-2.49 “Planned” (P); 1.00-1.49 “Not Planned” (NP)
distribution and mean rating of pre-retiree respondents’ health plan prior to their retirement. A large proportion (89.5%) of pre-retirees plans to maintain personal fitness through exercises and followed by living a healthy lifestyle.

The pre-retirees’ health plan prior to their retirement was interpreted as “well-planned.” Lee and Law (2004) research findings revealed three main planning activities of middle-aged citizens in Hong Kong. This includes pre-retirees quitting bad habits relating to health, setting up retirement health fund, and exercising habitually. Although in the Philippines there is a PhilHealth membership fund for consultation and hospitalization benefits, still there is the need to strengthen the health insurance by encouraging pre-retirees to have additional health cards from reliable private-health providers.

There is the desire to involve pre-retirees to a healthy lifestyle as shown in Table 2, but in many cases, that desire does not necessarily result in action. In 2008 more than 2/3 of Filipino under pre-retirement age is inactive, not so much different compared to 2003 data (WHO and DOH, 2009). A program to entice people to be active is necessary. Probasco (2015) noted that government may develop a program to improve the pre-retirement health activities. During a FGD, HR officials in Palawan assured that government is in support of health activities for pre-retirees. Some LGUs have procured gym equipment to be used by the employees in their physical activity programs. The gym equipment made available for employees can entice workers specially the pre-retirees to start exercising. This will increase chances that the retiree will continue going to exercises or attend to gym activities when they retire from work. The Department of Health (DOH) of the Philippines identified five physical activities for older adults and seniors such as active daily tasks, programmed physical activity, muscle stretching and flexibility, activities in the workplace and balanced coordination; high impact play must be avoided (DOH, 2010). The Philippine Government through the RA 7432 provided clear benefits to senior citizens where almost all retirees would fall. Under its implementing rules and regulation, specifically Rule V, item G is about medical and dental benefits which also include counselling services. It entitles all senior citizens to free medical and dental services in government establishments anywhere in the country subject to specific guidelines to be issued by DOH (DOH, nd).

4.3 Social and Family Plans Prior to Retirement

Most of the retiree (93%) does not intend to participate in political and other cultural activities. This is the item that received the lowest rating as shown in table 4. On the other hand, 74.1 percent of the pre-retirees is keen to involve the spouse in pre-retirement planning. Involving in community work (69%) is the second planned activities. These activities may include participation in civic organizations such as the Senior Citizens Association of the Philippines. Third among the list is to consult legal experts about wills. Part of the ten commandments of Kingbeil’s (2011) says, “thou shalt keep thy wills, trusts, and beneficiary designations up to date. The 10 Commandments of Senior Citizens further states, “place and enjoy what you saved. You deserve to enjoy it in your remaining healthy years. Travel if you can afford it. Don’t leave anything for your children or loved ones to quarrel about; instead of helping, this can even cause more trouble when you are gone”.

Gabileo (2018)
The first priority of pre-retirees on the social plan was supported by some researchers. Lee and Law (2004) described social considerations as more concerned with friends and family members. While according to Maslow’s hierarchy of needs, after the basic necessities that include financial and health needs, social needs come next. The data on social and family plans revealed that the Filipino pre-retiree respondents’ affection and concern for family members and the community as priorities in their retirement plans.

Among the five areas covered in this study, the social and family plans were considered second least of a priority than financial, spiritual, and health plans. Family support to retirees or senior citizens is not much of a concern in the Philippines due to its family-centered tradition. In one survey about 97.62% of the senior citizens lived with other people such as their spouse, children, siblings, relatives or friends and described their living conditions as very good and in harmonious relationships in the household (de Leon, 2014).

