UNIVERSITY OF CAPE COAST

FINANCIAL LITERACY AND RETIREMENT PLANNING OF
EMPLOYEES IN GHANA IMMIGRATION SERVICE

BY

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DECLARATION

Candidate's Declaration

I hereby declare that the dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature:………………………..   Date:……………………

Name: Pamela Godwyll

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:………………………….   Date:…………………….

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ABSTRACT

The financial systems of the 21st Century have been growing with speed, sophistication and becoming more complex world over. Per this, the economic and social environment in which people take financial decisions has also changed drastically. This has increased individual employees' responsibility in managing their own finances and securing their financial freedom. The study examined the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. The quantitative research design was employed. Stratified random sampling method was used to sample a total of 400 respondents. Data obtained from respondents were coded and analyzed with Statistical Product and Service Solutions (SPSS) version 21. Questionnaires were employed in the collection of data to address the research objectives. The data were personally collected by the researcher after explaining the purpose and assuring respondents of confidentiality. The study discovered high levels of financial literacy among employees of Ghana Immigration Service. They were knowledgeable about personal budget, use of ATM, wrong debit, bank account interest, loan interest, bounced cheque and purchasing power of money driven inflation. The study further discovered a positive effect of financial literacy on retirement planning and preparation. Thus, as the financial literacy of the employees with the Ghana Immigration Service increased, it corresponded with their retirement planning and preparations. It therefore recommends that employees are periodically advised by financial experts and analysts during meetings on the benefits inherent in utilizing one's financial knowledge since it has an impact on the overall well-being.

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DEDICATION

To my family

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CHAPTER ONE
INTRODUCTION

Background to the Study

The financial systems of the 21st Century have been growing with speed, sophistication and becoming more complex world over. Per this, the economic and social environment in which people take financial decisions has also changed drastically (Mitchell, 2011). This has increased individual employees' responsibility in managing their own finances and securing their financial freedom. Financial problems resulting from poor personal financial management is known to affect individual retirement planning, saving and investment decisions as well as the financial well-being. In America, Lusardi (2003) asserted that older employees are not at all confident about the efficacy of their efforts to save for retirement, and in fact one-third of adults in their 50s have failed to develop any kind of retirement saving plan at all.

Employees' retirement planning, preparation, savings-investment decisions and financial wellbeing are important factors determining the quality of life and has been investigated in several studies. Employees' financial well-being and retirement saving-investment decisions are a key component to financial health (Bergstresser, Chalmers & Tufano, 2009). Employees' with high levels of financial well-being have the financial freedom to make choices that allow them to enjoy life. Globally, people are being asked to take charge of their financial well-being because of the occasional changes that occur in pension plans. This trend requires people to make decisions on how much to save and where to invest during retirement (Lusardi, 2014). Changes in life require adjustments in identity, thinking, feeling and action (Goold, 2007).

In light of this, employees' personal finance management is an important issue today. It also is recognized to be an area of important life skills (Mullainathan, Noeth & Schoar, 2012). One of the reasons for personal financial problems is financial illiteracy. In a study conducted by Bhattacharya, Hackethal, Kaesler, Loos and Meyer (2012), it was reported that most employees lack the financial literacy needed to make important financial decisions for their own best interests. As stated by Kimball and Shumway (2010), poor financial behaviors and personal and family money management practices have consequential, detrimental and negative impacts on one's

retirement planning and preparation, financial well-being as well as life at home and work.

Different definitions of financial literacy are presented in the literature until now. Remund (2010) defined financial literacy as a person's ability to understand and use financial matters. Jacob, Hudson & Bush (2000) considered personal financial knowledge as concepts of personal financial management skills and information while Huston (2010) stated that financial literacy includes awareness and knowledge of financial instruments and their application in business and personal life. In synthesis, these definitions show that financial literacy includes the ability to balance a bank account, prepare budgets, save for the future and learn strategies to manage debt. A person is known as financially literate if he/she is able to manage his/her personal finance in life and in this dynamic society.

Financial literacy of employees will enhance their ability to handle day-to-day financial matters and will reduce the negative consequences of poor financial decisions that otherwise might take years to overcome. Increased financial literacy has a positive impact on employees' retirement planning, financial well-being and personal finance management (Stoughton, Wu & Zechner, 2011). Financial literacy among employees' education can enhance individual financial knowledge and skills (Klapper, Lusardi & Panos, 2013); Lusardi & Tufano, 2009).

It is worth knowing that, the milestone decisions people make throughout their lives ultimately affect their financial security and eventually the financial security of their country. It is for this reason that the Government of Ghana institutionalized the Annual Financial Literacy Week as a long term financial sector policy priority measure. The aim was to raise awareness on the range of financial products and services available to consumers to help them better understand and manage their finances, thereby improving financial behaviour of the citizenry (Ministry of Finance and Economic Planning [MOFEP], 2012). The launch of the Annual Financial Literacy Week was recommended by Ghana's Financial Sector Strategic Plan (Gyabaah, 2009).

With a population of over 27 million people, Ghana's adult financial literacy rate as at 2014 was 32 percent (Ghana Statistical Service, 2014). In Ghana, a study conducted by Atakora (2013) showed that most Ghanaians do

not have adequate financial knowledge and skills to make informed judgments and decisions on management of their finances as well as understanding the details of financial products and services. To buttress this, Klapper, Lusardi and Oudhensden (2015) found that only 33 percent of adults worldwide are financially literate. This implies that only one-in-three adults are financially literate.

When these poor levels of financial literacy are considered in the context of financial decision-making during retirement, then it is clear that only a small proportion of the population is likely to have the requisite level of financial knowledge and skill. Again, those who are woefully under-informed about basic financial concepts and thus, are not financially literate fail to plan for retirement with consequences for their financial well-being. Despite the apparent importance of financial literacy education, there has been little research that examines relationships between financial literacy and retirement planning and how it contributes to the financial well-being of employees in Ghana. Therefore, this study aims to examine the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service.

Statement of the Problem

In recent times, concern for the levels of financial literacy in society as a whole has grown considerably and is expected to grow even more in the future (Fox, Bartholomae & Lee 2005). Employees face challenges and barriers that make it difficult for them to be financially prepared for the future. There are many barriers that prevent or hinder employees from actively saving for retirement and one of them is financial illiteracy.

Ghanaians have less confidence about preparing a retirement plan due to the financial illiteracy (Atakora, 2013). In Ghana, most people on an average earn less than the per capita income of the country. In addition, cost of living in Ghana is quite high (Ghana Living Standard Survey, 2013). However, some retirees in Ghana receive as low as GH¢200 a month (Social Security and National Investment Trust [SSNIT] Retirees Association, 2015). Little income amidst high cost of living makes financial decision prudent for employees.

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Individual employees in Ghana Immigration Service are encouraged to start planning for their latter retirement life especially during their golden years and not only when they are nearing the retirement era. Therefore, retirement planning is an essential issue in the employee's life. The general conclusion of this limited literature is that financial literacy education can increase retirement saving-investment decisions of employees which will enhance their financial well-being and satisfaction. Therefore, the present study focuses on the level of financial literacy among employees in Ghana Immigration Service and subsequently analyses the effects of financial literacy on retirement planning within this group.

Purpose of the Study

The main purpose of the study was to examine the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service.

Objectives of the Study

Specifically, the study was guided by the following objectives, to:

1. explore the financial literacy level among employees' in Ghana Immigration Service
2. examine the effects of financial literacy on retirement planning and preparation among employees' in Ghana Immigration Service
3. examine the effects of financial literacy on financial well-being of employees' in Ghana Immigration Service

Research Questions

1. What is the financial literacy level among employees' in Ghana Immigration Service?
2. What are the effects of financial literacy on retirement planning and preparation among employees in Ghana Immigration Service?
3. What are the effects of financial literacy on financial well-being of employees in Ghana Immigration Service?

Hypotheses

H $_1$:   There is no significant relationship between financial literacy and retirement planning among employees in Ghana Immigration Service

H $_2$:   There is no significant relationship between financial literacy on financial well-being of employees' in Ghana Immigration Service

Significance of the Study

The findings of this study will be important not only to employees of Ghana Immigration Service but also other sectors that will use the study findings to identify the critical areas of applying financial literacy in their personal financial management. The employees may formulate strategies for managing their earnings, expenditures and saving or investments and general financial wellbeing of young people while in employment.

The Ghana Immigration Service employers will also find the findings of this study critical in developing strategies of cultivating a culture of prudent financial management among their employees that would lead to financial freedom hence better motivation to deliver in their roles. It is also a useful source of information for employer associations as well as policy makers including the Government and the Ministry of Finance and Economic Planning in Ghana to modify their policies regarding retirement. Ghana government may also use the research findings to formulate policies and programs that are able to promote financial literacy that would lead to better financial management to encourage both public and private investments. Further the study will be useful for the SSNIT Pensioners Association to direct their training programs and activities for the retirees and extend such programs to employees as well. It will help them tailor their training programs since they will know where the retirees and those who are currently employed will fall short the most. The findings will also be important to researchers as it will add to the wide knowledge in personal financial management.

Delimitation

The study is delimited to employees in Ghana Immigration Service. This study was delimited to the conceptualization of the effects of financial

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literacy on retirement planning, personal financial management and financial well-being of employees. The study was also delimited to questionnaires.

Limitations of the Study

This study had several limitations. One limitation is lack of generalizability because the employees in this study were predominantly from Ghana Immigration Service. The representativeness for the whole employees in Ghana is limited. This study has a limitation in the accuracy of responses on the amount of monthly savings. Respondents may not report the accurate number because they do not possess the correct knowledge or may not want to report it. However, it is worth noting that this limitation did not in any way affect the validity and the reliability of the study

Operational Definitions

Financial Literacy: Financial literacy refers to knowing the facts and vocabulary necessary to manage one's personal finances successfully

Financial Knowledge: Financial knowledge includes knowledge about general personal finances, retirement plans, employee benefits, credit and money management, and consumer rights.

