

OVERCOMING THE 'FATIGUE' IN RETIREMENT



Bernard Kofi Adinkrah (Rev.Dr.)

Foreword by Prof. George Kankam

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*This book is dedicated to my parents,
Mr. James Adinkrah and Mrs. Alice Adinkrah
for their parental love and support as well as good
upbringing.*

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I am grateful to Jehovah God Almighty for giving me the gift of life, strength and wisdom to write this book. My parents also deserve thanks for ensuring that I had a good education by taking me to good schools with sound educational principles and practices.

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Foreword

When the author of this book indicated his intention of requesting me to write a foreword for a book he had written on retirement, I did not hesitate at all because of the anticipation that the book will contain materials that would fill the vacuum on issues of retirement; a book that would be helpful to workers, particularly, public servants. My expectation was confirmed after reading through the manuscript.

It is pathetic to see a public or private worker who has labored tirelessly for his or her institution and country and has led a good life, wallow in poverty after retirement. Things become worse when the person's health condition deteriorates coupled with payment of numerous medical bills. This makes the latter years of the individual a bitter experience which is contrary to the laws of nature.

The book, **OVERCOMING THE 'FATIGUE' IN RETIREMENT** is welcome. It fills the void for local literature, which has existed for years. It discusses retirement as a subject in more detail and examines the theories on retirement as well. A lot more attention is given to planning before retirement and what to do during and after retirement in the book. This is a good book for workers in active service and retirees. It examines concepts from varied viewpoints.

The author is a specialist with good knowledge of the subject and has extensive experience in the counselling profession. The writer as a counsellor educator is conversant with what is required to be able to adjust before, during and after retirement.

This is a book worth reading and one that should find space in libraries. Both public and private servants, as well as retirees, should find it useful. It should challenge others to write also.

Professor George Kankam

*(Dean of Graduate School,
University of Education, Winneba - Ghana
A Professional Counsellor)*

Preface

There comes a time when every worker in the formal sector goes on retirement and there is a need to effectively plan towards that period. Today, many retirees across Africa live in poverty. This occurs because the average worker does not prepare adequately for retirement. This transcends to Ghana where most people work in the informal sector. Hence, there is a need to develop strategies that would help people live comfortably in their old age when they can no longer work. Retirement is a crucial stage in life that should not be taken for granted. One basically stops working for a paid income and survives on their own savings or investment proceeds. Retirement is probably the most critical period for finishing unfinished goals. These goals, whatever they may be, have crucial financial implications. Unfortunately, what is not available during retirement is a salary and that is where pensions and retirement planning come in handy. Planning for retirement prior to its occurrence will help retirees live comfortably.

The purpose of writing this book is to take the ‘fatigue’ out of retirement. It seeks to provide a simple and yet comprehensive guidance for the benefit of both public and private workers on retirement planning. It is envisaged that it will serve as a handbook to be used at workshops for both

public and private workers in the Ghanaian society. The book has been prepared with sufficient reference to the Ghanaian and the Western context to meet the needs of both Ghanaians and workers outside Ghana. It may also be used as an academic material, to be specific, as a textbook. Also, advanced students pursuing specialized programmes in guidance and counselling at M.Ed./M/A/MPhil/Ph.D. levels will find this book a useful introductory material to undertake more detailed work.

The book is grouped into seven chapters. Chapter one looks at the concept of retirement – retirement is defined, the history behind retirement and how pension funds are calculated. Chapter two examines theories on retirement. Seven theories are discussed which include: Role, Continuity, Disengagement, Crisis, Erickson's Psychosocial, Bandura's Self-reinforcement and Self-efficacy theories. Chapter three considers laws on retirement. In the chapter, Ghana's laws on retirement are examined. The discussions in the chapter ends with an examination of the Social Security and National Insurance Trust (SSNIT) Pension Scheme in Ghana.

In chapter four, phases of retirement are discussed in detail. Items considered in the various phases of retirement include pre-retirement, honeymoon, immediate retirement routine, rest and relaxation, disengagement, reorientation, final and nation phase, among others. Chapter five talks about retirement planning. In this chapter, issues discussed are employees' route towards retirement, retirement programmes, retirement planning and gender differences, factors affecting retirement planning as well as external and internal contingencies plans for retirement. The sixth chapter talks about challenges associated with retirement. Stress, inadequate funds, managing health issues, managing new and low social status and difficulty in time management are also considered in the chapter. Finally, the last but not least chapter

which is chapter seven delves into strategies for adjustment in retirement. The following factors on adjustment are discussed: financial, social, religious, and physical.

It is my wish that this book would prove to be a useful material for both public and private workers as well as lecturers/ tutors and students in tertiary academic institutions in Ghana.



Chapter 1

INTRODUCTION

A phenomenon that is gaining ground in contemporary times is the startling numbers of elderly people who are experiencing conditions of poverty in their retirement. Matters become complicated when medical bills and other types of expenses, such as rent and school fees, cannot be met in retirement. The average person is known to spend 25% of their lifelong health expenditure in the last two years of their lives. This means that every worker, be it working for the government, non-governmental organisations or self-employed should put some prudent measures in place to enable him or her to avoid conditions of poverty and unhappiness in retirement. The focus of this book is to discuss some adjustments that the individual worker has to make before, during and after retirement from active service. This chapter discusses the concept of retirement plans. It discusses the aspects of retirement, including its definition, history and the timing for retirement.

Retirement Defined

The Random House college dictionary defines retirement as the exit from office, career, or life after one has reached a certain age.¹ Retirement is defined in different ways by different

¹ The Random House College Dictionary, (New York, Random House, 1980).

people. Akinade also defines retirement, as the terminus of one's active primary earning life. Retirement is a relatively new social institution. Retirement is a modern phenomenon brought on by industrialization, and this has only become possible over the past 150 years. He believes that retirement was reserved only for the rich and the nobility in society.²

Many individuals leave their workplaces voluntarily in their 50s. At the age of 60, many employees are formally retired. This demonstrates the need to describe retirement more clearly. This book uses retirement as a mode of socialisation throughout an organisation in order to reduce the psychological and physical strain of full-time employment on the individual. An important difference is a focus on how an individual learns from the organisation through formal and informal socialisation. Employment is a major component of the adult working life which includes commuting and other morning rituals. It makes sense that retirement life should be viewed as a major life cycle change that often brings with it a sense of emptiness and reduced life satisfaction.

The definition of retirement is likely to evolve to that of another transitory developmental stage, not just the end of employment for an individual but rather the transition into a later phase of life. According to Otterbourg, the French refer to this period as the "third age (living), with the first being learning and the second being work".³ He adds that if "we can better understand the preparations people make in exploring retirement, the decision to retire, the process of withdrawing from one's job and retirement itself, we can improve organizational

² C. Akinade, Expectations of Retirement. *Journal of Human Resources* 40(2), (2006):456-500.

³ Robert K Otterbourg, *Kiplinger's Retire & Thrive: Remarkable People Share Their Creative, Productive, and Profitable Retirement Strategies*. (Pennsylvania State University. Kiplinger Books, 1995).

functioning to facilitate this process and make it more enriching for the individual as well as beneficial to organizations.”⁴

Historical Account of the Retirement of Public Servants

Before industrialization, retirement was not a matter of concern as society had a simple lifestyle. Societies lived on the level of consumption: there was a demand for the support of the older generation. In the past, a person had to work to support the family unit. In that case, work was a continuous process and no individual within the society had to stop working at a particular point in time. People worked till they were too ill to continue and then passed away. This is not the case today, employment has become more formalized and people have to commute long distances to their workplaces coupled with various challenges that accompany formal employment. In the early 1970s, health costs were added to the expense of the employer and this led to the development of retirement policies in several workplaces across the globe.⁵

In 1934, the United States Senate unanimously passed a bill requiring railroad workers to be retired at age 60. This bill was passed to reduce the unemployment rate. People who had reached the stipulated age were phased out to make way for other persons to get employed. This action eliminated countless older persons from employment. The unfortunate issue was the majority of these persons had no pension plan. To address this topic, the Social Security Act of 1935 had to be initiated.⁶ Retirement therefore became relevant with the onset of industrialization and an increase in the life span of people. According to Jorgensen, people were living longer than before

⁴ Otterbourg, *Kiplinger's Retire & Thrive*, 52-54.

⁵ Akinade, *Expectations of Retirement*, 473.

⁶ Akinade, *Expectations of Retirement*, 482

due to good medical care.⁷ There was therefore an increase in the population of the elderly in the society. This was a threat to the younger generation in the labour front, with the growth of modern society and the increase in the number of workers. There was pressure to make room for job seekers and as such retirement became a rule rather than an exception. This rule helped society by creating job vacancies for younger workers.⁸

Retirement was formalized into the working class during the period between 1965 and 1980 when comprehensive legislation was introduced to assist retirees. The pensions system became a significant factor and retirement was depicted as something for workers to look forward to. At the age of retirement, a monetary gift was given to an individual.

Retirement policies vary among countries. Few countries continue to increase retirement ages. In February 2010, Spain raised their retirement age from 65 to 67. France also decided to increase the retirement age from 60 to 62 years for lower pension and from 60 to 66 for full pension for the working class. In the United States of America, retirement age requirements vary from one state to another.⁹

However, in Ghana, the situation is different. The retirement age of 60 is uniform in all the regions and it is clearly stated in the country's Constitution.¹⁰ The Social Security and National Insurance Trust (SSNIT) in Ghana, was therefore established to provide income security for workers in Ghana through excellent business practices.¹¹ The Scheme and how

⁷ S. R. Jorgensen. & G. H. Hendersen, *Dimensions of Family life*, (Ohio: South Western Publishing Co, 1990). 75.