The psychological planning prior to retirement was the least of a concern of the respondents as revealed by the low score of 2.05. There are psychological effects due to the transition to retirement according to Osborne (2012). These effects include partial identity disruption, decision

### Table 3. Social and Family Plan Prior to Retirement of the Pre-retirees in Palawan LGUs

<table>
<thead>
<tr>
<th>Plans</th>
<th>WP</th>
<th>P</th>
<th>NP</th>
<th>Mean</th>
<th>Intp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consider the spouse and immediate family members during pre-retirement planning</td>
<td>106</td>
<td>23</td>
<td>14</td>
<td>2.64</td>
<td>WP</td>
<td>1</td>
</tr>
<tr>
<td>Consider the extended family members as part of pre-retirement plan</td>
<td>87</td>
<td>40</td>
<td>16</td>
<td>2.50</td>
<td>WP</td>
<td>5</td>
</tr>
<tr>
<td>Consult legal experts before executing wills and probate to inheritors</td>
<td>94</td>
<td>39</td>
<td>10</td>
<td>2.59</td>
<td>WP</td>
<td>3</td>
</tr>
<tr>
<td>Help the needy by joining community and civic organizations</td>
<td>99</td>
<td>31</td>
<td>13</td>
<td>2.60</td>
<td>WP</td>
<td>2</td>
</tr>
<tr>
<td>Take the family members on vacation by saving for a vacation budget or after the release of pension</td>
<td>97</td>
<td>31</td>
<td>15</td>
<td>2.57</td>
<td>WP</td>
<td>4</td>
</tr>
<tr>
<td>Join political/ cultural activities on retirement</td>
<td>3</td>
<td>7</td>
<td>133</td>
<td>1.09</td>
<td>NP</td>
<td>6</td>
</tr>
</tbody>
</table>

Overall: 2.33 P

Legend: Interpretation (Intp); 2.5-3.00 “Well-Planned” (WP); 1.50-2.49 “Planned” (P); 1.00-1.49 “Npt Planned” (NP)

### Table 4. Psychological Plan Prior to Retirement of the Pre-retirees in Palawan LGUs

<table>
<thead>
<tr>
<th>Plans</th>
<th>WP</th>
<th>P</th>
<th>NP</th>
<th>Mean</th>
<th>Intp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joining yoga and other meditation sessions to be emotionally and spiritually strong</td>
<td>36</td>
<td>71</td>
<td>36</td>
<td>2.00</td>
<td>P</td>
<td>3</td>
</tr>
<tr>
<td>Reading about the inspirational experiences of successful people</td>
<td>51</td>
<td>79</td>
<td>13</td>
<td>2.27</td>
<td>P</td>
<td>2</td>
</tr>
<tr>
<td>Searching for a life-long learning by vicariously living the lives of people who have survived life’s battles</td>
<td>77</td>
<td>30</td>
<td>36</td>
<td>2.29</td>
<td>P</td>
<td>1</td>
</tr>
<tr>
<td>Collecting inspirational quotes from literary works, music and other worthwhile materials from books, the internet, and magazines</td>
<td>15</td>
<td>64</td>
<td>64</td>
<td>1.66</td>
<td>P</td>
<td>4</td>
</tr>
</tbody>
</table>

Overall: 2.05 P

Legend: Interpretation (Intp); 2.5-3.00 “Well-Planned” (WP); 1.50-2.49 “Planned” (P); 1.00-1.49 “Npt Planned” (NP)
paralysis, diminished self-trust, the experience of a post-retirement void, the search for meaningful engagement in the society, development of a retirement/life structure, the confluence of aging and retirement, death anxiety, the critical nurturing of social relationships and self-actualization. The familism (family-centered culture) embedded in the social sphere of the Filipino family somewhat provide the much needed psychological need to retirees. Some retirees experience depression or the feeling of being in a void; others can feel lonely if their partner is younger and still working (Osborne, 2012). During this period of initial adjustment, retirees may need support from their spouses and family (ibid).

Psychological well-being leads to happiness (Heizomi et al., 2015; Demirbatir, 2015). There are sufficient studies and compelling results showing that well-being affects health and all-cause mortality (Diener & Chan, 2011). Shultz and Wang (2009) suggest that employers support their employees to be psychologically and financially prepared for retirement. Most retiring people will undergo five emotional stages (Ameriprise Financial, 2006) and these stages can best be used to prepare them for retirement. The first stage is the imagination, anticipation, liberation, reorientation and finally reconciliation stages. The survey concluded that the enjoyment people find in their retirement years is related to their overall level of preparation in the imagination and anticipation stages while they are still actively working (ibid).