Financial Behavior: Financial behavior refers to the process people use in managing their financial resources to achieve financial success in the areas of retirement plans, employee benefits, credit and money management, and consumer rights.

Financial Well-being: Financial well-being is the outcome of the financial management process. It can be measured by subjective perception of the financial situation as well as quantifiable objective indicators.

Organisation of the Study

The study is organised into five (5) chapters. Chapter one is the introduction and it covers the background of the study, statement of problem, purpose of the study, research objectives, research questions, significance of the study, delimitation, limitation and organization of the study. Chapter two entails the literature review. This involves the theoretical foundation and the empirical review of the study as well as gaps identified in literature regarding the research objectives. Chapter three describes the methodology deployed for the research. Chapter four deals with results and discussion of the study. Chapter five is on summary, conclusions and recommendations.

CHAPTER TWO
LITERATURE REVIEW

Introduction

The main purpose of the study was to examine the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. This chapter reviews extensive literature on the issues of investigation. The literature review is conceptualized in three aspects: the theoretical review, conceptual review and empirical review based on the research objectives.

Theoretical Underpinning

Symbolic Interaction Theory

Symbolic interaction theory is a social science theory and was applied in this study. This theory claims that facts are based on and directed by symbols (Aksan, Kisac, Aydin & Demirbuken, 2009). According to this theory, people live both in the natural and the symbolic environment and focuses attention on the way that people interact through symbols such as words, gestures, rules and roles. There are three core principles in symbolic interaction perspective of Blumer, the founder of symbolic interaction theory, which are meaning, language and thinking. There are five concepts in symbolic interaction theory namely; role, self, interaction, culture and norm (Meltzer, Petras & Reynolds, 1975). The working individuals are the target samples in this study. The symbolic interaction theory, helped in finding the perspective of working individuals toward the proximity of retirement planning. As the working individuals are divided into three groups according to their age, they might have different thinking and perspective toward the retirement planning among them. As a result, the attitude of individuals will influence their behaviour on making decision in retirement planning. Moreover, the way of their thinking might influence the group among them due to the social interaction process. The working individuals who are more knowledgeable about the retirement planning tend to influence other individuals from his or her point of view. When the interaction among the individuals is successful, the retirement planning might become a culture of society.

Conceptual Review

This section looked at the following issues: financial management, financial literacy, employees' retirement planning and financial well-being.

Financial Management

Finance is a very critical resource to individuals and every organization. Hence, its proper management has engrossed much attention in the many literatures. In firms, fund is needed to acquire assets, embark long term investments and for financing purposes to meet the objective of maximizing shareholder wealth. As for individuals, people need money to meet their day to day household obligations. Evidence available demonstrates that financial management behaviors of employees do not only foster the cohesion and mutuality within them but also influence their savings and investment behaviors (Krah et al., 2014).

Financial management is also an essential practice that assists people in order to save for a better tomorrow and serve as emergency fund during rainy days. But before we start managing our financial sources effectively, people must have sufficient knowledge and basic financial background. As for employees, financial management practices become more important since they have to allocate their income into many obligations. Employees' in a study Hogarth and Hilgert (2002) reported on employees' eighteen financial management behaviors, ranging from very basic money management skills (tracking expenses, paying bills on time) to more sophisticated ones (diversifying investments). This study shows a fairly large percentage of individuals reported what are considered "good" cash-flow management practices: 89% of households had a checking account, 88% paid all their bills on time, and 75% reconciled their checkbook every month. As to saving practices, the data shows that while 80% and 63% had a savings account and an emergency fund, respectively, only 39% were saving for long-term goals, such as for education, a car, or a home. On the other hand, highly educated individuals or higher financial knowledge does not necessarily translate into better financial management unless the values of living within one's means are cultivated along financial knowledge (Ali, 2013).

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Employees' Personal Finances Management

Personal finance refers to all financial decisions and activities that a person could make and undertake. This could include budgeting household incomes and expenditures, savings, investments, mortgages, insurance and all other decisions that require money. The most important factor of personal finance management is financial planning, which should involve analyzing the financial position and setting of short-term and long-term goals. Financial success is the achievement of financial aspirations that are desired, planned, or attempted" (Garman & Forgue, 2000).

Financial management requires systematic and disciplined thought and action. Financial management requires planning, implementing, and evaluating behavior involved in the allocation of families' current flow of income and their stock of wealth toward the end of meeting the family's financial goals (Godwin & Koonce, 1992). Investigators have used very different items to measure financial management. Measures often include who makes financial decisions, attitudes about credit, whether the family has financial problems, and satisfaction with financial status, along with the behavioral measures of planning, budgeting, and record-keeping (Godwin, 1994). Goldsmith (1996) defined financial management as "the science or practice of managing money or other assets." Financial management is a transformation process involving the identification of financial goals, collection of information, analysis of resources, decisions about whether to spend, invest, or save, and evaluation of resources.

According to Kempson (2009), money management skills are influenced by three important factors; financial control, making ends meet and approaches to financial management. Financial control relates to budgeting, keeping records and knowledge of daily living costs and the ability to meet the financial obligations as they fall due. Making ends meet refers to a parson's ability to predict times when finances may be low, and to remedy that situation. This also includes assessing the ability to maintain spending and keep up with commitments. Approaches to financial management relates to impulsiveness during spending, using credit instead of cash and general spending patterns that result in using more money than is available. Budgeting

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and living within means involves keeping track of finances and reducing unnecessary spending while saving and planning means provision for an emergency through savings and insurance held; attitudes to financial planning; saving and planning for retirement; and saving and planning for expected expenses. In Ghana, as well as other countries, this might be the use of a pension/ retirement fund, child education fund, etc.

It is important to have good skills of personal finance management in order to make correct day-to-day decisions such as what to buy and what not to buy. This would help to save lots of money in the long run, as unnecessary products would be bought not so frequently. Ability to make these decisions more responsibly would improve the wellbeing of the households. But for all this, there is a need for financial literacy, which would help understand various financial services and make financial decisions. Looking into all the approaches towards personal finance might seem complicated for an individual without financial education, as such people usually do not understand ways of managing (planning, saving, investing and borrowing) money as may be necessary from time to time (Greenspan, 2006).

The Concept Financial Literacy

The terms financial literacy, financial knowledge and financial education often are used interchangeably in the literature and popular media. Few scholars have attempted to define or differentiate these terms. Financial literacy can be defined as the ways by which people manage their money in terms of insuring, investing, saving and budgeting (Mahdzan & Tabiani, 2013). Financial literacy is also defined as the ability to use knowledge and skills to manage financial resources effectively for a life time of financial well-being (Suwanaphan, 2013). It also refers to a skill that can help people to make financial decisions effectively.

Therefore, individuals who are financially literate are expected to possess basic understanding of the financial concepts such as interest rate, inflation rate, compound interest, and risk (Sabri & Juen, 2014). Several researchers (Lusardi & Mitchell, 2007; Lusardi et al., 2010; van Rooij et al., 2011a) have studied the level of financial literacy among different segments of the population and they all came to the same conclusion: the level of financial

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literacy within each segment is insufficient to make informed financial decisions in relation to mortgages, credit cards, insurances and investments etc. Financial literacy was found to play an important role in explaining attitudes toward saving.

In addition, recognizing that individuals possess low financial literacy and do not plan for retirement brings inevitably raises the issue of mistakes in financial plans and decisions (Delafrooz & Paim, 2011a). Moreover, it has been deduced that financial literacy increases the likelihood of planning for retirement and that people who plan for retirement have higher levels of wealth compared to people who do not plan (Khan & Abdullah, 2010). Employees need financial knowledge and skills to make informed financial decisions. A survey by American Express Financial Advisors reported that 85% of all employees wanted to get financial information where they work. More employers are providing workplace financial education as employees shoulder a greater responsibility for their financial futures.

Conceptualizing Employees' Retirement Planning

Retirement planning can be conceived as: "a broad set of cognitions and behaviours toward the event of withdrawal from work" (Koloski et al., 2001). Although the definition is useful it does not specify what is meant by cognition and behaviour. Traditional retirement planning models usually focus on the economic aspects of retirement planning: the social insurance program within a country, pension plans of the individual and personal savings of the individual (Allen et al., 1997). Due to the increase of defined contribution plans, the financial aspect of retirement planning continues to be the dominant factor (Allen et al., 1997). Due to this focus the definition of retirement planning shifts towards the definition of investment planning (Dennis, 2002).

Even though the foundation of retirement planning is finance, Dennis (2002) indicates that retirement planning includes more than just investment planning. Important topics are for instance: career planning, relationships, health, and life after retirement etc. This is supported by Taylor-Carter et al. (1997) who indicate that besides financial planning, leisure planning is also an important aspect of retirement planning. Leisure planning refers to retirement goals after retirement. According to Taylor-Carter et al. (1997) retirement

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planning may take place formally or informally. The term informal is used to amplify the unconstrained nature of this type of planning, in which individuals gather retirement information in an unstructured way, as opposed to formal planning in which participants choose to attend structured retirement seminars in order to plan for retirement.

Another view on retirement planning is given by Beehr (1986) who indicates that retirement planning is the start of the retirement process. This planning process begins years before the actual point of retirement and is often more complex than expected (Phua & McNally, 2008). Because the objective of the present study is to analyse the effect of financial literacy on retirement planning it seems sensible to focus on the financial aspect of retirement planning. Furthermore the formal process of retirement planning is left out of scope because it seems unlikely to find students attending retirement seminars. This means that within the present study, retirement planning is limited to informal financial planning to ensure adequate finances in retirement.