⁸ Jorgensen. & Hendersen, *Dimensions of Family life*, 92

⁹ Akinade, *Expectations of Retirement*, 462

¹⁰ National Pensions Act, 2008 (Act 766), as amended by the National Pensions (Amendment) Act, 2014 (Act 883).

¹¹ Social Security and National Insurance Trust, About Us- Our Mission, <https://www.ssnit.org.gh/about-us/mission-vision/> accessed 23/02/2022.

pensions are calculated would be explained in detail in chapter three.

The Timing of Retirement

The increasing fluidity in age norms over the past 20 years has created enormous variability in the ages at which people marry, have children, and begin careers and has also resulted in wide diversity on when people retire. Traditional age norms placed the timing of retirement between 55 and 60 years of age when people become eligible for Social Security benefits, but workers today believe they have more choices about when to retire. For example, an increasing number of workers are opting for early retirement when it is available, although many still retire at the age of 60 years. Although the elimination of mandatory retirement has ultimately led to later retirements, existing data indicate that the repeal of these laws has had minimal impact on when people retire.¹²

In general, workers appear to weigh several factors in deciding when to retire, and for most, the decision to retire occurs in an orderly fashion. Although workers may change their minds several times, once their decision to retire has been made, the transition to retirement proceeds smoothly and, usually, within one year of their expected date of retirement. Thus, for most people, the retirement decision is carefully considered over several years and takes many elements into account, including health, financial resources, attitude toward retirement, and family obligations.

History has it that generally, poor health has been one of the most important factors leading to early retirement. Some research work have confirmed the importance of ill health in

¹² K. Schultz, Emotion and Affect. In J. Birren & K. Warner Schaie (Eds), *Hand book of the Psychology of Aging* (2nd ed., New York: Van Nostrand Reinhold, 1985) 531-542.

workers' decisions to retire early. Many workers who are in poor health retire early because they can no longer perform adequately on the job. Health limitations are more likely to lead to retirement in occupations with high substantive complexity than in occupations with low substantive complexity, but the former have better pension coverage. Thus, individuals in poor health who work at physically taxing jobs will choose early retirement if they have adequate pension coverage. On the other hand, those in poor health who lack adequate pension coverage often continue to work even if it further tasks their health.¹³

Workers who are in good physical health but perceive themselves as unhealthy may also retire as soon as they can. In fact, most research on the influence of health on retirement decisions have used subjective appraisals of health that are based on how workers themselves rate their health; the actual physical status of workers is rarely assessed. Some people retire to prevent health problems. They believe that a retirement lifestyle can take good care of their remaining years in good health. Thus, health is an important factor in the timing of retirement in several ways, and it may be as important among the healthy as the unhealthy. Practitioners should expect workers in the middle of making retirement decisions to express feelings about their physical health, including optimism about their future health as well as plans for coping with ill health.

Conclusion

This chapter has discussed the concept of retirement. The history of retirement was also discussed. The history looked at how developed countries, such the United States of America among others Pension schemes started and how it has advanced over the years. The history behind the establishment of the public

¹³ Schultz, *Emotion and Affect*, 532.

pension scheme in Ghana has also been deliberated upon. Considering the complexity and necessity of issues of retirement in a country, laws have to be formulated to regulate and govern pension matters. This requirement makes it necessary for the discussions of laws on retirement.



Chapter 2

THEORIES ON RETIREMENT

Introduction

There are lots of theories used to explain retirement. Some of these theories include the:

- Role theory
- Continuity theory
- Disengagement theory
- Crisis theory
- Erickson's Psychosocial Theory
- Bandura's self-reinforcement and self-efficacy theory.

The relevance of each of these theories to retirement planning, preparation and counselling is discussed in this chapter.

Role Theory

The role theory states that there are a few roles that define society and people should role-play. Some people state that different position helps to build a persona. A "position" is an anthropological categorization that identifies a social group and recognises a distinctive social role. Roles are generally socially defined.¹⁴

¹⁴ Virginia Richardson, *Retirement Counselling: A Handbook for Gerontology Practitioners*. (New York: Springer Publishing Con. Inc. 1993). 77.

Retirement is a period when individuals can focus on developing new skills. This theory describes the role changes that occur for married and retired people. Basically, in the case of role exits, there is a significant negative impact on the company. When disrupted, the mood and morale will be disturbed. The theory also makes a difference between voluntary and involuntary exits. Voluntary role exit involves the hope of a better future for self. Involuntary executions are more damaging in many ways. Richardson writes:

“Because voluntary and involuntary retirement have different effects on adjustment, practitioners must consider the circumstance of their client. The retirement and specifically; whether they wanted to retire. Workers who have planned for seven years to retire often know how they will spend their retirement years. These Individuals adjust well. Those whose retirement occurs unexpectedly because of ill health or involuntary lay-off have typically made no plans for retirement. This group is the most susceptible to adjustment problems”.¹⁵

This submission implies that retirees who planned their retirement are able to adjust better than those who did not prepare for retirement. As such these two groups of retirees should be assisted to cope with retirement differently. An attempt to use the same coping strategy for each of the groups may not yield positive results. Retirement is voluntary or involuntary; it necessarily produces a certain amount of role discontinuity. Typically, little is done to prepare workers to adjust to a new retirement role or to help them find meaningful substitutes for work.

Role theory has been criticized on several grounds. Some researchers have faulted role theory for failing to consider the unique mental processes of people and for devaluing subjective,

¹⁵ Richardson, Retirement Counselling, 79.

intro psychic functioning. The assumption that the work role is one of the most central roles for older people, including men, has also been questioned. In addition, although role theorists underestimate the value of social support systems, personality and coping styles in helping people adjust to changes, these factors may have more influence on adjustment to retirement than the work role itself.¹⁶

The connection between role theory and adjustment in retirement is that potential retirees of Public Service soon will transit from work which is a role to another role. The role theory posits that this adjustment is a difficult process for potential retirees due to role loss (that is losing the role of being an employee).

Another perspective of the role theory that drives the work is that retirement from the demands of the potential retirees may be a major life-course role exit that serves to reduce role strain and overload, thereby enhancing psychological well-being. This suggests that the potential retirees of Public and Private Servants can only adjust to their new condition if they are able to find a balance between their roles.

Continuity Theory

Continuity theorists contend that people do not develop their preferences by chance and this trait will be developed with time. The theory of planned behaviour asserts that people will follow the path of behaviours that have been established in the past. Continuity is explained by considering many variables including biological and psychological changes, habits, preferences and associations, situational opportunities, and an individual's actual experience. Continuity can refer to internal or external factors.

¹⁶ Richardson, *Retirement Counselling*, 82

Internal continuity refers to the persistence of established ideas based on memory. External continuity means living in a familiar environment and interacting with familiar people.

Continuity theory does not blame retirement as leading to maladjustment and distress because people tend to keep up with previous lifestyles after retirement. If you set goals before you retire, it will have a greater impact on your later years than retiring itself. Retirement does not help older people maintain earlier lifestyle patterns, a feeling of self-esteem, and value systems. Some retirees maintain a work ethic whilst others maintain a busy and active life through services, maintenance, community works, and religious activities in the community.

The continuity model of retirement has come under increased criticism over the years. The critics think that proponents of the idea have a simplistic view of life. Covey has criticised the theory's failure to identify the extensive financial, health, and psychological difficulties that individuals endure as a result of retirement. Retirement has different effects on people depending on the timing of retirement and type of outcome measure used and the type of worker.¹⁷

The potential retirees would like to continue their previous lifestyles, self-esteem, and values as they move into retirement. Retirement should not lead to emotional trouble and distress. The Continuity Theory provides a framework for understanding how the potential retiree's past concepts, constructions, and experiences adapt to changing circumstances. Potential retirees will usually make decisions based on preserving the external and internal continuity when considering their retirement planning. The potential retirees can maintain the same kind of lifestyle during the period of retirement because of their ease of adjustment.

¹⁷ Hebert Covey, A reconceptualization of continuity theory: Some preliminary thoughts. *Gerontologist*, 21, (1981): 628-633.

Disengagement Theory

This theory recommends that older people gradually reduce their involvement within their lives. Older people receive everything internally and become increasingly obsessed with themselves. To engage means to devote time, effort, and energy towards something without expecting anything in return. The psychological and social engagements are interdependent, thus changing one will result in changes in other types of engagement.¹⁰

These situations have quite a significant influence on changes in the social structure. Many people may adapt to new conditions by redefining their habits towards desires that are compatible with a new society. Clark argues that subjective quality makes it difficult to receive and respond to societal directives. There is a belief that focusing on oneself rather than others in later life can be beneficial.¹⁰

Research has shown that people's disengagement from relationships, work, families and friends are on a rise. This was considered unfair. The discontinuous transition from work to old age makes it hard for many male workers to adjust because old age and loneliness go hand in hand. Co-worker friendships that are broken when people retire are a tough thing to replace.¹⁸

Crisis Theory

The crisis theorists' viewpoint emphasises situational and individual aspects of change. The crisis theory came from a study of massive injuries from a nightclub fire in Boston in 1944. It is often said that people experiencing anguish usually face five reactions. i) Somatic distress, ii) preoccupation with the image of a dead one, iii) Guilt, iv) Hostile reactions, and v) loss

¹⁸ F. Cumining, & W. Henry, *Growing Old; The Process of Disengagement*. (New York: Basic Books, 1965), 35.

of this relative patterning of conduct. Most consider Lindemann to be the “father of crisis intervention” and Caplan was since then known as the “father of modern crisis intervention”.¹⁹ Caplan introduced the idea of homeostasis to crisis intervention. He claims that when problems cannot be solved, a crisis occurs.

