Budapest International Research and Critics Institute-Journal (BIRCI-Journal)
Humanities and Social Sciences
ISSN 2615-3076 Online)
ISSN 2615-1715 (Print)
www.bircu-journal.com/index.php/birci

Phenomenological Studies of Retirement Planning Behavior in X Generation and Y Generation

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Abstract

A person can have better retirement planning if they realize the importance of retirement planning early, therefore they will take further measures to ensure that they can make ends meet after retirement. The purpose of this study is to find out the factors that determine retirement planning behavior in generation X and generation Y and know generation X and generation Y in protecting and maintaining the value of wealth in retirement and knowing the differences in retirement planning behavior and wealth value protection between generation X and generation Y. Research methods were carried out qualitatively with a phenomenological approach through semi-structured interview instruments with population 5. generation X and 5 generation Y. Research results show that generation X and generation Y have differences in planning for retirement, besides that the existence of wealth management helps generation X and generation Y determine measures in protecting and maintaining the value of an asset so that its value does not decrease or disappear.

Keywords
wealth management; retirement planning; generation x; generation y; wealth protection & preservation

I. Introduction

The term pension is often associated with the expiration of a person's service life because his duties in work are already completed. According to Soetiono (2016) in the Pensioner Segment Financial Literacy Series published by the Financial Services Authority in 2016 the retirement age varies depending on the profession, occupation, conditions and freedoms that everyone wants. Tolani *et al.*, (2020) said in terms of choices regarding finances and investment behavior each generation has its own challenges.

The classification of population composition by generation referring to *the Analysis of Census Bureau Population Estimates* by Frey (2018) is the *Pre-Boomer* generation born before 1945, the *Baby Boomer* generation which was between 1946-1964, the X generation born between 1965-1980, the Y generation born between 1981-1996, the Z generation born between 1997-2012 and *post* generation Z was born the year between 2013 and beyond. Each generation shows different characteristics and attitudes, also has its own advantages in terms of saving patterns and investment habits.

Tolani *et al.*, (2020) said that generation Y is the largest generation of consumers to date by going through a time that is changing rapidly both in terms of economy and technology, so that financial planning patterns are different from previous generations. Generation X is one of the generations of consumers who have an educated financial planning pattern today.

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Budapest International Research and Critics Institute-Journal (BIRCI-Journal)
Volume 5, No 3, August 2022, Page: 19636-19645
e-ISSN: 2615-3076 (Online), p-ISSN: 2615-1715 (Print)
www.bircu-journal.com/index.php/birci
email: birci.journal@gmail.com

Table 1. Population Composition by Generation in Indonesia in 2020

Generation	Total population (million inhabitants)	Population (percent)
Pre-Boomer	5,03	1,87
Baby Boomers	31,01	11,56
Generation X	58,65	21,88
Generation Y	69,38	25,87
Generation Z	74,93	27,94
Post Generation Z	29,17	10,88

Source: 2020 Population Census

Based on Table 1 of the results of the 2020 population census, it shows that generation Z dominates the population in Indonesia while the next generation Y becomes second and then followed by generation X. Increasing the population in Indonesia, especially generation X and generation Y, should be balanced with financial planning to retire from the beginning to anticipate lack of finances in old age (Sandra & Kautsar, 2020).

Liu et al., (2021) identified three factors of retirement planning, namely finance, social activity and health. Financial planning helps individuals achieve financial security later in life, for example such as savings, investments or property ownership (Dovie, 2018). Health planning focuses on maintaining physical health such as regularly checking the health condition of the body regularly (Kumar et al., 2019). Health is a very important element of the quality of life in national development (Najikhah, 2021). While indirect factors such as economic factors, culture, education and work, health service facilities (Lubis, 2021). Social life planning helps individuals to nurture and build social networks that support to develop new hobbies for each individual's post-retirement life (Yeung & Zhou, 2017).

When doing retirement planning, financial factors, especially those whose value at one time can decrease, so it is necessary to take steps for pension planners to protect the value of wealth. Many individuals are unsure what to do with the sheer amount of money they have and choose to keep it in cash (McGee, 2021). However, it should be noted that when planning a pension, especially in financial factors, it is necessary to have protection or protection against the risks that will be faced.

The existence of *wealth management* helps generation X and generation Y manage finances by protecting and maintaining the value of wealth during retirement so that it can prevent risks that will occur by transferring risks from one party to another, one way is to use insurance.

This study aims to determine the determinants of inter-generational retirement planning, especially in Indonesia with some of the characteristics that will be studied in this study and control the risks that will occur by linking to *wealth management* in protecting and maintaining the value of wealth during the period pension. Not many studies have been conducted to determine the behavioral factors determining retirement planning based on differences between the two generations, namely generation X and generation Y.