Boeri, Börsch-Supan and Tabellini (2002) indicate that there exists a general awareness among European citizens of the unsustainability of the pension system and the need to modify it. This seems to counter the conclusion of multiple other researchers who indicate that pension knowledge is lacking among different subgroups of the population (Lusardi & Mitchell, 2007b; de Gier et al, 2007). Luchak and Gunderson (2000) both study worker knowledge of pension plans and conclude that the overall understanding of pension provisions is low. When employees are allowed to make their own asset allocation decisions in relation to retirement planning most employees fail to do a good job (Benartzi & Thaler, 1999). Many pension participants choose the path of the least resistance and are driven by the menu of investment funds presented to them (Choi, 2001). Waggle and Englis (2000) concluded that large parts of Individual Retirement Accounts (IRS) are concentrated in one asset category and that a surprisingly large fraction is held in cash. It is particularly noteworthy to see that cash outweighs bond investments, whereas traditional finance theory recommends for long-term retirement accounts to invest mainly in long-term bonds and equity (Waggle & Englis, 2000).

In the U.S. less than one in three women (30.9%) has ever tried to make a retirement saving calculation. Which means that close to 70% did not take an effort to find out how much they should save to maintain their current living standard. Furthermore 58.5% of women who made a calculation developed a plan but only a third was able to actually commit to the plan (Lusardi & Mitchell, 2008). In addition, van Rooij et al. (2011a) indicated that thinking about retirement is more common in the US in comparison to the Netherlands. In the UK the Financial Service Authority (FSA, 2006) wanted to capture peoples' attitudes in relation to planning ahead, including retirement planning. They formulated four statements to analyse peoples' attitudes. According to the FSA (2006) it's encouraging to see that 75% of the respondents indicated that they save some money for a rainy day. On the other hand 44% indicated that they find it more satisfying to spend money today than to save it for the long term and 42% would rather have a good living standard today than plan for retirement.

In order to find out how people allocate their resources among different asset classes within a retirement account Benartzi and Thaler (1999) conducted a series of experiments providing different sets of information. They found that respondents allocate 63% of their resources to equity when provided with one year stock returns. When respondents received 30 year stock returns they raised their investments in equity to 81%. In their actual retirement account respondents invested 66% in stocks because they only received monthly and annual performance figures (Benartzi and Thaler, 1999). This shows that most respondents only read the information provided by vendors and do not make the effort to collect additional information.

When people have to decide how to allocate their resources most people do not spend much time analysing the different possibilities. Benartzi and Thaler (1999) indicate that over half (58%) of the respondents in their experiment spent less than an hour to decide how to allocate their resources. Furthermore most people will never change their original allocation choice (Samuelson & Zeckhauser, 2008). This is disturbing as traditional finance theory advises to start with an aggressive investment portfolio when young (containing a relatively large fraction of equity) and reduce the amount of risk in a later phase by transferring resources from equity to bonds (Benartzi &

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Thaler, 2001). Because employees find retirement planning decisions difficult and are afraid that they are not able to control their own pension most of the employees in the Netherland prefer the mandatory aspect of pension savings and prefer the defined benefit system (van Rooij et al., 2007).

Conceptualizing Employees' Financial Well-being

The term "financial wellbeing" had been developed within the past decade. Prior to the mid-1990s, numerous researchers attempted to explain, predict, or define related constructs such as financial well-being, financial satisfaction, and economic well-being. These terms tend to be used interchangeably. Economic well-being and financial well-being can be proxies of financial wellness. Goldsmith (2006) referred to economic well-being as the degree to which individuals or families have economic adequacy or security. Porter (2000) defined economic well-being as a sense of one's financial situation that is based on objective attributes and perceived attributes that are judged against standards of comparison to form evaluated attributes of that financial situation. Williams (2003) suggested that economic well-being is a function of money income, real or full income, agreement about distribution, psychic income or perceived adequacy of income.

Hayhoe (2000) observed that financial well-being can be looked at from a simple individual's perception of satisfaction with one's material or financial situation to a complicated perception of both the material and nonmaterial aspects of an individual's financial situation. Financial well-being is a function of individual characteristics, financial management, and financial knowledge and skills. McGregor and Goldsmith (2008) suggested that financial well-being is a function of money income, transfers and in-kind income, financial assets, human assets, community resources, durable goods and services, time, deferred consumption, attitude toward money, ability to manage, control over financial affairs and resources, values, insurance-risk management, job security and employee benefits, ability to adjust to life transition, and lifestyle decisions. Joo (2008) considers personal financial wellbeing as a comprehensive concept comprising financial satisfaction, objective status of financial situation, financial perception, and behavior that cannot be assessed through one measure.

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The complicated perception comprise of happiness of income and savings, awareness of opportunities, ability to make ends meet, sense of material security, and sense of fairness of the reward distribution system. Numerous researchers have sought to develop conceptual model for the determinants of financial well-being using diverse research methods (Hayhoe, 2000; Joo, 2008; Williams, 2003). However, determinants for personal financial wellbeing is complicated in nature, which comprises objective and subjective statuses of financial situation, behavioral assessment of personal finance, and satisfaction with personal financial situation that cannot be assessed through a single measure (Joo, 2008). Joo (2008) also suggested a higher level of financial well-being correlated with higher performance ratings, less absenteeism, and less work time loss. In summary, financial wellbeing can be conceptualized as a level of financial health. It includes satisfaction with material and non-material aspects of one's financial situation, perception (or subjective assessment) of financial stability including adequacy of financial resources, and the objective amount of material and non-material financial resources that each individual possesses.

Empirical Review

Financial Literacy and Retirement Planning

Not all individuals have the financial sophistication and access to information to be able to make optimal decisions about retirement savings, therefore actual households saving may vary from the optimal savings plan. In light of this, Campbell (2006) concludes that poorer and less educated households are more likely to make serious investment mistakes. Moreover less literate households are more likely to keep under-diversified investments (Calvet et al., 2009) and turn away from the stock market completely (Van Rooij et al., 2011b; Christellis et al., 2010). Financial literacy is an important factor in relation to retirement planning, lack of financial literacy leads to a lack of retirement planning (Lusardi & Mitchell, 2009).

Even after controlling for many socio demographic factors, financial literacy influences retirement planning and, in turn, increases future wealth (Lusardi & Mitchell, 2007). Van Rooij et al. (2011c) analyse the relation between financial literacy, retirement planning and household wealth and

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argue that financial literacy has a positive effect on wealth accumulation. According to van Rooij et al. (2011c) financial literacy might increase wealth accumulation through two channels. First, financial literacy increases the likelihood of investing in stocks which enables people to take advantage of increases in stock prices. Second, financial literacy has a positive effect on retirement planning because it reduces barriers to: a) acquire information, b) make calculations and c) develop a plan. According to Clark and d'Ambrosio (2002) high quality financial education can be helpful in changing the pension saving process and is an effective mechanism to improve personal pension saving goals.

Financial education improves understanding of financial markets and the risk return properties of investment and therefore the understanding of pension saving goals. Lusardi and Mitchell (2007c) found that people showing high levels of financial literacy when young are more likely to plan for retirement. In 2005 the UK Financial Services Authority (FSA) analysed if people collected any information before purchasing complex financial products like insurances, mortgages and investment products. Just over half of the sample (54%) indicated that they collected information themselves or used an advisor. The main source of information was the regular product information (42%), only 7% actively searched for the best buy. A recent survey in the Netherlands in relation to pension awareness indicated that on average 30% of the Dutch labour force does not use any source (e.g. magazines, newspapers, unions, pension funds etc.) to gain additional information concerning retirement planning (TNS NIPO, 2011). Among the respondents with the lowest pension awareness this figure rises to 49%, as opposed to 9% for the most aware respondents (TNS NIPO, 2011).

Research by de Gier et al. (2007) as cited in Van Dijk (2010) indicates that financial illiteracy is widespread and most people are not able to design their own pension plan. This lack of financial knowledge is due to lack of information, costly information or the inability of people to process the information. Research in the United States indicates that people are sadly under-informed about basic financial concepts, with serious implications for saving, retirement planning, mortgages and other financial decisions (Lusardi & Mitchell, 2007b). Similar results are found outside the U.S., the FSA

indicated that the English population is not planning for future expenditures and retirement plans were not sufficient (FSA, 2006). Despite the fact that people do not plan for their retirement, research among the Dutch population shows that most people do feel that retirement planning is their own responsibility.

In 2009, on average, 39% of the Dutch labour force indicated that it was their own responsibility to take care of their pension, this percentage rose to 54% in 2010 (TNS NIPO, 2011). Among the respondents with the highest levels of pension awareness this percentage was even 90%. In the UK the FSA (2006) analysed if people with investment products monitored the value development of their holdings. About a quarter (24%) of the sample group indicated that they analysed the value development once a month or more, on the other hand 22% indicated that they never monitored the performance of their investments. Furthermore 9% indicated to monitor their investment less than once a year (FSA, 2006). From 2008 onwards pension funds in the Netherlands are obliged to inform their participants on an annual basis about the value development of their retirement investments through an annual retirement overview (TNS NIPO, 2011).

According to recent research (TNS NIPO, 2011) less pension aware individuals spend less time studying their annual retirement overview. On average 33% of the Dutch labour force actually questions oneself if the amount presented in their annual retirement overview will be sufficient after retirement, which means 67% does not. Among the respondents with the lowest rank for pension awareness less than one fifth actually asks oneself if their current pension arrangement will be adequate to meet future expenditures and 16% does not read the annual overview at all (TNS NIPO, 2011). In 2007 and 2009 Lusardi and Mitchell use the Rand American Life Panel (ALP) dataset to analyse the relation between financial literacy and retirement planning in the US.

In 2007 the average age of their sample is almost 53 and over 40% earn $75,000 or more. Furthermore, the sample if relatively well educated as over 52% holds a bachelor degree or higher. In their 2009 data sample, the average age is 45 and only 30% earns $75,000 or more. 46% of the sample hold a bachelor degree or higher. In both cases financial literacy has a positive

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and significant impact on retirement planning after controlling for multiple demographic factors such as age, income and education. In 2011, van Rooij et al. analysed the relation between financial literacy and retirement in the Netherlands using data from the DNB Household Survey. The average age of the dataset is about 50. 13% hold a university degree and 26% have completed higher vocational training. Furthermore, 55% are men and 31% are married or living together. The results show that, again after controlling for multiple demographic factors, financial literacy has a positive and significant effect on retirement planning.