According to Golan, all people go through major transitions in their lives that can turn into full-blown crises.²⁰ Transition is defined as a significant movement from one position, state, topic, or concept to another. Golan believes a crisis can be precipitated suddenly or of long duration and involves significant loss. Crisis and transitions first create psychological and physical turmoil, including aimless action, paralysis and fluctuations of the body functions, mood, mental content, and intellectual function. This is followed by a period of preoccupation with the past, and, finally, the return to normality.²¹

Crisis theory has not been used in the experiences of older people. Though Golan applied the theoretical concepts of crisis interventions to life transitions, Crisis Theory has generally not been applied to retirees and older adults, particularly. Many care providers hate considering how crisis interventions might be modified to better the needs and issues of the elderly. The psychological perspective must be used in this study because it takes into account psychological factors such as role models. Lowy argues that a “bio-psychosocial understanding of humans is crucial in helping the aged”. This means that one should change according to surroundings to keep the continuity of themselves. Gerontology practitioners should offer support

¹⁹ Gerald Caplan, *Principles Preventive Psychiatry*. (New York: Basic Books, 1964), 54.

²⁰ Naomi Golan, *Passing Through Transitions; A Guide for Practitioners*. (New York: The Free Press, 1981), 32.

²¹ Golan, *Passing Through Transitions*, 32.

and insight. Crisis theorists usually place greater emphasis on individual factors than on social and cultural factors.²²

Erickson's Psychosocial Theory

Erickson's psychological development theory has eight distinct stages, beginning from infancy to old age, with each stage having a specific set of tasks and struggles. These tasks are aimed at resolving the inner conflicts and in the process, the self is strengthened. How well do individuals fare after eight years of retirement? It is at this time that you realize your mortality and can see changes in your behaviour and roles. In this case, we can see that the crisis of this stage is in relation to the conflict between ego integrity and ego despair. Spending extra effort on overcoming risks at each stage helps those over 50 years to enjoy a sense of completeness. The person in this condition has a strong positive self-concept. When previous crises are left unresolved, when the possibility of limitless value is left untapped, when the individual experiences futility, despair, or self-depreciation, and when individuals are left with a negative self-concept; that person needs help!²³

Each issue resolved in Erickson's theory should build a sense of integrity in the individual. Senior citizens who maintain a sense of integrity consider their lives well spent. They believe that these decisions and actions are theirs for life. They feel sad that time is running out, but they feel reasonably certain of their successes. They feel honoured to have gained insight into a better lifestyle.²⁴

²² J. H. Lowy, Predictors of successful aging in retirement. In B. B. Palmore(Ed.), *Normal Aging III* (394–404). (Durham, NC: Duke University Press, 1985), 10.

²³ E. Erikson, (1966). *Development In adulthood*. (London: Oxford University Press), 104.

²⁴ J. S., Dacey, & J. F. Travers, *Human Development Across the Lifespan* (Boston, U.S.A., McGraw Hill, 2004), 21.

Bandura's self-reinforcement and self-efficacy theory

An equally important theory that guided the writing of this book was Bandura's self-reinforcement and self-efficacy theory. Bandura postulates that the self is not a mere psychic agent that determines or causes behaviour. Instead, the self is a cognitive process and structure concerned with thought and perception. These two constructs are very crucial to a person's success or otherwise in life.²⁵ Self-reinforcement occurs when one administers reward or punishment to oneself because of one's own expectations and standards. Self-effectiveness deals with an individual's views on his/her ability to cope with everyday life.²⁶

Bandura describes self-efficacy in terms of the sense of efficacy in managing one's life. Perceived control can either be internal or external. These are ways to cope in real-life situations. The transition from work to livelihood could be difficult or not depending on one's locus of control. Thus, when a person's locus of control is internal, he/she sees retirement as only an aspect of life and an opportunity to challenge themselves. Thus, as a coping strategy, that person will look for external relief so that they do not panic about retirement.

Conclusion

This chapter has discussed the various theories on retirement that have been posited by various authors. The writer is of the firm belief that all these theories come to play at different times of an individual's life and result in a successful personal growth after retirement. These theories explain the philosophies behind why certain things happen before, during and after retirement to would-be retirees and retirees.

²⁵ A Bandura, *Self-efficacy: The exercise of Control*. (New York, Freeman, 1997), 53.

²⁶ Bandura, *Self-efficacy*, 53.

Chapter 3

THE SSNIT PENSION SCHEME

Introduction

This chapter explains the rules governing the SSNIT pension scheme in Ghana. The retirement policies of the pension administration in Ghana. It also highlights certain flaws in the scheme.

Ghana's Laws on Retirement

Ghanaians under the 1992 Constitution can retire after attaining 55 years. SSNIT was established to oversee retirement and health programmes. SSNIT is governed by the National Pensions Act 2008 (Act 766), which has a mandatory contributory 3-tier pension scheme and they are responsible for operating the mandatory first-tier scheme. The constitutional provisions for public servants are for such authorities. It is not only public servants who can retire as self-employed people usually have individual retirement programmes.

The SSNIT Pension Scheme in Ghana

SSNIT is Ghana's national pension scheme administration. The Trust is the biggest financial institution in Ghana outside of banks. The role of SSNIT comes into play when one is retired or deceased. Many retired Ghanaians who worked in the formal

sector collect their pension contributions through the scheme on a monthly basis.

In Ghana, every employee in a company that employs five or more people must contribute to SSNIT. Employees and employers are obliged to contribute to this initiative. There is a provision for the self-employed in the SSNIT Pension Scheme. Analytically, the scheme can be considered as very effective and beneficial. However, it cannot be expected to be entirely satisfactory without ensuring a sufficient transition plan

The Act has it that a worker who has contributed for 30 years to SSNIT enjoys a monthly pension equivalent to 80% on the average of their best three-year earnings. That is a guarantee for life and it is adjusted at a rate averaging the rate of inflation in normal times. The beneficiary would have contributed 5% of their salary each month and their employer 12.5%. One may take a quarter of their entitlements as a lump sum.²⁷

The main difference under the new Act is as follows: Employers now contribute 13% bringing a gross contribution with the worker's own of 5.5% to 18.5%. Instead of SSNIT paying the optional lump sum of 25% of that, it is now independently managed under the Second Tier (Tier 2). SSNIT payment is now capped at 60% maximum (Tier 1). The qualifying years have also been reduced to 15 years instead of 20 years under the old scheme. There is also room for a personal pension (Tier 3) provided the total amount of one's income invested in all the three tiers does not exceed 33.3% of income.²⁸ Workers who are fortunate to have formal sector employment such as public servants have the opportunity to earn an "indexed" retirement income of up to 80% of the average of their best years of earning

²⁷ N.P.R.C. National Pensions Act 2008, (Act 766). Accra; Ghana Publishing Corporation, (2008). 24.

²⁸ Social Security and National Insurance Trust, About Us, <https://www.ssnit.org.gh/about-us/mission-vision/> accessed 23/02/2022.

as employees, or 60% plus a lump sum payment they opted for under the old scheme, which is defined under the new scheme.²⁹ According to Ekuban & Brew, the amount is paid to SSNIT. The bank invests the money and the contribution is paid as a retirement benefit with an interest of the time of retirement as the investment proceeds. The SSNIT hand-out mentions that, the pension value is based on providing a Treasury bill rate.

To qualify for a full pension, one must attain the age of 60 years and must have contributed to the scheme for a minimum of 240 months (20yrs). On the other hand, a worker can qualify for a reduced pension when he is 55 or below 60 years. The calculation for retirement benefits under the Scheme is based on age, average best 3 years' salary and the number of months one has contributed to the scheme. The average pension can be computed by multiplying the 3 years average salary by the Pension Credit earned.³⁰ The earned pension right will be between 50% and 80% depending on the number of months contributed at a time of retirement.

Vision of SSNIT

“To be the model for the administration of Social Protection Schemes in Africa and beyond”.

Mission

“To provide income security for workers in Ghana through excellent business practices”.

The Core Functions of SSNIT

- Register employers and workers
- Collect contributions
- Manage records on members

²⁹ Social Security and National Insurance Trust, About Us.

³⁰ Ekuban & Brew, Investment Management, 13.

- Invest the funds of the Scheme
- Process and pay benefits to eligible members and nominated dependants.

The Core Values of SSNIT

- Professionalism
- Leadership
- Integrity
- Customer focus
- Commitment
- Innovation
- Teamwork

The New Pension Act

A Presidential Commission was formed to review retirement schemes in 2004. The new comprehensive pension law overhauled the two former systems of the country thus replacing old laws (CAP 30 and SSNIT). The Act seeks to increase coverage and improve retirement security, although some measures will decrease retiree benefits in the long run through the three-tier system.³¹

Mandatory First Pillar

The first pillar would be a reformed pay-as-you-go system that offers a monthly pension. Employees' contributions would be 13.5 percent of their payroll. There would be a desire to increase investment returns through professional management of the fund.³²

Retirement Benefits

The provision of benefits to contributors is limited to situations

³¹ Social Security and National Insurance Trust, About Us.

