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A FRAMEWORK FOR RETIREMENT PLANNING BASED ON FINANCIAL LITERACY AND WEALTH ACCUMULATION

Abstract:

Purpose – Saving alone is not adequate to achieve financial independence to an effective retirement planning because financial literacy we have is not properly transferred and applied to financial planning. This paper aims to study the moderating role of wealth accumulation with the financial literacy that affects retirement planning.

Design/methodology/approach – This study uses multiple regression and hierarchy regression to analyse 250 data to reflect the retirement planning related to financial planning. A closed-ended questionnaire is adopted and the unit of analysis is an individual.

Findings – The study finds the following: the constructs of availability, awareness, affordability, and accessibility help in improving retirement planning; financial literacy improve the effectiveness of financial planning. In addition, wealth accumulation serves as a moderator for retirement planning to enhance the effectiveness of financial planning.

Practical implications – Individuals are urged to devise an effective retirement planning mechanism by careful thought on the needs of an individual. Furthermore, an effective planning helps to develop an environment that will encourage the high integrity of financial literacy for individual to apply their skills and knowledge.

Originality/value – This study highlights an essential issue. It analyses the interactions between the dimensions of wealth accumulation with the financial literacy and retirement planning in improving the financial planning effectiveness in Malaysia.

Keywords:

financial literacy, retirement planning, financial independence, financial planning, wealth accumulation

JEL Classification: D14, D19, D00