Financial Literacy and Financial Well-being

Financial well-being is a multi-part concept. According to Van Praag et al. (2003), well-being is provided by individual satisfaction in six areas: business, finance, home, leisure, health and environmental. McGregor and Goldsmith (2008) recognize welfare as including economic, physical, social, emotional, environmental aspects, political and spiritual factors. As mentioned in both references, material well-being is one of the aspects of welfare and convenience. Fergusson et al. (2001) describe financial wellbeing as financial income level and asset. Williams (2003) recognizes financial wellbeing as a function of material and spiritual aspects of one's financial status, and Hayhoe et al. (2000) defined the financial wellbeing as a feeling of satisfaction a person has about his financial status. According to Porter (2000) the financial well-being is one's attitude toward his/her financial statuses, based on objective aspects, and judge them with regard to the standards. According to Joo (2008) the concept of wellbeing or in other words people's perception of well-being varies with change in the level of their life.

In the past, wellbeing has had the meaning of overall happiness or satisfaction with their financial status or assets. But at the present the wellbeing concept has changed to material and non-material aspects of a person's perception from their financial status to improving their living standards. This includes perceptions such as: ability to meet the needs, feeling safe, feeling comfortable and satisfied with the income and the award distribution system. Goldsmith (2000) knows financial wellbeing as financial adequacy and safety of individual or family that protects the person against

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economic risks such as unemployment, illness, bankruptcy, poverty and destitution in retirement. As these definitions indicate, attitude towards financial wellbeing is different among researchers and in different studies, different methods have been used to measure economic wellbeing and welfare. One of these methods is using an objective or position scale. The scale uses quantitative indicators visible from a financial status to determine the level of financial wellbeing. For example, consumption of goods, net worth, saving, socioeconomic status, income, number of children and home ownership are accounted for in the physical aspects of financial well-being (Van Praag et al., 2003).

Another method is to use subjective measures of financial wellbeing measurement. Subjective wellbeing refers to internal and subjective assessment of the amount of a person's financial resources which may be sufficient or insufficient and satisfactory or unsatisfactory. Certain concepts and various tools are used to investigate the subjective wellbeing. Ardelt (1997) knows life satisfaction, happiness, and not feeling discomfort in life as subjective wellbeing. Brod et al. (1999) described the quality of life as overall subjective assessment of a person from his living in general and specific areas such as social life, finances, job or living situation. George (1993) has used three single-item scales including satisfaction with income, satisfaction with financial status and individual's standard of living consent to measure subjective well-being. Satisfaction with financial position represents an assessment of the overall financial status. Satisfaction with income refers to assessing the amount of income that a person receives or earns regularly. Satisfaction with standards of living is due to an assessment of the quantity and quality of goods and services available or on the market. In objective and subjective measures of financial well-being, we can say that the objective method will provide more tangible evidence in comparison to the subjective one and it is easier to understand by respondents. In contrast, considering subjective measures cause a more complete assessment of financial well-being. Scales assessing subjective perceptions can provide a more complete understanding of consumer financial behavior. A researcher can identify the views, feelings, and perceptions about ones' financial status, using variables that an individual realizes and provides him with better symptoms and signs of

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wellbeing. In this study, both measures for financial wellbeing were used so that the views, feelings and perceptions about one's financial status in addition to considering the quantitative criteria visible from a financial position can be measured.

Lusardi and Mitchell's (2007a) findings show that those who are more knowledgeable are much more likely to make better investment and saving plans and to answer economic literacy queries correctly. According to Bernheim, Garrett and Maki (2001) employees who learned about financial management courses at school make better savings plans and investment decisions. De Bassa Scheresberg (2013) investigated the impact of financial literacy on the behaviour of young adults in the U.S. The results showed that most young adults have no awareness of basic financial instruments. Studies conducted by Gale, Harris and Levine (2012) showed that workplace financial education seminars have a positive influence on household savings but the level of the impact differs broadly. While the study reported that financial education programs in schools have an unclear impact on household savings and, according to econometric studies, no significant outcomes were found. Neill et al (2005) have conducted a study aimed at examining the relationship between financial activities, financial wellbeing, and health among 3,121 customers of a financial consulting organization. Their results showed that people with higher income and financial well-being will experience less stress, are more motivated in financial activities, have better family relationships and are physically and mentally healthier.

Chapter Summary

 The literature review is conceptualized the theoretical review, conceptual review and empirical review based on the research objectives. The theory applied in this study is the Symbol interaction theory which is a social science theory that claims that facts are based on and directed by symbols (Aksan et al., 2009). According to Meltzer et al. (1975), symbolic interaction theory has five concepts namely; role, self, interaction, culture and norm. The symbolic interaction theory, helped in finding the perspective of working individuals toward the proximity of retirement planning. The conceptual review looked at the issues of financial management which covers employee's personal

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financial management, financial literacy, employees' retirement planning and financial well-being. The empirical review discussed the findings of researchers on financials literacy and financial well-being and financial literacy and retirement planning.

CHAPTER THREE
RESEARCH METHODS

Introduction

This study is about financial literacy and financial well-being of retirees in Cape Coast Metropolis. The chapter entails a thorough and organised process that the study adopted to realize the research objectives. The discussions in the chapter includes research philosophy, research design, study area, target population, sampling technique and procedure, data collection instruments, data collection procedures, data processing analysis and chapter summary.

Research Design

A paradigm according to Rossman and Rallis, (2003) is defined as the worldview or shared understanding of reality. To them, it is thought of as the perspective that the researcher brings to the research. Therefore, the approach used in any research is determined by the researcher's philosophical view of the social world. Rossman and Rallis (2003), categorized paradigms into four types namely positivism, interpretivism, critical realism and critical humanism. This study adopts the positivist paradigm because it is objective, scientific, precise and it uses quantitative data. The paradigm chosen informed the selection of the appropriate research design for the study which is quantitative research design.

Research design according to Creswell, Plano, Gutmann and Hanson, (2003) is important because it provides road map for how to meticulously conduct studies to best meet the objectives of the study. It is described as the master plan that specifies the methods and procedures for collecting and analyzing the needed information for a study. The research design employed in a study has a great bearing on the reliability of the results arrived at and as such constitutes the firm foundation of the entire edifice of the research work (Kothari, 2004).

There are three alternative research designs according to Creswell (2014). These are quantitative, qualitative and mixed methods. For the purpose of this study, quantitative research design is adopted. Quantitative research is

defined by Aliaga and Gunderson (2000) as explaining phenomena by collecting numerical data that are analysed using mathematically based methods, in particular statistics. That is to indicate that research projects that collect data or information in the form of numbers is quantitative research (Healey, 2010).

Quantitative research design includes experimental design, and non-experimental design. An example of the non-experimental design is survey (Creswell, 2014), and this study adopts survey research. Survey research provides a quantitative or numeric description of trends, attitudes or opinions of a population by studying a sample of that population. It uses questionnaires or structured interviews for data collection with the intent of generalizing from a sample to a population (Fowler, 2008). The survey strategy is popular and normally used in business and management research and is most often used to answer who, what, where, how much and how many questions.

Aside its appropriateness for the study, the survey research has been used in financial literacy studies by ANZ Survey, (2015); Gowri, (2014); Mandell and Klein, (2009); Chen and Volpe, (2002) in prior studies. Again, surveys are popular as they allow the collection of a large amount of data from a sizeable population in a highly economical way, which is often obtained by using a questionnaire administered to a sample. In addition, the survey strategy is perceived as authoritative by people in general and is both comparatively easy to explain and to understand (Saunders et al, 2009).

Study Organisation

The Ghana Immigration Service started as the Immigration and Passport Unit of the Gold Coast Colonial Police Force under the command of Mr. Nevile C. Hill. On attainment of independence in 1957, the rapid expansion of the economy coupled with Ghana's role as a trailblazer in the African liberation struggle led to the country being swamped with foreign businessmen, tourists and African aliens. To control this influx, a Cabinet decision in 1960 transferred the Immigration Unit to the Ministry of the Interior as a separate department, while the Ministry of Foreign Affairs took over the issuing of passports. These measures were taken to enhance service

delivery. Three (3) years later, the aliens Act 1963, Act 160 was enacted to give legal backing to immigration operations.

In November 1989, by PNDC Law 226, the Immigration Department was converted into a Paramilitary Service. It was established under PNDC Law 226 in 1989, the Ghana Immigration Service remains the sole institution with the statutory mandate to regulate and monitor the entry, residence, employment and the exit of foreigners in the country. The passage of Immigration Act 2000, Act 573 expanded the functions and roles of the Service. Prominent among these are the Indefinite Residence and Right of Abode facilities.

The vision of Ghana Immigration Service is to build an Immigration Service that facilitates travel, promotes the development needs of Ghana, which is recognized internationally for its professionalism and high standards of service and control. Its mission is to build a stronger and better Ghana by operating fair but firm immigration controls that regulate and facilitate the movement of people through Ghana's borders; and efficient, effective residence and work permit systems that meet the social and economic needs of the country.

The Ghana Immigration Service is the government agency responsible for the enforcement of all statutory and regulatory enactment relating to immigration. Apart from regulating and monitoring the movements and activities of foreigners in the country, the Service also serves as a frontline agency, which ensures that the vision of Ghana becoming the gateway to Africa is achieved.

Target Population

Mouton (1996) defined population as 'a collection of objects, events and individuals having some characteristics that the researcher is interested in studying' (p. 45). The target population is the population that the researcher has in view to study a phenomenon about. In this study the target population includes all staff of the following department/unit. Command Posts and Operations, Legal, Research and Monitoring Finance, Administration, Human Resource, Training, Procurement, Transport, Public Affairs and Protocol,

Estate and General Services, Sports, Welfare and Stores at the Ghana Immigration Service. The estimated size of the population was 4,186.