³² Social Security and National Insurance Trust, About Us.

where contributors qualify. These include;

(a) Old Age Pension

This is given to retired members of the scheme as a monthly allowance. After 60, those who retire will receive a fully indexed pension. If a member has worked for less than 180 months, he can receive a reduced pension.

(b) Invalidity Pension

Membership is paid to persons who are incapable of earning money through work. A member might have contributed for a cumulative period of not less than 12 months within the previous 36 months preceding the incidence of the disability and he must have been certified by a Medical Board as medically/radically disabled.

(c) Survivors Lump Sum Benefit

Where one member dies, the dependants are paid a lump sum. This could happen when the member is 75 years old or older but not immediately.

(d) Other Benefits

When the supplementary retirement scheme is set up, the contributor can have access to more than one retirement income. This could improve income security for subscribers. Under the 2nd and 3rd Tier schemes, you can use future lump sum benefits as collateral to secure a mortgage loan for home purchase.³³

Mandatory Second Pillar

This pillar will be a privately managed defined contribution occupational plan. The minimum and additional rates of payroll deduction will be about 4 percent and 1 percent, respectively. For benefits, they would be paid as a lump sum.³⁴

³³ Stephen Adei, *Taking the 'Tire' Out of Retirement*. (Accra: Public Service Commission, 2017), 23.

³⁴ Adei, *Taking the 'Tire' Out of Retirement*. 20.

Voluntary Third Pillar

In line with this, a voluntary retirement system is provided with assistance from tax incentives and special provisions in the Long-Term, Savings Act of 2004. Proper implementation of the Commission's findings could help citizens better prepare for retirement. The date of retirement is an important part of the employment contract. Attaching the date of retirement is highly recommended. Government should mandate every agency to arrange retirement planning seminars for 15 years.

The money that SSNIT offers is generally not sufficient for many beneficiaries due to the level of their contributions. However, it is the nation's best to insure against poverty for the elderly in the society known as the "Cushion Fund". Under the social security scheme, a worker's contribution is 5% of his salary and the employer contributes 12½% making a total of 17½% each month. The money is paid to SSNIT.

Some Weaknesses in the SSNIT Pension Scheme

Adei has outlined some reasons for which SSNIT has not provided comfortable retirement so far. The majority of reasons he puts forward are however not due to the weakness of the official pension scheme itself. His reasons include the following:³⁵

Basic salaries, which form the basis of contributions to pension funds, tend to be small, especially before Single-Spine salaries. As a result, the retirement pensions based on them are equally meagre.

The above is due to the tendency for workers to take much of their compensation in the form of allowances. In the "bad of days", some workers have as many as 16 types of allowances from rent allowance to clothing allowance. Such allowances do

³⁵ Adei, *Taking the 'Tire' Out of Retirement*. 18.

not impact Social Security contributions and cease on the day of retirement.

Most importantly the two biggest challenges of retirees; health care and housing, are often taken care of by employers before retirement. In the case of health care, cost balloons with age and the likelihood of spending much, if not more, in the retirement years than all the previous 60 years is high.

Of course, in Ghana, less than 2 million adults are covered by official pension schemes but this is not the “palava” (problem) of public servants.

The reasons stated above make it clear that a public servant in Ghana needs some adjustments in planning for retirement on building up of additional income to support official pension funds one will receive after retirement from active service. As of 2015, the average pensioner received Gh¢723.18 from SSNIT each month.³⁶ That is woefully inadequate. The way forward is to invest your way to a secure retirement.

Private Pension Schemes

To augment what SSNIT provides, there are private pension schemes that have been introduced to Ghana over the past few decades. One of them is a personal pension scheme which is a type of pension plan where individuals personally contribute towards their retirement. A personal pension scheme can be considered as a private investment plan to cater for one’s future. This can be useful to the majority of informal-sector employees who do not normally have access to the mandatory primary pension schemes.³⁷ Several employers and employees have

³⁶ SSNIT Monthly News Sheet February, 2016, accessed October 21,2021.

<https://www.ssnit.org.gh/wp-content/uploads/2016/03/FEBRUARY-2016-FINAL-2.pdf>

³⁷ Sikasem, Personal pension schemes in Ghana: Licensed trustees & fund managers, Date Accessed 23,February, 2022. <https://sikasem.org/personal-pension-schemes-ghana-licensed-trustees-fund-managers/>

taken advantage of these privately owned insurance and pension schemes to prepare adequately for their retirement.

Conclusion

The system that SSNIT runs is an excellent initiative to support retirees to an extent. One then wonders why many retirees live miserably financially? Most retirees from public service and those who were employed in private service have inadequate pensions. Many face accommodation challenges and some have to relocate to their villages or less ideal residences not out of choice. In old age, one is also faced with rising health care costs. Some must depend on their adult children for survival, which is not ideal for continuous growth and development. This shows that more needs to be done to alleviate the challenges retirees go through to ensure that their old age adds to societal development and not vice versa.

Chapter 4

PHASES OF RETIREMENT

Introduction

It is generally agreed that retirement is not a single event that suddenly transforms a worker into a retiree but a process. In this chapter are the discussions of the various phases of retirement as put forward by two authors, Rolling Atchley and Kelvin Tracy. Atchley identified eight phases in the transition from work to retirement which are discussed.

Pre-Retirement Phase

The *first phase* is pre-retirement consisting of a remote stage and a near stage. The remote stage is the an-conflictual period in which the worker thinks of retirement as occurring at some distant future, maintains a positive attitude, and conceives of possible negative aspects, such as mourning, sadness, and loss, in abstract terms. There is no emotion or affection elicited when the worker considers retirement during this stage. It is not until the near stage of the preretirement period that retirement is considered more realistically. Atchley claims that workers may set a specific retirement date and begin to separate from the jobs during this stage.³⁸

³⁸ R. Atchley, *Social join's and aging*, (California; Wadsworth Publishing Company, 2000), 117.

The pre-retirement phase is a stage of anticipatory socialization during which workers begin to contemplate retirement. As retirement approaches, they think about leaving work. The pre-retirement process begins at least 15 years before retirement. People begin to talk with relatives, friends, and co-workers about retirement and initiate financial plans for their retirement. Anticipatory socialization occurs when a person takes on values of the non-membership group to which he or she aspires. This process facilitates socialisation when the individual actually becomes a part of the group, however, this may be construed as “defection” and non-conformity to other members of the individual’s group.

Thus, anticipatory socialization occurs during the preretirement phase, when workers begin to engage in retirement orientation activities. Keating & Marshall identified three areas of retirement preparation activities: finances (workers begin investing for retirement), leisure time use (workers spend less time on work and more time on recreation and hobbies), and discussions with a spouse about when and how to retire.³⁹ Some socialists describe informal types of retirement preparatory behaviours that include talking with wives, husbands, relatives, friends, as having a positive attitude toward retirement. According to Keating & Marshall, retirement-oriented behaviours increase as workers near retirement, even if they dread it. Financial preparation for retirement is one of the most important pre-retirement activities of workers and ranges from merely developing knowledge about pension systems to actual retirement investment behaviours.

This phase of retirement is also concerned with when and how people will retire. During the pre-retirement phase, workers first consider the circumstance under which they will

³⁹ Norah Keating, & Judith Marshall, The Process of Retirement; The Rural Self-Employed Process Of Retirement. *The Gerontology*, 20(4), (1980): 437–443.

retire. As the number of available options increases, the repeal of mandatory retirement laws forces companies to retain older workers, and as norms about working into late-life change, workers are increasingly faced with more complex retirement decisions. A worker must consider several issues involved in whether to consider partial retirement and gradual withdrawal from the workplace and how voluntary the decision will be. Involuntary retirement may result from ill health, whether a retirement policy, or pressure from employers, but in general, whether retirement is viewed as voluntary or involuntary is a subjective process that varies from person to person.⁴⁰ For example, a woman who retires because her husband is leaving work may consider this a voluntary retirement, but another may take it that she is retiring against her will. The extent to which a client's retirement is voluntary is an important issue for practitioners because data indicate that retirees who believe they retired willingly adjust better to retirement than to those who feel they retired involuntarily.

The Honeymoon Phase

The honeymoon, which is the *second phase* in the process of retirement, is the period immediately following retirement. This period is a euphoric phase when retirees feel free for the first time to do things, they never had a chance to do while they were working. People may go on vacation, visit friends and family, catch up with reading, or just relax, and levels of life satisfaction tend to be high. Not all people experience this honeymoon phase, some quickly move on to a *third phase*,

Immediate Retirement Routine Phase

The immediate retirement routine phase: Retiree's lives

⁴⁰ D. C. Kimmel, K. F. Price, & J. W. Walker, Retirement Choice and Retirement Statistician. *Journal of Gerontology* 33, (1978): 575–585.

become structured and 'routinised' as they develop schedules around activities; for example, on certain days, a retiree may visit family or play golf, and many activities offered at Senior citizen Centres are organized around certain days. In Ghana, most retirees attend social functions (funerals, church events, club meetings, etc.) This phase is a comfortable period for most retirees, who welcome the onset of new routines.

Rest and Relaxation Phase

A period of low activity may follow during the rest and relaxation phase, as retirees begin to slow down and live a more sedate lifestyle. The retiree at this point needs more rest since, at this phase, body weaknesses are setting in, therefore, rigorous activities have to be avoided.

Disenchantment Phase

A few retirees at this stage also go through a phase of disenchantment, when retirement turns out differently from what was expected and feelings of disappointment occur. This disenchantment can develop into depression for a minority of retirees.