4.5 Spiritual Plan Prior to Retirement

Table 5 shows that pre-retirees spiritual plan prior to retirement as well-planned, attributable to the religious nature of Filipinos. Retirees would want to travel to holy places such as the Holy Land, Vatican City, or Mecca in Saudi Arabia only if there is enough retirement money left noting that about 90 percent worry about retiring poor (PRU LIFE UK, 2015).

The high-level spiritual planning is normal for the elderly (Atchey & Barush, 2004; Zimmer et al., 2016). The participants in the FGD have revealed that they intend to be more religious more than ever in preparation for the eventual death due to old age. Most Filipinos believe in life after death and have this belief that Godly people are the most likely to enter the gates of heaven. The Philippines ranked 25th most religious country in the world where 96% of the population considered themselves as one

<table>
<thead>
<tr>
<th>Plans</th>
<th>WP</th>
<th>P</th>
<th>NP</th>
<th>Mean</th>
<th>Intp.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current and active participation in religious activities to enhance personal, and spiritual aspects of life</td>
<td>107</td>
<td>30</td>
<td>6</td>
<td>2.71</td>
<td>WP</td>
<td>2</td>
</tr>
<tr>
<td>2. Regular attendance in church services, such as mass, Sunday school classes or prayer meetings</td>
<td>109</td>
<td>22</td>
<td>12</td>
<td>2.68</td>
<td>WP</td>
<td>4</td>
</tr>
<tr>
<td>3. Traveling to sacred places (such as the Holy Land in Israel, grottos, Mecca, Vatican in Rome and local churches)</td>
<td>116</td>
<td>27</td>
<td>0</td>
<td>2.81</td>
<td>WP</td>
<td>1</td>
</tr>
<tr>
<td>4. Meditating and reflecting on the scriptures, such as those in the Bible, Kor’an, other religious books, lives of saints or prophets</td>
<td>103</td>
<td>40</td>
<td>0</td>
<td>2.72</td>
<td>WP</td>
<td>3</td>
</tr>
<tr>
<td>Overall</td>
<td>2.73</td>
<td></td>
<td></td>
<td></td>
<td>WP</td>
<td></td>
</tr>
</tbody>
</table>

Legend: Interpretation (Intp); 2.5-3.00 “Well-Planned” (WP); 1.50-2.49 “Planned” (P); 1.00-1.49 “Not Planned” (NP)
(World Atlas, nd). In another survey, the Philippines have 80.8 percent of its people think they are religious (World Values Survey Association, 2014). About 83.9 percent (3.8% higher) of senior citizens believe they are religious.

Noticably, about 72 to 81 percent of respondents say they plan or are already participating in spiritual or religious activities. Among the five areas, spiritual planning received the highest rating of 2.73 described as well planned.

5. Conclusion and Recommendation

Pre-retirees in the Province of Palawan have panned well along spirituality, finances, health and family and social aspects of retirement life. The least planned area is on psychological aspect. The planning preparedness of pre-retirees is based solely on what they know; which is very limited. There is very little evidence that extensive pre-retirement activities are carried over by LGUs, if there is, it’s limited to a short-period seminar about retirement.

Based on the conclusion the following recommendation was drawn: LGU must operationalize the pre-retirement program in the LGU so the fiscal budgeting will be provided and be given to proper implementation of pre-retirement program in the LGU and lastly, LGU must enforce budgeting literacy through orientation, on the importance of budgeting to protect the retirees’ ultimate income form their GSIS. Provide a complete pre-retirement health program. The LGU must encourage the retirees to engage social activities that will put to use their skills, knowledge, and experiences in the community. Psychological counseling will help retirees to lead a happy, progressive, productive and meaningful life after pre-retirement. LGU should continue to the conduct of the religious rituals and show of respects for differences/diversities in the spiritual beliefs of the employees, and LGU should continue the practice of giving the testimonial to retirees. LGU should provide specific pre-retirement program specific for the pre-retiree

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