Sampling Procedure

This study used stratified random sampling technique to select the respondents. According to Groebner, Shannon, Fry and Smith (2000) stratified random sampling is a statistical sampling method in which the population is divided into homogeneous subgroups called strata so that each population item belongs to only one stratum. This was done based on gender in this study. Stratification ensures that the sample is well spread out among the relevant subgroups. It also ensures that the sample will accurately reflect the population on the basis of the criteria used for the stratification (Zikmund, Babin, Carr & Griffin, 2010).

Stratified sampling technique is an example of probability sampling technique. According to Saunders, Lewis & Thornhill (2009), probability sampling is most commonly associated with survey-based research strategies where you need to make inferences from your sample about a population to answer your research questions to meet the objectives. This confirms the appropriateness of the probability sampling for the study since it is survey based.

In deciding on the sample size, it should be noted that, the larger the sample size the lower the likely error in generalising to the population (Saunders et al. 2009). The required minimum sample size for the study was 358 based on the target population using the Saunders et al., (2009) sample determination table. To address the issue of non-response, the sample was increased to 400. From the required sample size of 400, the sample composition selected consisted of 213 males and 187 females using simple random sampling from both categories.

Data Collection Instrument

The data for this study was primary data which was collected through a self-administered questionnaire. The questionnaire thoroughly covered all the objectives of the research as far as the problem of the study was concerned. The questionnaire was developed after reviewing literature on the problem for

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this study. The questionnaire was developed based on existing measures of financial literacy (Lusardi & Mitchell, 2006; OECD INFE, 2011), financial well-being (Consumer Financial Protection Bureau 2015), financial behaviour (OECD INFE, 2011).

Modifications were made to take into consideration, the difference in settings. For instance, questions on the use of automated teller machine (ATM) and the section on retirement planning were peculiar to the study. The format for the questionnaire was determined with the respondents in mind. The questions were clear, concise and straight forward, to avoid a lot of thinking by the respondents who were old and did not want to be bored with complex questions. There were discussions with experts who gave their inputs and advised on how to appropriately format the questionnaire.

The questionnaire had five sections from A to E and it covered all the objectives of the research in detail. Section A covered the demographic characteristics of the respondents, such as gender, marital status, educational level and work position. The second, B section covered questions on financial behaviour. These were self-assessing questions to determine how the employees managed their finances. Whether an employees was financially literate or not reflected in this section.

Section C had questions on financial literacy and if an employee was financially literate or not depended on the number of questions that he/she answered correctly. Questions on preparation towards retirement was in section D and the questions focused on the sort of investment that the employee had which was meant to be accessed after retirement. The last section, E had questions that measured the financial well-being of the employees of the Service. Sections B, D and E were on a scale of 1 to 5, where 1 was not at all true of me and 5 meant very true of me.

Furthermore, validity and reliability are key factors which were considered in adopting the data collection instrument. This is an important concept to consider in every research (Oteng-Abayie 2011). In order to ensure validity and reliability of this study regarding the data collection instrument used, experts in financial management and financial literacy were contacted and they thoroughly vetted the questions. Reliability test conducted using SPSS gave a Cronbach's Alpha coefficient of 0.93 (Appendix 2). A coefficient

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of 0.70 and above is acceptable as adequate to accept the research instrument as reliable (Lloyd, Streiner & Shannon, 1998; Van Saane, Sluiter, Verbeek & Frings-Dresen, 2003).

Using a questionnaire for data collection is very convenient, well-structured and formal. But when distributed at a time where the participants are engrossed in something else could lead to possible errors. Therefore the timing for administering the questionnaire was checked to ensure that the employees were not engaged in other activities at the time. After the questionnaire was prepared and vetting thoroughly done by experts, it was pre-tested. The concern raised by some of the employees was to space out the items on the questionnaire and this was done accordingly. Therefore, the final instrument was in the exact way that the respondents wanted.

Data Collection Procedures

In order to collect reliable data respondents were briefed on the purpose of the study. Respondents were assured of confidentiality of their responses and were expected to be sincere, factual and honest in answering the questions. Data collection took approximately two months. Permission of respondents was sought at all times before the questionnaires were handed to them. A total of 400 questionnaires out of the 421 administered were received, which gives 95.0% response rate. Since the no-response rate was 5.0% this will not affect the results of the study. A problem encountered was that the respondents were sometimes reluctant to answer the questionnaires but in all they were very supportive.

Data Processing and Analysis

For ease of entering the data using SPSS version 21, the questionnaire was coded. Key words in each question of the questionnaire were given a unique name and numbers assigned to them as codes. Codes were also assigned to the response categories in the scale before data input. The quality of data input determines the quality of information output. Accurate data entry was achieved through effective coding, efficient data captured and its entry and assuring quality through validation. In order to minimize errors in data

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entry and data processing the data entered was checked by three different competent SPSS experts to ensure that there were no errors.

Descriptive Analysis of Financial Literacy

Descriptive statistics and index pool would be used for objective one which seeks to assess the financial literacy level of retirees in the Cape Coast Metropolis. According to Healey (2010), the central purpose of descriptive statistics is to summarize or reduce data. Thus, descriptive statistics simply describes what the data shows based on the sample (Adam, 2015). This would be done using the mean which is the measure of central tendency and its appropriate measure of dispersion which is the standard deviation. An important characteristic of the mean is that it reflects every score in the distribution, and it gives one figure on the average which would be used to describe the level of financial literacy amongst the retirees. Knowing this average figure could aid in decision making by policy makers. The scale of measurement used for this objective which is continuous also permits the use of the mean. All variables used to measure the level of financial literacy would be pulled together to form a composite index in other to facilitate this.

Assumptions of linear regression

The assumptions of linear regression include the following:

- A linear relationship between the independent and dependent variable
- The sample of subjects should be randomly sampled from the population of interest
- The scale of measurement for the dependent variable should be interval or ratio whereas the independent variable can be measured on an ordinal or nominal scale
- There data should be normally distributed
- Larger samples are needed for linear regression, typically greater or equal to 30 cases
- There should be no multicollinearity
- There should be homogeneity of variance

The models specified for the two objectives are as follows:

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Objective 2: Financial Literacy, Retirement Planning and Preparation

Objective 3: Financial literacy and Financial well-being

$$Fw = \beta_0 + \beta_1 Fl + \beta_2 Nchild + \beta_3 Exy + \beta_4 Rp + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ (1)$$

Where:

    Fw = dependent variable, financial well-being

    βo = Intercept or the slope

    Fl   = independent variable, financial literacy

    Nchild   = independent variable, number of dependents

    Exy   = independent variable, extra income,

    Rp   = independent variable, retirement planning

    β_1 to β_4 = Coefficient of the independent variables

    e   = Error term

Table 1: Data Analysis Procedures

Research Objective	Research question	Method
Assess the financial literacy level among retirees in Cape Coast Metropolis	What is the financial literacy level among retirees in Cape Coast Metropolis?	Descriptive statistics
Analyse the effect of financial literacy on financial well-being of retirees in Cape Coast Metropolis	What is the effect of financial literacy on financial well-being of retirees in the Cape Coast Metropolis?	Regression analysis

Source: Author's construct

Operational Definition of Variables

      This section entails the operational definitions used for variables in this study. There variables comprise financial literacy, financial well-being, retirement planning, marital status, educational level, number of dependents and extra income. Table 2 depicts the operation definition of the variables.

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Table 2: Variables and Operational Definition

Variable	Nature	Operationalisation
Financial literacy	Independent variable	A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being
Financial well-being	Dependent variable	A state of being wherein a person can fully meet current and ongoing obligation, can feel secured in their financial future and is able to make choices that allow enjoyment in life.
Educational level	Independent variable	Level of Education of a retiree
Marital status	Independent variable	Marital status of a retiree
Retirement planning	Independent variable	Preparation that the retirees made towards retirement specifically to be accessed during retirement in order to support monthly allowance
Dependents	Independent variable	Number of dependents living with retiree
Extra income	Independent variable	Other sources of income available to retirees apart from the monthly allowance from Government

Source: Author's construct (2016)

Chapter Summary

This chapter articulated the chosen research design and justified it in terms of the research objectives and questions. It also discussed the study area, the sampling procedure, the data collection instrument, data processing and analysis. The next chapter encompasses result and discussion of the study.

CHAPTER FOUR
RESULTS AND DISCUSSION

Introduction

The preceding chapter presented the research methods employed for the study. This chapter, however, focuses on the data collected and analyzed in accordance with the objectives and research questions raised in Chapter one. Chapter three begins with analysis of the background information of the respondents and then follows with the analysis of responses to address the research questions. Descriptive statistics such as frequencies, percentages, means and standard deviations were employed.

Background Information of Respondents

The background information of the respondents studied included, sex, age bracket, marital status, educational level, years of working experience, status or rank, retirement at statutory age, education on money management and decision on retirement savings. In order to put the study into perspective, this background information was studied to serve as the basis for differentiation with regards to the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. The background information of the respondents is captured in Table 3.

It can be observed from Table 3 that majority 213(53.3%) of the respondents are males while the remaining 87(46.8%) are females. The dominance of males compared to females is supported by the labour force participation rates in Ghana for the elderly. According to the Ghana Statistical Service (2013), the proportion of the male elderly (9.2%) of the labour force is slightly higher than that of their female counterparts (8.6%). Gender gaps in financial literacy have been identified by empirical studies to have a relation with the level of financial knowledge. For instance, Fonseca, Mullen, Zamarro and Zissimopolos (2010) disclosed that gender gaps in financial literacy may contribute to the differences in retirement preparedness between men and women.

Most of the respondents, 94(23.5%), age fell within the age bracket 30-34 years. This was followed by 80(20%) of the respondents whose age fell within the age brackets 25-29 years. About 76(19%) of the respondents age

fell within the age bracket 40-44 years. Approximately 52(13%) of the respondents age fell within the age bracket 45 years and above.