Reorientation Phase

However, most rebound and move on to a phase of reorientation, in which they become more realistic and learn to cope, and discover ways to establish a satisfactory retirement.

Final Routine Phase

The seventh phase, which Atchley identified as the final routine phase, begins when retirees settle into a regular schedule that they will keep for the remainder of their retirement years.

Nation Phase

This is the period when the role of retirement no longer has any meaning, illness or a disability typically leads to this final phase.

Kelvin Tracy has also outlined four phases of retirement. They include:⁴¹

Pre-retirement Phase

The pre-retirement is the period when an employee stops working and preparing for his/her next career. At this time, it is necessary to consider how much money one will need to maintain a lifestyle after retirement. Experts recommend that people have at least 70-80 percent of the income they require to carry them through retirement. Of course, the percentage is higher when one earns less, and it is lower when one earns more. An important step to financial success during retirement is to create an active retirement budget and consider a number of factors. An individual will be able to investigate how much he/she has saved and invested to meet a unique situation. Most people tend to pare back certain expenses from their income as retirees. However, some people incur additional costs such as medical bills. Planning for retirement is important in this phase because it serves as a guide on how and where one wants to live. This is a very important lesson to follow at this time.

Early Retirement Phase

The next stage involves the later stage of retirement. In this middle period, most people still have a lot of vitality so they can focus on other activities. A financing strategy is essential for completing a transaction in most cases. One's expenses will likely be relatively high in the initial years because of travel and

⁴¹ Kevin Tracy, *The Four Phases of Retirement*. MDP, Inc. APFA, (2015). www.tracywealthmanagement.com,54.

other activities. Many people also work part-time at this stage. People at this point in their life are also involved in volunteer work and working with boards of trustees. As life expectancy is increasing so is monetary expenditure. Many people today have to deal with the effect of new insurance issues such as extended benefits of life and health.

The difficulties of this early retirement stage are not limited to the financial aspect. This can serve as a form of decoration. Lots of people do well in looking for part-time jobs. Early retirement has several unfortunate consequences. There is a need to make sure that the next generation plans are well-considered.

Full Retirement Phase

This is the late stage of retirement. A retiree in this phase has hopefully realized his/her retirement dreams and accomplished the goals they had planned for during this time. Although they may be in good health, many people during this phase find that they have less stamina, and begin to find more pleasure in activities that are less physically tiring and slower-paced. Traveling long distances becomes an unbearable situation. Instead of wanting to do highly strenuous physical activity, people would prefer activities which are less physically demanding. During this phase, many people belong to family and church groups or clubs that meet regularly. Expenses may be lower than what one may have if he/she take early retirement. Experts are urging a more conservative withdrawal of funds from retirement plans when interest rates are low.

Final Retirement Phase

The last period of retirement is the end of retirement. One can also face physical and mental challenges that come with old

age. Many seniors in this last stage retire from their homes and move into assisted care facilities or nursing homes. In Ghana, people at this stage get relatives to come and live with them to assist them or move to their relations. It takes a large chunk of monthly wages to cover medical costs. This might also restrict freedom. Regardless of age, gender or mental state, one should review these things in life. The cash requirements for each stage of retirement are going to be different. One's early and final phases are the costliest. Low costs of expenses are rarely seen in the retirement stage. This is a valuable life extension. As medicine has continued to advance, life expectancy in Ghana has increased. Regular review and monitoring are crucial to maximising investment returns during retirement. Every so often one must update their investment portfolio to accommodate changes in priorities and living patterns. There is a need to re-organise a portfolio in accordance with actual life and health changes, goals, needs, objectives, and risk tolerances. It is important to consider both needs for long-term care and funeral expenses before and during retirement.

It is critical to conduct periodic checks on retirement savings accounts. If interest rates increase, one's portfolio may be affected because of this trend. It is even more important for investors to have a strategy for profitable withdrawals when the interest rate is low. With today's low rates of interest, one must ensure that he/she will not withdraw more than that which can be sustained over the long term.

Conclusion

It is best to plan and monitor through each stage of retirement. Change is the only constant thing. This chapter has discussed the various phases of retirement as put forward by Atchley and Tracy. Every Public and Private Sector worker is aware that there

would definitely be a time for retirement. It would therefore be prudent that all workers plan for this period so that they do not get frustrated during the latter stages of their lives. Since every worker, be it public or private is aware that someday he or she has to go on retirement then retirement planning is a must-do. The next chapter discusses retirement planning.



Chapter 5

RETIREMENT PLANNING

Introduction

Retirement planning refers to preparing for retirement. This phrase 'retirement planning' means an enjoyable life after retirement so that life continues to be meaningful and rewarding after quitting work. Different workers may end their careers earlier, later, or have no fixed thoughts about a retirement date. Some think retirement planning is useful for taking retirement decisions such as looking for part-time jobs, running their own businesses, or undertaking other duties, especially on religious basis.

Retirement Planning Explained

Retirement is not a sudden occurrence; rather it occurs over a series of stages during the working life of an individual. The working environment assists in the process of ageing of an employee. Everyone who has a job believes that he or she will one day grow old, and when the ageing process begins, he or she will eventually be called upon to retire from his or her career. There is a need to adjust before retirement to prepare oneself for re-entry into retirement life. Workers should be enlightened on the fact that their retirement pension will never be equal to the salary that they earned previously. Workers should incorporate

financial planning into their retirement decisions because it will help them through tough times in their retirement.

Some economists are of the view that pension payments was made to all workers in the society to motivate them to leave the job and younger workers can take their place, thus spurring economic growth and progress. In the early 20th century, life expectancy was 47 years. As a result, people worked up until they became physically unable to continue. However, this was due to the advanced medical knowledge and resources that were yet not available. In recent years, it has been found that people spend about 7% of their adulthood in retirement. In 2010, it was discovered that 25% of one's lifetime can be spent in retirement. People who retire at age 60 on average will spend 18 to 20 years in retirement.⁴²

Retirees should use their pension benefits to enrich their lives if they can identify the important elements of their lives. Therefore, the personality of an individual has an impact on the society. This suggests that one ought to give time for other activities to maintain a positive self-image until retirement. Older workers should be permitted to work part-time instead of suddenly losing their jobs. Preparation in retirement is a good thing. Jorgensen & Henderson also emphasised the point that individuals must know that "work need not be paid work." For them, working at home, volunteering and serving others all can be considered as working jobs. When this role is accepted, then people who have retired can make a satisfactory adjustment to their retirement.⁴³ People should plan for retirement before the day comes because every individual needs to retire at one point in their life. This is not applicable for every individual in active service.

⁴² Jorgensen. & Hendersen, *Dimensions of Family life*, 64.

⁴³ Jorgensen. & Hendersen, *Dimensions of Family life*, 66.

Alutu has also noted that there are many categories of retirement, such as voluntary, compulsory, or forced retirement. Voluntary retirement occurs when an employee can take his/her retirement because of choice on his own. Retirement should occur when someone reaches the age of retirement. Forced retirement is bad and it should not happen unless in cases of ill-health.⁴⁴ The changeover could be a critical point in the life of some adults as giving up their jobs means separating themselves from an important source of satisfaction and social contact. However, society does not have much to offer these elderly ones to make life comfortable.

*“Retirement has profound mid implications for a change in an individual’s social and economic slams, in his interpersonal relationships, and in his self-perception and morale. Increasing evidence indicates fiscal realistic pre-retirement planning improves the chances of making a good adjustment to retirement...”*⁴⁵

Employee Route Towards Retirement Planning

Retirement has been the focus of numerous readers over the years and has seen increased attention recently with Ghana’s aging workforce. Theorists have addressed the “event” of retirement (e.g. the decision to retire) and the processes that follow this event (e.g., retirement adjustment). However, few researchers have studied the processes that an individual goes through leading up to retirement.⁴⁶ As a result, Lindbo & Sehultsz emphasize that more formalized facilitation and socialization are needed during the years leading up to retirement. They

⁴⁴ A. N. O. Alutu, Planning for Retirement, *Workshop paper presented at Michael Imoudu Institute for Labour studies, Ilorin.* (1995):33.

⁴⁵ White House Conference on Aging, as cited by Manion. Annuities and individual welfare. *American Economic Review*, (1971): 1423–1521, (52).

⁴⁶ Adei, *Taking the 'Tire' Out of Retirement.* 31.

contend that organizational interventions such as mentoring and retirement planning programmes can be key ingredients to this facilitation.⁴⁷

The retirement decision process is a difficult and complex one considering the various financial, health, spousal, and other personal and work-related factors that one may have to consider. Organizations need to help facilitate the retirement decision and transition for individuals, but most are unclear how best to do so. Individual retirement planning is proposed as a moderator of the relationship between retirement decisions and the retiree's mental health and attitudes. Unfortunately, formal retirement-planning programs most frequently focus on financial planning, followed by physical health and housing issues, and then (if at all) psychological-related counselling.

Just as organizational socialization increases a new member's knowledge of the organization's expectations, values, and beliefs and allows for goal setting for the individual, it follows that a formal, continuous socialization process revolving around career, and personal development can increase an individual's knowledge of the transitions that lie ahead in his or her career. Role transition related to retirement is likely to be ambiguous to both employers and employees, and organizations should consider the need to socialize employees into retirement roles while facilitating their disengagement from their work roles.⁴⁸ Unfortunately, little is known about the cumulative effects of socialization across multiple role transitions or the process by which one disengages from an organization after a long period of socialization.