Table 3 further captures the distribution of respondents' marital status. From the table majority 272(68%) of the respondents are married. Ninety eight representing (24.5%) of the respondents indicated that they are single. Approximately seven percent are either divorced or separated. Married couples consume goods and services such as housing and entertainment together at the same cost as an unmarried person. These economies of scale may translate into additional wealth or consumption. Marriage lessens risks associated with fluctuations in income and, as a result, may lower precautionary savings against income shocks or other shocks (Zissimopoulos, Karney & Rauer, 2008) and this could impact on financial well-being of retirees.

With respect to educational level of the respondents, the data shows that most 184(46%) of the respondents have had university education. About 134(33.5%) have had senior high school education and approximately 62(15.5%) have had training college/polytechnic education. Education advances an individual's position in the distribution of investment income as a percentage of the individual's total income. Better educated individuals choose portfolios that yield higher returns (Cole & Shastry, 2007). This financial decision requires financial literacy and in the end the decision could have an influence on financial well-being.

The distribution of respondents view on the years of working experience is further captured in Table 3. From the distribution, most 133(33%) of the respondents years of working experience fell within 6-10 years. This was followed by 116(29%) which is attributable to 16-20 years. A quarter of the respondents' years of working experience fell with the bracket 11-15 years.

The figure in Table 3 shows that most 140(35%) of the respondents are within the middle level management status. About 114(28.5%) are within the lower level management status within the service. Twenty two percent of the respondents are within the top level management status while the remaining (15%) do not fall within any of the management levels. The expertise acquired in the various work positions of the respondents has a bearing on their

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financial literacy and well-being. For example Mahdzan and Tabiani (2013) hypothesized that the number of years of work experience is positively related to savings. The reason being that, through career people deal with several financial decisions and so they have a greater realization of the importance of savings (Mahdzan & Tabiani, 2013). This work experience makes individuals more careful with money and this could enhance their financial well-being.

Table 3: Background Information of Respondents

Background Information	Frequency	Percent (%)
Sex		
Male	213	53.3
Female	187	46.8
Age Bracket (years)		
20-24 years	26	6.5
25-29 years	80	20.0
30-34 years	94	23.5
35-39 years	72	18.0
40-44 years	76	19.0
45+ years	52	13.0
Marital Status		
Single	98	24.5
Divorced/Separated	26	6.5
Married	272	68.0
Widow	4	1.0
Educational Level		
Middle School/Junior High School	20	5.0
Training College /Polytechnic	62	15.5
Senior High School	134	33.5
University	184	46.0

Years of Working

1-5 years	54	13.5
6-10 years	132	33.0
11-15 years	98	24.5
16-20 years	116	29.0

Status or Rank

Employee	58	14.5
Middle Level Management	140	35.0
Top Management	88	22.0
Lower Management	114	28.5

Will you Retire at Statutory Age

Yes	310	77.5
No	90	22.5

Training or Education on Money Management

Yes	256	64.0
No	144	36.0

Decision on retirement savings or Investments

Yes	340	85.0
No	60	15.0

Source: Field survey, (2017)   N = 400

Majority 310(77.5%) of the respondents shared the view that they will retire at the statutory age while the remaining 90(22.56%) indicated that they will not retire at the statutory age. It is common to see people refusing voluntary retirement due to low benefits and insecurity associated with retirement. Even at age 60, some people still see themselves as too young to retire. This is due to the fact that the statutory age for retirement in developing

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countries like Ghana is 60 years whilst it is 65 years in some developed countries (Ghana Statistical Service, 2013).

Majority, 256(64%), of the respondents expressed the view that they have had some form of training or education on money management but 144(36%) indicated that they have not had some form of training or education on money management. Eighty five percent of the respondents expressed the view that they have made plans or take decision on retirement savings or investment while (15%) indicated that they have not made plans or take decision on retirement savings or investment.

Financial Literacy level among Employees of Ghana Immigration Service

Financial literacy plays a major role in the economic development of the world's economies. This role is more vital in the developing countries where poverty exist in pandemic proportions. Improved knowledge on financial issues is key in channeling resources to more productive use and is an important mechanism for enhancing household income and livelihoods. In view of this research objective one therefore explores the financial literacy level among employees' in Ghana Immigration Service.

Financial literacy level is assessed using the financial literacy index which is constructed for this study. To better understand the nature of the distribution of the correct scores, percentile distributions of the scores were computed before the financial literacy index was constructed. The index was constructed using ten objective type questions. All the financial literacy items were pooled together to form an index which represents financial literacy. Table 4 presents the percentile distribution of correct scores for the respondents.

Table 4: Minimum to Maximum Score, Number of Respondents and Percentage

Correct Score (%)	Number of Respondents	Percentage of Sample Size
00	2	0.5
10	2	0.5
20	10	2.5
30	22	5.5
40	36	9.0
50	42	10.5
60	56	14.0
70	76	19.0
80	102	25.5
90	46	11.5
100	6	1.5
Total	**400**	**100.0**

Source: Field survey, (2017)

It could be observed from Table 4 that two (0.5%) of the respondents did not get any of the ten objective questions on financial literacy correct. A further (0.5%) of respondents had one out of the ten objective questions correct which represents 10 percent. About 328(82%) of the respondents scored above 50 percent and thus puts the majority of the employees of the service in the high literacy category as stated by the Chen and Volpe (2002). Alternately, six respondents representing (1.5%) scored the maximum of 100 percent. Furthermore, acknowledging the dynamics in the scores in the various financial literacy questions revealed some more useful information. Table 5 therefore shows the responses gathered from the financial literacy measures used.

From the distribution of respondents view in Table 5, it can observed that majority 322(80.5%) of the respondents answered the question on monthly budget correctly. This finding supports the view that in the midst of fewer resources, the people need to plan their expenditure. The best way to

harness the power of one's income is the use of monthly budget (Ramsey, 2014) and this will help individuals with the management of their finances.

On the issue of the use of Automatic Teller Machine (ATM), majority (89%) of the respondents answered correctly in terms of first thing to do when you want to withdraw money from the ATM, but 44(11%) answered the question incorrectly. It appears to mean that greater majority of the respondents have knowledge on the use of ATM. It could further be assumed that most of the respondents are conversant with the ATM.

Majority of the respondents, thus 368, representing 92 percent were knowledgeable on how to deal with wrong debit at the bank, but the remaining 32(8%) of the respondents do not have knowledge on how to deal with wrong debit at the bank. When the respondents were asked which type of bank account pays the most interest, majority 232(58%) of them answered the question correctly, but 168(42%) answered the question wrongly. The finding appears to mean that most respondents in the service have knowledge on accounts type such as current account, savings account and certificate of deposit is quite high. The respondents were aware of the fact that certificate of deposits pays higher interest compared to savings account.

From the figures in Table 5, it can be seen that the respondents were quite familiar with calculation of interest on loan. Three hundred and twenty four representing 81 percent of the respondents had the answer to that question correct but 76(19%) respondents answered the question incorrectly. This finding is consistent with Lusardi (2008) views. Lusardi asserted that decisions about how much to accumulate and how much to borrow to be able to smooth consumption over the life-cycle requires an understanding of how interest rates work.

Furthermore, 180(45%) of the respondents were able to answer the question on co-signing a loan for a friend correctly, but majority 220(55%) answered the question wrongly. This finding appears to be a problem because most people in the service do not know that if one co-signs a loan for another, the one becomes liable to pay that loan if the person defaults in payment. In spite of the risks inherent in co-signing a loan, there may be times that one may have to do it. But before one co-signs, one must consider how that might affect the person's financial well-being (Federal Trade Commission, 2012).

Again, it could be inferred from Table 5 that the respondents had adequate knowledge on who is usually charged a fee when a cheque bounces. Two hundred and ninety eight (74.5%) of the respondents answered the question posed correctly, while 102(25.5%) of the respondents answered the question incorrectly. This could be attributed to the fact that the majority of the respondents in the service use cheques for transactions and are therefore aware of it. It is important that employees in the service are in the known so that they do not become liable to incur such charges.

About 120 respondents (30%) answered the question on the future value of savings correctly, but majority 280 respondents (70%) answered the question wrongly. This appears to show low calculation skills among the respondents. Gamble, Boyle, Yu and Bennett (2015), confirmed a decline in the cognitive ability of the elderly people as shown in the background information of the respondents, which is associated with significant decline in financial literacy. They added that declining cognition has a noticeable adverse effect on financial literacy.

From Table 5, two hundred and six respondents (51.1%) answered correctly the question on the purchasing power of money given inflation whilst 194 respondents (48.5%) answered the question posed wrongly. It could be assumed that because individuals have to collect information and make forecasts about many variables, from social security and pensions to interest rates and projected inflation. Lusardi (2008), affirms the performance of respondents on this measure. On the main reason why insurance is purchased, 194 respondents (48.5%) answered that question correctly, but majority 206 (51.1%) answered that question wrongly. It is evident from the response that the most respondents do not know more about insurance.

Table 5: Financial Literacy Questions and the Total Response

Questions	Responses	
	Correct N(%)	Incorrect N(%)
Personal budget		
	322(80.5)	78(19.5)
Use of ATM		
	356(89)	44(11)
Wrong debit		
	368(92)	32(8)
Bank account interest	232(58)	168(42)
Loan interest	324(81)	76(19)
Co-sign a loan		
	180(45)	220(55)
Bounced cheque		
	298(74.5)	102(25.5)
Future value		
	120(30)	280(70)
Purchasing power of money given inflation		
	206(51.5)	194(48.5)
Reason for insurance	194(48.5)	206(51.5)

Source: Field survey, (2017)

After discussing the percentile distribution and the dynamics in the scores of the financial literacy measures, the financial literacy index was constructed to assess the composite effect of financial literacy among the respondents. The index was constructed based on the percentage of correct answers that respondents gave to each of the ten objective questions posed to the respective respondents. According to Behrman, Mitchell and Soo (2010), the construction of the financial literacy index using the sophisticated methods performs about same as the simple additive approach.

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Alternately, Hastings and Mitchell (2011) employed a similar simple approach. The use of the mean percentage of correct scores to determine the level of financial literacy is consistent with Chen and Volpe (2002), Jones (2006), Hung, Parker and Yoong (2009), Hassan Al-Tamimi and Anood Bin Kalli (2009), Ibrahim and Alqaydi (2013) and Mireku (2015).

Table 6 presents the descriptive statistics of the constructed financial literacy index. The results from Table 6 show that the average financial literacy score for the respondents is 65.0 percent (M = 65.0, SD = 19.77). The mean, as a measure of central tendency and standard deviation, as the appropriate measure of dispersion, is used to describe financial literacy.

Table 6: Descriptive Statistics for Financial Literacy

	N	Min	Max	Mean	Std. Dev
Financial Literacy Score	400	0	100.00	65.0	19.77315
Valid N (listwise)	400				

Source: Field survey, (2017)

The mean percentage of correct score of 65.0 percent reveals that the respondents from the Ghana Immigration Service have high financial literacy level as per the benchmark given by Chen and Volpe (2002). The benchmark grouped the mean percentage of correct scores into three categories as: 0 to 39 percent (low level of financial knowledge), 40 to 59 percent (medium level of financial knowledge) and 60 to 100 percent (high level of financial knowledge).

The average financial literacy score of 65.0 percent reported in this study is higher than what was reported by Ibrahim and Alqaydi (2013) which was 43.3 percent using individuals from service organisations in the United Arab Emirates (UAE). Hassan Al-Tamimi and Anood Bin Kalli (2009), who studied investors in the local financial market in the UAE also recorded a financial literacy rate of 40.65 percent; with a sample which included 3.1 percent of respondents who were aged fifty-six to sixty-five. Mireku (2015) who conducted a study among university students in Ghana recorded an overall financial literacy average score of 48.6 percent. Mireku's finding was

slightly lower than the 53 percent reported by Chen and Volpe (1998) whose study surveyed college students in some selected states in America.

According to Xu and Zia (2012), financial literacy tends to peak among adults and is usually lowest among the elderly. Klapper, Lusardi and Oudhensden (2015) confirmed that financial literacy rates are lower for adults older than 50 years but lowest among those older than 65 years. Nevertheless, the level of financial literacy reported in this study is higher than what was reported by Klapper, Lusardi and Oudhensden (2015) for Ghana. Their study recorded an adult financial literacy rate of 32 percent for Ghana for the year 2014. The target population used in their study consisted of individuals aged fifteen and above, excluding prisoners and soldiers. Therefore, these individuals belonged to different employment sectors in the county.

Financial Literacy and Retirement Planning and Preparation

Retirement is a complex social phenomenon that signifies the detachment from customary activities in business, industry, or active services as a full time employee. Retirement means to stop or withdraw from working simply because one has reached a particular age; either by chronological age or by virtue of years spent in service. In this regard research objective two sought to examine the impact of financial literacy on retirement planning and preparation among employees' in Ghana Immigration Service.

To determine the extent to which financial literacy impact retirement planning and preparation among employees' in Ghana Immigration Service, the standard simple regression was found to be more appropriate. The results indicate how well the financial literacy predict retirement planning and preparation. It also indicates how much unique variance in the independent variables (financial literacy) explains the dependent variable (retirement planning and preparation) as reflected in Table 7.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.119[a]	.014	.012	.97362

Source: Field survey, (2017)

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a. Predictors: (Constant), financial literacy

b. Dependent variable: retirement planning and preparation

From Table 7, the simple regression analysis (model summary) indicates that the independent variable met the entry requirement to be included in the equation. The R (.119) shows a weak positive correlation between the predictive variable (financial literacy) and the dependent variable (retirement planning and preparation). The R-square value indicates that about 14% of the variance in retirement planning and preparation is explained by financial literacy. This implies that 86% of retirement planning and preparation is explained by other variables apart from the financial literacy.

Table 8 shows result of the impact of the financial literacy on retirement preparation and planning. From the Table, a p-value of 0.017 implies that financial literacy have significant effect on retirement planning and preparation, and thus there is a linear relationship between the former and the later. This shows that the null hypothesis is rejected at an alpha value of 0.05.

Table 8: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.437	1	5.437	5.736	.017(a)
Residual	377.282	398	.948		
Total	382.720	399			

Source: Field survey (2017)   p-value > 0.001

a Predictors: (Constant), Total of financial literacy

b Dependent Variable: retirement preparation and planning

The β value in Table 9 indicates that financial literacy has relative significant influence on retirement planning and preparation of employees with the Ghana Immigration Service (β= 0.119, p-value = 0.017), expressed in percentage form as 11.9%. A p-value of 0.017 associated with financial literacy shows that its contribution to retirement planning and preparation is significant. This is because the p-value of 0.017 is less than the acceptable margin error of 0.05. We reject the null hypothesis that there is no significant relationship between financial literacy and retirement planning and preparation among employees in Ghana Immigration Service.

Table 9: Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta (β)	t	Sig.
(Constant)	2.920	.167		17.439	.000
Financial literacy	0.006	.002	0.119	2.395	.017

Source: Field survey (2017)

a. Dependent Variable: Retirement Planning and Preparation

The study therefore concludes that there is a significant positive relationship between financial literacy and retirement planning and preparation among employees with the Ghana Immigration Service. This finding is similar to the findings of Wang and Hesketh (2012) who disclosed that financial literacy has a positive effect on retirement planning. Retirement planning is a powerful predictor of wealth accumulation because low wealth can be traced to lack of retirement planning (Lusardi & Beeler, 2006) and those who plan have more than double the wealth of those who have not done any retirement planning (Lusardi, 2008).

Financial Literacy and Financial Well-being

Financial well-being is considered as a comprehensive concept comprising financial satisfaction, objective status of financial situation, financial perception, and behavior that cannot be assessed through one measure. It is further seen as a function of individual characteristics, financial

management, and financial knowledge and skills. In line with this the three objective sought to examine the effect of financial literacy on financial well-being of employees' in Ghana Immigration Service.

The results of the linear regression conducted through the model estimation are presented in Tables 10, 11 and 12. The validity of regression results hinges on the correct specification and estimation of the model. These are tested by analyzing the model summary and diagnostics of the model. Table 10 accordingly shows the model summary of the regression estimation.

Table 10: Model Summary of Relationship and Amount of Variation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.146[a]	.021	.019	.79455

Source: Field survey, (2017)

   a. Predictors: (Constant), financial literacy

   b. Dependent variable: financial well-being

The R (.146) shows a weak positive correlation between the predictive variable (financial literacy) and the dependent variable (financial well-being). The Adjusted R Square from the results in Table 10 explains the amount of variation that exists in the dependent variable caused by the independent variables. Therefore, the results indicate that there is 19 percent variation in financial wellbeing as the dependent variable explained by the independent variables (financial literacy). The remaining 81 percent of the variation in financial well-being is explained by the residual thus other factors apart from financial literacy.

ANOVA was estimated to see if there is a linear relationship between the variables identified and whether the variation in the dependent variable can be explained by the predictive variable. Table 11 presents the output from the ANOVA results of the linear regression.

Table 11: ANOVA (Linearity Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.510	1	5.510	8.728	.003(a)
Residual	251.260	398	.631		
Total	256.770	399			

Source: Field survey (2017)   p-value > 0.001

a Predictors: (Constant), Total of financial literacy

b Dependent Variable: financial well-being

The results in Table 11 show that the F-statistics of the ANOVA is statistically significant at 5% level (F-statistic = 8.728, p < 0.05). Therefore the null hypothesis is rejected. Hence it could be concluded that the variation in the dependent variable can be explained by the linear regression model specified. Further, the test for coefficient regression results is shown in Table 12.

Table 12: Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta (β)	T	Sig.
(Constant)	2.853	.137		20.878	.000
Financial literacy	-0.006	.002	-0.146	-2.954	.003

Source: Field survey (2017)

a. Dependent Variable: Financial Well-being

The β value indicates that financial literacy has relative significant negative influence on financial well-being of employees with the Ghana Immigration Service (β= -0.146, p-value = 0.003), expressed in percentage form as 14.6%. A p-value of 0.003 associated with financial literacy shows that its contribution to financial well-being is significant. This is because the p-value of 0.017 is less than the acceptable margin error of 0.05. This further

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implies that a unit change in financial literacy leads to about -0.146 change in financial well-being of employees with the Ghana Immigration Service.

We reject the null hypothesis that there is no significant relationship between financial literacy and finical well-being among employees in Ghana Immigration Service. The study therefore concludes that there is a significant negative relationship between financial literacy and financial well-being among employees with the Ghana Immigration Service.

The finding is inconsistent with prior studies, financial literacy impacts on financial wellbeing directly and positively (Sabri, 2011). Financial literacy also influences perceived financial well-being significantly (Sabri, Cook & Gudmunson, 2012).Taft et al. (2013) similarly revealed that higher financial literacy leads to greater financial well-being. Huston (2010) also asserted that, financial literacy enhances financial well-being. Similarly, According to Robb and Woodyard (2011), the financial well-being of individuals is incumbent on their actions. Therefore, when people who are financially literate apply the knowledge to manage their income effectively, and as well plan for retirement, then they are most likely to be better off with regards to their financial well-being. This will enable them to save and consume some of their income to smooth their consumption over the lifetime.

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CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The study examined the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. This chapter presents the summary of the findings of the study as well as the conclusions drawn from them. The chapter further gives recommendations based on the key findings of the study and also outlines suggestions for further research.

Summary

This section presents the summary of the findings in view of the objectives of the study. The general purpose of the study was to examine the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. It specifically purport to explore the financial literacy level among employees' in Ghana Immigration Service. The study further examines the impact of financial literacy on retirement planning and preparation among employees' in Ghana Immigration Service. It finally examined the effect of financial literacy on financial well-being of employees' in Ghana Immigration Service.