⁴⁷ T. U. Lindbo, & K. Shultz, the role of organizational culture and mentoring on mature worker socialization toward retirement. *Public Productivity and Management Review*, 22, (1998): 49-59.

⁴⁸ R. L. Cude, & F. M. Jablin, Retiring from work: The paradoxical impact of organizational commitment. *Journal of Managerial Issues*, 4(1992): 31-45.

Organizations have employed the socialization process on new recruits for many years, however, the results of a similar process for the mature employees have not yet been documented. An employment relationship is a contract of loyalty for benefits and social rewards. Workers also will develop global beliefs about the organisation's readiness to reward increased work effort and to meet socio-emotional needs. Perceived Organizational Support is important for employees working in the company as it gives them the help or support needed in times of need and difficult situations.

Perceived organizational support is made by employees' awareness that their actions are indications of the organisation's intention. Employees get a sense of organisational commitment from positive work experiences. Perceived Organizational Support thus indicates employee perceptions of the commitment of the organisation to them. Companies will have to look more at this issue because of the decline in the birth rates and the anticipated retirement of the workforce. Organizations need to assess the implications of not fulfilling the obligations of young adults. Organisations must recognise the cost of supporting a population that is not taking part in the workforce.

Companies need to consider different approaches to hiring and retaining older workers. Organizations are interested in reengineering the office to ensure they can account for physiological adjustments ahead of retirement. The challenge is to state how much retirement must be comfortable for members of a workforce. Proper retirement planning requires adequate information and a firm understanding of the intricate rules governing social security and pension plans. Clear retirement goals will help individuals to prepare for their retirement properly.

Retirement Programmes

Olusekan identifies three forms of retirement as voluntary, compulsory and mandatory. The first one, voluntary or self-retirement occurs when the individual, decides to quit active service for personal reasons irrespective of age, experience, length of service or retirement policies. This type of retirement depends more on the employee than the employer. The second type, compulsory or forced pension is a situation in which the individual is compelled or forced to retire against his/her will and when he is ill-prepared for it.⁴⁹ This is usually viewed negatively in that it is unplanned and reasons might include inefficiency, old age, ill-health, indiscipline and need for workforce reduction or redundancy. The third type, mandatory retirement is the normal or expected form of retirement in the sense that the person involved has reached the statutory age of retirement as specified already in the conditions of service of the establishment.⁵⁰ Whether retirement is voluntary, compulsory, or mandatory, retirement is known to have a lot of social, physiological, psychological and financial effects.⁵¹

Retirement Planning and Gender Differences

It is possible to measure retirement readiness in two ways, financial preparations and less formal thought and planning behaviours. Financial resources are typically assessed with assets such as pension wealth, savings, and property ownership. Informal planning will be assessed by the use of learning materials and the extent to which individuals have thought about retirement and are discussing their situations with their family

⁴⁹ E. O. Tawiah. *Population ageing in Ghana: A profile and emerging issues*. (Union for African Population Studies, 2013).

⁵⁰ Beehr A Terry. The process of retirement: A Review and recommendations for future investment. *Personnel Psychology*, 3 (1986).

⁵¹ A. M. Olusakin, Post retirement lifestyles of some Nigerians and the counselling implications. *The Counsellor*, 17(1), (1999): 8–10.

and friends. Both aspects of retirement plans (such as pensions and savings) have been examined alongside demographic, psychological and health outcomes in later life.⁵²

Research focus on gender differences in retirement planning has changed markedly across the past century as Western society has seen a shift in gender roles with respect to work and retirement. Traditional gender roles placed work and retirement firmly in the male's domains hue any study with women considered only their husbands' retirement. Despite women's increasing presence in the workforce since World War II, research into women's retirement, including their preparatory behaviours, did not begin in earnest until 1976.⁵³ Research over the following two decades consistently showed that women, in general, did less retirement planning than men.⁵⁴

During this time, women's inadequacy of retirement planning was largely theorized in terms of traditional gender role ideology.⁵⁵ Some psychologists argued that women still considered retirement planning to be their husbands' responsibility and that their overrepresentation in lower paid and nonunionized occupations impacted negatively on their retirement plans.⁵⁶ Yet studies now suggest traditional gender roles are becoming less defined and more egalitarian over

⁵² J. Noone, S. Christine, & F. Alpass, Do Men and Women Differ in Their Retirement Planning? Testing a Theoretical Model of Gendered Pathways to Retirement Preparation. *Research on Aging* 32, (2010):715-738.

⁵³ J. Noone, S. Christine, & F. Alpass, (2010). *Do Men and Women Differ in Their Retirement Planning?* 718

⁵⁴ K. F. Slevin. & C.R. Wingrove, "Women in Retirement: A Review and Critique of Empirical Research Since 1976." *Sociological Inquiry* 65, (1995): 1-21.

⁵⁵ M. Block, "Retirement Preparation Needs of Women." In *Retirement Preparation*, edited by H. Denis. (Lexington, MA: D.C. Heath and Company, 1984.), 23.

⁵⁶ A. M. O'Rand, & I. C. Henretta, "Mid-life Vork History and Retirement." *Women In Retirement: Policy implications of Recent Research*, edited by M. B. Szinovaez. (Beverly Hills, CA: Sage. 1995), 31.

time.⁵⁷ Therefore, studies are needed to determine if traditional conceptualizations of gender, retirement, and retirement planning are still relevant for contemporary pre-retirees.

From 1995 onwards, findings regarding gender differences in informal planning have been divided between those that suggest that men remain more likely to focus on retirement and those that show no gender differences. A number of studies have found that men think more about their future life in retirement and their future finances and are more likely to discuss retirement with friends, relatives, and co-workers. Since 1995 the differences found in men's and women's financial preparedness are also inconclusive.⁵⁸ Inconsistencies and contradictory findings in the current literature suggest that women are less disadvantaged in terms of retirement planning compared to two decades ago. Results from an Australian national survey led Wolcott to argue that women's attitudes toward retirement have changed. With this in mind, a closer examination of the major factors that are argued to differentiate retirement planning for men and women is warranted.⁵⁹

Factors Affecting Retirement Planning

There are many issues regarding retirement in social sciences literature. The factors presented in this section play a major role in retirement decisions.

Income

The retirement income of a retiree depends mainly on the retiree's

⁵⁷ R. Inglehart, & P Norris, *Rising Tide: Gender Equality and Cultural Change Around the World*. (Cambridge, UK: Cambridge University Press, 2003), 19.

⁵⁸ R. Clare, "Why Can't a Woman Be More Like a Man-Gender Differences in Retirement Savings." Presented at the Association of Superannuation Funds of Australia Limited, November, Adelaide, Australia, 2004, 27-29.

⁵⁹ I. Wolcott, "Families in Later Dimensions of Retirement" Working Paper No. 14, (Australian Institute of Family Studies, 1998), 22.

Social Security, private retirement benefits and investments. Retirees generally do not earn enough income to maintain their desired standard of living in retirement. Many people fail to perceive the need to save more, expecting benefits to 'fill the gap' left by insufficient savings. Analysis of current income versus adequacy of retirement savings offers mixed results. Analysts' findings indicate that households with higher income are not ready to save adequately for retirement. Regardless, there is a positive relationship between savings and the level of economic activities to enjoy a comfortable retirement.⁶⁰

Income and taxation are important factors for people saving for retirement. The competitiveness of tax benefits of retirement savings depends on factors like income, especially for low-income workers in Ghana than those on higher salaries. Low-wage workers also have relatively higher replacement rates from safety nets; have a less obvious need for additional retirement income, especially in developing countries where inflation and unemployment have taken a toll on a large chunk of the working class, with the resultant low incomes leaving some of them unable to adjust to retirement.⁶¹

Number of Dependants

Having financial dependants focuses on financial attention on short-term activities and needs rather than long-term goals. This view is supported by findings showing that having dependent children is significant with regard to the setting of retirement goals.⁶² Single women reduce the proportion of risky

⁶⁰ J. C., Glass & B Kilpatrick. Gender comparisons of baby boomers and financial preparation for retirement. *Educational Gerontology*, 24(2007):719–745.

⁶¹ N. Maestas, Back to work: expectations and realizations of work after retirement. *Journal of human resources* 45(3), (2009): 718–74.

⁶² R. L., Clark, & M. C, D'Ambrosio, Ignorance is not bliss: The importance of financial education. *TIAA-CREF Research Dialogue*, 78, (2003):14.

assets they hold as the number of children in their household increases. Households with children have the lowest success rate with regard to adjustment towards retirement. Families with dependent children are found to be more likely to have accumulated little financial and total net worth. Commonly, their major asset is the family home, with the man having no other financial assets as stores that can be relied on after retirement.

Education

Less educated people are most likely not to think about retirement and should be the least prepared for retirement. There is a negative correlation between individuals' level of education and the types of investments they make. People with qualifications are more likely to invest more of their retirement savings in growth assets. Given that these people live in areas with high illiteracy rates, this is an example of the planning failing them.

Financial Education

Studies have found evidence that financial education can produce significant changes in planning for and optimising retirement savings. Improved education about financial systems will likely contribute to improved retirement preparation. There is a need for an improved understanding of retirement income needs, which motivates people to put additional money aside.⁶³

The results of studies on financial education, however, are ambiguous. The effectiveness of financial education differs from economy to economy depending on the levels of financial development and economic growth in the respective nation.⁶⁴ This plays a significant role in individuals' retirement adjustment. There are various factors influencing retirement

⁶³ Clark & d'Ambrosio, *Ignorance is not Bliss*, 67.