Stratified random sampling method was used to sample a total of 400 respondents. Data obtained from respondents were coded and analyzed with Statistical Product and Service Solutions (SPSS) version 21. Descriptive statistics such as means, standard deviations, frequencies, and percentages were used to describe the data. Tables were constructed for items to support the analysis and aid further discussion. Inferential statistics employed were the simple regression tool to the determine relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. Furthermore. Questionnaires were employed in the collection of data to address the research objectives. The data were personally collected by the researcher after explaining the purpose and assuring respondents of confidentiality.

Key Findings

The following are the summary of the key findings of the study. In addressing the first research objective which sought to explore the financial literacy level among employees' in Ghana Immigration Service. The following key findings emerged.

1. The maximum score for the financial literacy questions posed to the respondents was 100 percent. It was found out that only two persons scored the minimum marks out of 400 respondents and also six respondents scored the maximum 100 percent. However, it was evident from the findings that majority of the respondents scored 50 percent and above which puts them in the high literacy category.

2. To further assess the dynamics in the level of financial literacy, the responses gathered from the ten financial literacy questions were also analysed. It was discovered that employees with the Ghana Immigration Service were knowledgeable about personal budget, use of ATM, wrong debit, bank account interest, loan interest, bounced cheque and purchasing power of money given inflation. On the other hand, the employees were challenged with co-signing a loan, calculation on future value of money and the main reason to purchase insurance. Therefore, the employees were more knowledgeable in seven dimensions and less knowledgeable in the remaining three dimensions too, which confirms the high literacy of employees in the service as revealed earlier in the percentile distributions.

3. Again, the financial literacy index constructed to assess the composite effect of financial literacy among the employees was also used. The descriptive statistics of the index showed that the employees had a high financial literacy, which was consistent with the earlier assessments of financial literacy level among the employees.

The second research objective sought to examine the impact of financial literacy on retirement planning and preparation among employees' in Ghana Immigration Service. The following are the key findings were found.

1. The linear regression model specified for this objective revealed that financial literacy had a significant effect on retirement planning and

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preparation at 5% level. The value of the standardized coefficient also showed a positive effect of financial literacy on retirement planning and preparation. Thus, as the financial literacy of the employees with the Ghana Immigration Service increased, it corresponded with their retirement planning and preparations.

2. The null hypothesis is rejected and the alternate affirmed. This confirms that there is a significant relationship between financial literacy and retirement planning and preparation of employees with the Ghana Immigration Service.

In answering the third research objective, which sought to examine the effect of financial literacy on financial well-being of employees' in Ghana Immigration Service, the following key findings were discovered.

1. The linear regression model specified for this objective revealed that financial literacy had a significant effect on financial well-being at 5% level. The value (-0.146) of the standardized coefficient (β) also showed a negative effect of financial literacy on financial well-being. Thus, as the financial literacy of the employees with the Ghana Immigration Service increased, their financial well-being rather decreases.

2. The null hypothesis is therefore rejected and the alternate affirmed. This means that there is a significant relationship between financial literacy and financial well-being of employees with the Ghana Immigration Service.

Conclusions

In as much as financial literacy is key to the financial well-being of most individuals, it continues to be a major challenge. The purpose of the study was to examine the relationship between financial literacy and retirement planning of employees in Ghana Immigration Service. The ensuing conclusions are drawn from the findings of the study. It was evident from the findings that high level financial literacy was exhibited among the employees in the service. This high level financial literacy could be attributed to the fact that most employees in the service have gain some information or education

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on financial issues through various medium available to them at the workplace.

In addition, it was found that financial literacy has a positive and a significant effect on retirement planning and preparation. This means that the financial literacy levels of the employees improve or increase, it leads to a corresponding increase or improvement in their quest for retirement planning and preparation. Finally, financial literacy has a negative and a significant effect on financial well-being. The finding means that as financial literacy of the employees' in the service increase it leads to a decrease in their financial well-being.

Recommendations

In view of the findings made and conclusions drawn from the study the following recommendation are made.

It is recommended that employees are periodically advised by financial experts and analysts during meetings on the benefits inherent in utilizing one's financial knowledge since it has an impact on their overall well-being.

Since investment decision has received greater attention in recent times, it is believed that an increase in investment awareness by employees will prompt and help them to make better financial decisions concerning investment plans to secure their future when they retire from active service.

In order to further boost and sustain the high levels of the financial literacy of employees within the service, decision makers should specifically design programmes and policies targeted at consolidating the gains made in the area of financial literacy so that the employees will be well abreast with current trends.

Suggestion for Further Studies

It is recommended that a comparative study should be carried out to examine the relationship between financial literacy and retirement planning of employees in other security service, i.e. the Ghana police service and Ghana Armed Forces.

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APPENDIX

QUESTIONNAIRE

The purpose of this study is to examine financial literacy and retirement planning and preparation among Ghana Immigration Service. Please note that, your answers to the questions below will be used for academic purposes only and your responses will be treated with highest confidentiality. Please tick the appropriate box to indicate your preferred answer

Demographics

1. Gender: ☐ Male ☐ Female

2. Marital status:
    ☐ Married ☐ Single ☐ Separated
    ☐ Divorced ☐ Living with partner ☐ Widowed

3. Educational Level:
    ☐ Middle School/ Junior High School ☐ Senior High
    School
    ☐ Training College/Polytechnic ☐ University Degree
    and above
    Other,
    specify…………………….……………………………...………

4. Status at the time of retirement:
    ☐ Top Management
    ☐ Middle Management
    ☐ Lower Management

5. Did you retire at the statutory age or earlier?
    ☐ Statutory age ☐ Voluntary retirement

6. How many years now since you retired?

☐ Less than one year

☐ Two years but less than 5 years

☐ Five to ten years

☐ Ten years and above

7. Do you have any children or dependents that you cater for?

☐ Yes   ☐ No

Financial Literacy

1. On a scale of 1 to 5, rate the extent to which the following describe your level of financial behaviour.   Where 1= not at all   5= Always

		1	2	3	4	5
a.	I keep track of my income and expenditure every month					
b.	My spending is always based on prior planning					
c.	I assess the conditions given by financial institutions before I decide to take a loan or credit					
d.	I compare interests and other benefits when deciding to save my money					
e.	I seek financial advice before making major financial commitments or decisions					
f.	I ask my bankers about investment opportunities available in order to make investment					
g.	I take insurance policy for my investments and/or myself					
h.	I cross check the interest paid either to me or by me on my account					

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1. What is the first thing to be considered when preparing monthly personal budget?

☐ The number of dependents you have

☐ Your monthly income

☐ The number of people you owe

☐ None of the above

2. What is the first thing you do when you want to withdraw money the Automated Teller Machine (ATM)?

☐ Go to the banking hall and ask for a withdrawal form

☐ Insert your card in the ATM and wait for your money

☐ Insert your card and wait for the response

3. If you realize that an amount of money has been wrongly debited to your bank account, what will be the first thing to do?

☐ Go to the bank and discuss the issue with the security man on duty for advice

☐ I will go to the ATM and check my account balance

☐ I will go to the bank and make an official complaint with the appropriate officer and insist that it is rectified.

4. Which type of bank account usually pays the MOST interest?

☐ Savings account

☐ Current Account

☐ Certificate of deposit

☐ Chequing account

5. The interest on a loan is calculated on:

☐ The principal amount taken

☐ On your monthly income

☐ On the principal and the monthly income

☐ None of the above

6. If you co-sign a loan for a friend, then you

☐ Become eligible to receive part of the loan amount

☐ Guarantee for the friend's reliability but have no legal obligation for the loan

☐ Are responsible for repaying the loan if the friend defaults

7. When a cheque bounces, who, if anyone, is usually charged a fee?

☐ The one who issued the cheque

☐ The one to whom the cheque is issued

☐ None of the above

8. Suppose you had GH¢100 in a savings account and the interest rate is 20% per year and you never withdraw some of the money or interest payment. After 5 years, how much would you have on this account in total?

☐ More than GH¢ 200

☐ Exactly GH¢ 200

☐ Less than GH¢ 200

☐ Do not know

9. If five (5) friends have a gift of GH¢1,000 to share equally and they have to wait until next year to get their share of the money. If the rate of inflation increases, will they be able to buy:

☐ More with their share of the money

☐ The same amount;

☐ Less than they could buy today

☐ It depends on the types of things that they want to buy

10. The main reason to purchase insurance is to:

☐ Protect you from a loss already incurred

☐ Provide you with excellent investment returns

☐ Protect you from sustaining a catastrophic loss

☐ Protect you from small incidental losses

☐ Improve your standard of living

Preparation towards retirement

On a scale of 1 to 5, rate the extent to which the following describe your preparation towards retirement. Where 1= not at all true of me   5 = very true of me

		1	2	3	4	5
1.	Apart from the SSNIT contribution, I had investments in stocks, bonds, and mutual funds to cushion my pension					
2.	I established my own business as preparation towards retirement					
3.	I invested in my children so that they would take care of me when I retire					
4.	I took a health insurance policy to cover me whiles working and after retirement					
5.	I did a special life time savings, specifically to be accessed after retirement					
6.	Putting away money each month for savings or investments was important and necessary for me					

Financial Well-being

On a scale of 1 to 5, rate the extent to which the following describe your financial well-being. Where 1 = not at all true of me, 5 = very true of me

		1	2	3	4	5
1.	I am comfortable with the current income I receive from the Government					
2.	I am comfortable with my current debt level					
3.	My current finances enable me to cater for myself and my dependents					
4.	My monthly income is enough to pay my bills regularly					
5.	I have other revenue apart from what I receive from the Government					
6.	I do not have financial problems that are negatively affecting my life					
7.	I am confident about the financial decisions I make and feel in control of my finances					
8.	I am able to absorb any financial shocks because I have savings for that					
9.	I feel capable of using my income to achieve my financial goals					
10.	I have the financial freedom to make the choices that allow me to enjoy life					
11.	I can continue to cover my living expenses, without borrowing any money for six months if Government does not pay me					
12.	I often run out of money from previous income before I get another money					
13.	I am satisfied with my overall economic conditions					