⁶⁴ S. Braunstein. & C. Welch, Financial literacy: An overview of practice, research and policy. *Federal Reserve Bulletin*, 88, (2002): 445-45.

participation in an individual's social status, but the determining factors are generally determined by income levels.

Perceptions of Retirement

Retirement planning has an impact on perceptions of retirement, retirement expectations, and attitudes towards retirement. Previous authors have stated that women have more negative perceptions of retirement but a more recent study, with exceptions, shows no gender differences in perceptions of retirement.

Involvement with Work

Some writers indicate that higher levels of workforce involvement can lead to negative perceptions of retirement. Involved workers expect retirement will lead to a loss of identity and as a result, they form negative perceptions of retirement and postpone their retirement date.⁶⁵

Women may be less involved in paid work because they spend relatively less time in the workforce due to childbearing and caregiving demands. In turn, this can be a disadvantage to women with respect to their income, promotional opportunities, and access to superannuation.⁶⁶ However, Ghanaian society's shift toward educational and occupational equality suggests that gendered distinctions in workforce involvement may be less apparent now than in the past. Although women's work histories are still disadvantageous regarding financial preparedness, compared to previous cohorts, more mid-aged women are in

⁶⁵ G. A. Adams, J. Preseher, T. A. Beehr, & L. Lepisto, "Applying Work-role Attachment Theory to Retirement Decision-making." *International Journal of Aging and Human Development* 54, (2002):125-37.

⁶⁶ Block, "Retirement Preparation Needs of Women." 64; C, Henretta, *Workplace and the Older Worker*. (New York: Springer, 1994) 133-160.

paid employment, are spending more time in paid work, and are in higher status occupations.⁶⁷

Socioeconomic Status

Education, occupational status and income are positively related to retirement planning. Those who are more educated tend to work in higher status occupations, earn more, and can therefore make more financial provisions for retirement. Women may be further disadvantaged by lower rates of cohabitation than men. A lower rate of pay coupled with the absence of an earning partner suggests that single women may be particularly disadvantaged in terms of their financial resources and therefore their ability to prepare financially. It is also likely that compared to partnered women, single women may have more negative perceptions of retirement due to perceived financial difficulties.

How age predicts retirement adjustment

Historically, retirement was a stage of life few individuals lived long enough to experience or enjoy. It is instructive to note that the age for retirement varies from country to country. According to Geistze in Germany, the age for retirement was not stringent and many people worked well into their old age, but with the accumulation of funds over the years, it was reduced to 65 years. With its success in Germany, many industrialized nations follow the German pattern.⁶⁸

Legally, the 1992 constitution of the Republic of Ghana states in Article 199 (I) that “A public officer shall except as

⁶⁷ Statistics New Zealand. (2009). “Employment and Unemployment (Labour Marketing Tables.” Retrieved October 26, 2009, http://www.stats.govt.nz/methods_and_services/access-data/tablebuilder/employment-and-unemployment-tables.aspx)

⁶⁸ J. Geistze, *Psychology – Looking at Ourselves*. (USA, Little Brown and Company Inc. 1980), 32.

otherwise provided in this constitution, retire from the public service on attaining the age of sixty (60) years (2) A public officer may, except as otherwise provided in this constitution retire from the public service at any time after attaining the age of forty-five years.”⁶⁹ According to the Social Security hand-out of benefits in Ghana, the voluntary age of retirement is set at 55 years while the compulsory age is set at 60 years.⁷⁰

External Contingency Plan for Retirement

Throughout the retirement years, some people found it difficult to adjust. These are the working people who are not prepared for retirement. According to the Current Population Survey, about 15 percent of older people in Ghana have problems adjusting to retirement.⁷¹ One can infer that one’s attitude can be influenced by one’s status in the workforce and their preparations towards retirement. One’s outlook on retirement can greatly influence his/her decision to retire. This shows that certain people can find a way in using their experience even after retirement. Adequate incomes are produced by retired people who are healthy and educated. Social networking makes elderly people satisfied with their life before retirement age.

It can be said that to achieve well in retirement one should ensure creation and balance between work identity and personal identity. This result can be achieved by retirees who use their leisure time more fully. Retirees enjoy leisure time because it lets them do things they may have always wanted to do, but were always too busy at their regular jobs. For some, it’s not easy to transition out of working life. Many people experience a

⁶⁹ *Constitution of the Republic of Ghana* [Ghana], 7 January 1993, available at: <https://www.refworld.org/docid/3ae6b5850.html> [accessed 24 February 2022]

⁷⁰ Social Security and National Insurance Trust, About Us, <https://www.ssnit.org.gh/about-us/mission-vision/> accessed 23/02/2022.

⁷¹ Akinade, Expectations of Retirement, 45-47.

sense of loss because they lose their jobs. This makes the society feel a sense of sadness. Therefore, those who retired because of their age are seen as being in second-class status. Mandatory retirement can cause unnecessary stress and an extra financial burden on workers who want to continue working. This is for numerous practical reasons.

Some people decide to retire early and look forward to a life of leisure, but others find retirement the worst period of their lives. To avoid this shock of mandatory retirement, workers should plan their retirement earlier rather than later. Some people turn towards late retirement because work is an important issue in their lives. It is often said that high-status workers tend to resist retirement initially but eventually embrace it with pleasure and satisfaction. Low-status workers are more willing to retire but show signs of dissatisfaction with retirement.

Internal Contingency Plan to Retirement

Retiring preparation is best done by developing a broad range of interests and social support. In order to prepare for retirement, workers should plan out according to what is best for them. Retirement comes about by different means.

- Attend all retirement seminars and workshops around you.
- Read all retirement literature books, newspapers, magazines and journals.
- Participate actively or even passively in radio and TV discussions on Retirement.

In the planning stage, most of the workers on retirement advocate that one must plan for retirement many years before they actually go on retirement. It should be done when one is in the active work. Individuals should plan to be a retiree during what psychologists call “Career Development Stages of Disengagement and Maintenance.” ‘This should be between 45

to 60 years. Retirement needs to be realised sooner rather than later.

Thinking of investing in human capital such as endowing grandchildren with life-long support is advisable. Such a legacy would include; insurance, education, buying shares of blue-chip companies and training programmes. Successful entrepreneurs will be wonderful sources of wealth in retirement years. Good planning should take place constantly. A good start to any business or employment is very important. Develop activities for various grade levels. It is cheaper to begin and continuously invest early for 20-30 years than to start when it is just after a few years to retirement or not saving at all.⁷²

Early retirement planning also involves family planning, choosing a number of children and obligations among spouses and relations. Organized training workshops should be attended at the retirement stages (3-5 years) to ensure problem-free retirement. Those who plan for their eventual retirement are assured of a wonderful life in retirement. Retirees would be able to budget their finances very well. To those who plan for their retirement, the possibilities are better than the ones who start the savings later in life.

Employment at this stage can help in extending life. Hence anyone who retires automatically assumes that he will grow old and suffer the problems of old age someday. Before withdrawing from active work or service, there is the need to prepare towards retirement to help the individual to overcome the possible shock.⁷³

Concerning retirement preparation, it is very important to expose workers to the fact of life about retirement income. Exposure will be best for those just entering jobs. While preparing for retirement, employees should be alerted on the

⁷² Akinade, *Expectations of Retirement*, 45-47.

⁷³ Atchley, *Social join's and aging*, 23-24.

financial, physical and social prerequisites of retirement early enough to be effective.

An employee in knowing his position should be helped to have an accurate comparison of the average salary of an employee in a given line of business and the social security benefits available on retirement. Social security and pension income alone cannot help solve all of the issues facing retirees. Other sources of income besides the SSNIT benefits will provide peace and contented life to retirees.

Another reason why people choose to retire is that they realised the limitations of relying solely on social security benefits. This means that workers must start financial preparations early enough in their lives. It is preferable to be from 35 to 45 years old. Besides, the stipends should include reducing monthly expenses.

With the problem of retirement housing, it is so difficult for retired people to find space to live in. It is hard to adapt to loneliness when people have never experienced it before. Retirement can be entered into gradually or partially at different years. Employees should be able to gradually cut down on their hours of work before giving up their jobs altogether. Many gerontologists also recommend that older workers should work part-time or leave work early for vacation before retirement. This will make the individual a capable retiree.

Conclusion

This chapter has considered retirement planning what retirees and would-be retirees have to do and what not to be done externally and internally. Factors affecting retirement planning have also been discussed such as level income, education, number of dependents among others. There are many ways challenges in retirement could come from. The next chapter deliberates on retirement challenges.

Chapter 6

RETIREMENT AND ITS ASSOCIATED CHALLENGES

Introduction

This chapter discusses the challenges that often accompany retirement. Every stage in life has its own challenges. Unemployed people have their challenges as well as the employed, so it is with retirement. Retirement is associated with some challenges. There is a great deal of evidence that most aged persons wish to continue in gained employment. Self-employed business and professional workers and farmers like to continue as long as possible. The great majority of salaried workers and wage-earners resist retirement if their health continues to sell, and many keep on even longer.⁷⁴ After retirement, most individuals want the ability to access the kind of lives and ways of living that are most satisfying and fulfilling. Large numbers of older adults face financial difficulties, social isolation, health problems, and emotional uncertainty.⁷⁵ This chapter therefore, discusses the sources of these challenges that rear their heads upon retirement and how they can be addressed.

Retirement Stress and Problems

Though it is a good thing that people are living longer, however,

⁷⁴ C. Tibbitts, Retirement Problems in American Society. *American Journal of Sociology*. 59(4) (1954): 301–308.

⁷⁵ Tibbitts, Retirement Problems in American Society. 301 – 308.

some problems are caused by increased longevity. In recent years many people strive to live longer and the population of retirees across the globe keeps on increasing by the day and there are attendant challenges with this growth. Due to their reduced income and little support from pensions, retirees are unable to meet all their financial obligations and this puts a burden on relations and society.⁷⁶ The problem is described by Woodruff & Biren as an economic crisis in retirement. The elderly may therefore feel the pain for the inadequate income being paid to them. It is often said that those who make adequate income during their working life enjoy their retirement and these groups of people are the highly educated ones in high-income jobs. On the other hand, the low-income jobs are not able to accumulate much savings for the retirees hence their plight and they also happen to be in the majority.⁷⁷

Worrying about retirement is one significant concern for employers and employees. Instead of being anxious and anticipative about their retirement years, retirees should start planning from day one. When an employee enters retirement, there are attendant challenges and expectations which can be stressful. Retirement as posited by Oniye is a complex process demanding serious planning. This, he noted is possible because the experience each one has in the course of this phenomenon is to a large extent individualistic in nature. Suffice to say therefore that retirees (especially those who failed to prepare adequately for retirement) are bound to face problems in retirement for a number of reasons: lack of understanding, financial problems, social stigma and health constraints.⁷⁸

⁷⁶ Jorgensen. & Hendersen, *Dimensions of Family life*, 53.

⁷⁷ D. Woodruff & J. E. Birren, *Aging-scientific Perspectives and social Issues*. (New York, Cole Publishing Company, 1983),25.26.

⁷⁸ A. O. Oniye, Problem associated with retirement and implications for productive adult life. *Nigeria Journal of Gender and development*. 2 (1) (2001): 55- 64.

Inadequate funds

One of the main determinants of a successful retirement is enough money to spend. Salary is used to pay bills like water, electricity, telephone, security, housemaids, drivers, medical services and, Internet Services. A major cause of retirement anxiety in Ghana is the failure of employers to pay gratuity upon retirement. Retired people face problems if they lack the needed funds. Large families still face economic hardships related to costly education and health care. Regardless of income level, retirement brings hardship to many people. It must be acknowledged that financial pressure does not touch everyone. Conflicting feelings about family finances are common in modern society. Financial distress is rampant in Ghana because of job insecurity.

Challenges in Managing Health

Health, according to World Health Organisation (WHO), is experiencing a state of complete physical, mental, and social wellbeing. Retired people often experience several health problems because of inactivity. Such retirees might experience some physiological and emotional issues such as moodiness, erratic behaviours, psychosomatic illness, and a pressing tendency to commit suicide.⁷⁹

Challenge of Managing a New and Lower Social Status

Retirees need to maintain a sense of identity, self-worth, and self-respect during their retirement years. This is the most difficult question they will face in their career. This is because there are no more younger generations to run errands for them. New retirees usually have a very high sense of commitment

⁷⁹ D. O. Denga, *Human Engineering high productivity in industrial and other work organizations*. (Calabar: Rapid Educational Publishers Ltd. 1996), 74.

to provide the essentials for their new family. It may lead to feelings of isolation and loneliness for those who failed to try to cope with it.⁸⁰

Inadequate Planning for Retirement

According to statistics from developing countries, the people who choose to be retired feel miserable after retirement. Ndaman states that 10 percent of the retirees are living well because they plan for their retirement well ahead of time. Unplanned retirement creates several difficulties.⁸¹

Difficulty in Time Management

Another fact of consciousness is the awareness of time. Humans experience personal change over time and will observe that in their environment. Time is very valuable. There are some characteristics of time which must be considered as time is irreplaceable, consumable, universal, unique, and not static. When people retire, they need to begin planning for time allocation. If they do not, they can feel anxious about not having enough time.⁸²

Conclusion

It was obvious from the discussions that there are numerous challenges when it comes to retirement and its related issues. The discussions were centered on sources of retirement challenges. Poor health, stress and anxieties, poor time management and

⁸⁰ S. A. Kolawole, & A. Y. Mallum, *Retirement counseling: Challenges, opportunities and coping strategies*. Paper presented at the Annual Conference of the Counseling Association of Nigeria (CASSON), Malduguri, Nigeria. (2004), 52.

⁸¹ K. Ndaman, *Performance In pension management*. Working Paper University of Toronto. (2004), 32.

⁸² Kolawole, & Mallum, *Retirement Counseling*, 22.

low social status among others are the sources of retirement challenges that need to be addressed.



Chapter 7

STRATEGIES FOR ADJUSTMENT IN RETIREMENT

Introduction

Retiring is inevitable for people working in the public and private sectors. This inevitable phenomenon in working life calls for some modifications in how one does his/her things before, during and after retirement. A retiree's ability to adjust in retirement to a large extent determines how well or successful he/she will cope in retirement. This chapter discusses strategies for adjustment in retirement.

Financial Adjustment

Financially, an elderly person's adjustment to retirement is very important. Income decreases after retirement; this may also happen to older people for the first time in their lives. It is established that low income does not necessarily result in decreasing the demand for consumer goods and services. On the other hand, compared with younger families, older families would spend a great deal of their income on food, housing and health care.

Prior to retirement, retirement incomes must be prudently managed. It is advisable to invest some of the payback periods in an investment. The Bible advocates investing wisely. Jesus in his parable of the talents emphasised the importance of staying in stable or safer investments than money lending.

It is essential to prepare a residence before one retires. Homes should be designed in such a way so that some rooms can be rented out to tenants. There is no need to build a house with too many rooms where nobody will ever reside in. Both room rentals, as well as tenants in the rented house, can provide security to the house owner or the landlord. If one cannot finance the construction of the building before retirement from employment, one does not need to start building.

Social Adjustment

It appears that people who most quickly develop new interests are those who least strongly avoid them. Retirement is another feature of retirees who adjust very well. It is generally negative for husband-wife relations. Couples at this point spend more time together and pursue mutual interests. Retirement can mean years of relaxation and enjoyment of one another's company. One of the negative sides, the increased time together may cause strain in a marriage. The couple may get on each other's nerves and household chores may increase.⁸³

Also, workers should invest in people, be it their children both biological and/or adopted, extended family members, some church members, or neighbours' children. The investment may be in education, trade, or any other assistance that will improve upon the person's life. By so doing, after one retires from active service, at least some of these groups of people will remember them and assist financially. They may as well keep company after all the children have left to start their own homes. The Bible admonishes Christians to be at peace with everybody (Roms 12:18). It has been said that people who survive and thrive in retirement are those who are flexible and those who know that they are more than they can do.

⁸³ J. S Turner, & B. D. Helms, Exploring Child Behaviour: *Basic Principles Brief* Saunders. (1978). New York, Freeman.

Employees are advised to make more friends while in active service. Jesus told a story of a shrewd manager who when he saw that the master was going to sack him for misappropriation of his resources did something. The manager went to all the people he had sold items to and asked them to keep some of the money and pay the rest. His intention was that after the master had sacked him, he would have friends who would support him. Although it was a bad practice, the idea of helping people and making more friends was commended by Jesus (Lk 16:1-8). Workers should use their resources to benefit others and make friends when in active service.

Religious Adjustment

As part of social adjustment, retirees take active roles in religious matters and this is one of the strategies for retirement adjustment. It is good and appropriate to establish a relationship with your creator during retirement. Retirees should actively take part in studying some portions of the Bible, spending time praying for one's family and friends, attending regular church services, taking a keen interest in congregation activities, joining a group in the congregation. In retirement, one has total control of his or her time; therefore, one is expected to participate fully in religious activities mentioned earlier. By so doing, one connects well with the church members for socialization and other assistance. This habit may prolong one's life. It will not be out of place if every worker makes the above exercises a habit, and people should not also wait till retirement before starting the above. It may be too late and difficult to do since one may not be used to them.

Physical Adjustment

Retirement itself has no predictable negative effect on physical health, self-esteem, or life satisfaction. But it does tend to reduce

activity levels. A good adjustment in retirement years depends on having a secure income, good health, meaningful activities and happy marriages.⁸⁴ For physical issues, there is a need to look at eating habits and bodily exercises. It has been said that one's food is one's medicine and one's medicine is one's food. The food one eats is medicine for the body and if one does not take good care of, he/her food one falls ill, as a result, takes in medicine like food. This suggests to retirees to be selective in respect of food items they take in. Excessive sugary and oily food, as well as, eating heavy food after 6:00 pm is not good for the body when ageing, Regular body exercises are good to make the body healthy. Every worker should make the following part and parcel of his/her lifestyle insofar as one is 40 years or above:

- Getting frequent medical checkups
- Eating a balanced diet meal at regular intervals is highly recommended
- Reading often to keep your memory active

Exercising daily, walking is excellent but since we tend to lose muscle mass, some strength training is recommended in addition. We also need to stretch to reduce the risk of sprains and strains.

Conclusion

Retirement anxiety is one of the most critical challenges for elderly people because of worry about their future. Being in a change often produces feelings of insecurity or fear. Almost everyone does not accept change. It has been said that proper planning prevents poor performance (5Ps).

⁸⁴ Turner, & Helms, *Exploring Child Behaviour*,35.

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