II. Review of Literature

2.1 Wealth Management

According to *Global Phenomena In Wealth Management* (2020) *"Fundamentals of Wealth Management"* explains that *Wealth Management* is an integrated and comprehensive consulting service aimed at helping individual customers in order to protect and maintain, improve, add and transfer and distribute their assets. *Wealth management* is an integration system that maintains and protects, accumulates and improves, as well as distributes and distributes assets from HNWIs.

2.2 Pension Theory

Feldman & Beehr (2011) show that retirement decision-making retirement decision-making implies three different stages, namely imagining future life as a retired individual, deciding when to retire and finally deciding to truly retire. Retirement from work is an event in adulthood to older times because it serves as a marker of the transition from pre-retirement to a new phase of life as an advanced citizen age (Hansson et al., 2018)

2.3 Retirement Planning

According to Masran & Hassan (2017) retirement planning is carried out variably according to the individual himself and the factors that influence their decisions in making such planning. Zhang *et al*., (2018) mentioned that an activity plan after retirement is an effort or effort made by a person to prepare a replacement activity or a replacement activity from their main activity. Retirement planning that needs to be done by individuals who are about to enter retirement is to prepare financially so that they can meet the needs of life after retirement later (De los Santos et al., 2020).

2.4 Theory of Activity

The theory of old-age activity shows that adults towards old age can still remain active and engage in several activities. Activity theory (Formosa, 2020) emphasizes the extent of successful success in old age, plans in old age and how to adapt positively by discovering new activities and staying socially engaged after not working. Adjusting is retired as a dynamic process that flies over time according to resource availability and alternating adjustments. The enactment of a pension plan and retirement satisfaction depends on the available resources and changes in them (Wang et al., 2011).

2.5 Financial Behavior of Generation X and Generation Y

According to Martin & Turley (2004) generation Y will emerge as a more financially conscious generation, they will have knowledge of various investments and will make wiser investment decisions. This is because generation Y has easier access to various information about various financial avenues. This generation is a group with an open mind and tends to have higher expectations than generation X so it is always looking for attractive investment options in terms of profit and convenience. Since this generation has witnessed a period of economic growth, they are not as risk-averse as previous generations in terms of financial choices. In terms of expenditure, Generation Y spends more than Generation X.

2.6 Models and Hypotheses / Research Questions

Figure 1. *Theoretical Framework of Thought*
Source: Researcher, 2022

Figure 1 above shows the flowchart of the frame of mind in the study. Generation X and generation Y are different generations in decisions for retirement planning. Some studies mention that there are significant differences in the way a person does retirement planning and protects and maintains the value of wealth. Therefore, every individual must have preventive measures to be able to survive when entering retirement and apply *wealth management* to know how to protect and maintain the value of wealth for retirement.

From the description mentioned above, a framework of thinking can be produced that it can conduct research on the determinants of retirement planning behavior and how to protect and maintain value wealth in generation X and generation Y.

III. Research Method

The type of research used in this study is to use a qualitative research approach because it wants to explore, develop or describe real knowledge and experience regarding retirement planning experienced by generation X and generation Y individuals in accordance with specified criteria. This study uses a phenological approach to identify more deeply and analyze how retirement planning will be carried out from generation X and generation Y in Indonesia and how protecting and preserving the value of their wealth.

The population in this study is generation X totaling 5 people born in the range of 1961-1982, generation Y totaling 5 people born in the range of 1983-1997. The research instrument carried out in this study is to conduct *in-depth interviews* with a semi-structured interview model.

IV. Discussion

4.1 Respondent Profiles

In this study, interviews were conducted with the respondents in accordance with predetermined criteria. The names and identities of the participants in this study have been disguised and written using *pseudonymous names.*

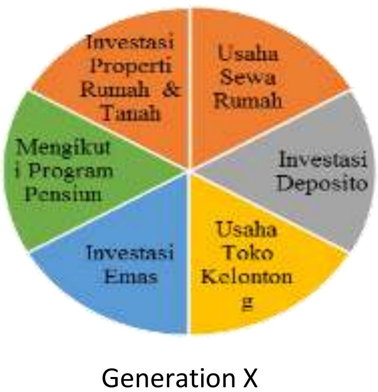
Table 2. Participant Profile

Name	Age	Work	Category
Mr. Djajang	54	Private	Generation X
Mr. Surya	53	BUMD	Generation X
Saras' mother	57	Civil servants	Generation X
Mr. Karyono	54	Civil servants	Generation X
Yuni's mother	48	Civil servants	Generation X
Daughter	28	SOEs	Generation Y
Rizal	29	Private	Generation Y
Ningrum	32	ASN	Generation Y
Rizki	35	BUMD	Generation Y
Cloud	28	BUMD	Generation Y

Source: Researcher, 2022

4.2 Factors that Determine Retirement Planning Behavior in Generation X and Generation Y

Before determining retirement planning behavior, each of generation X and generation Y is already preparing at what age to retire such as when starting to work, having children, awareness regarding financial literacy and following the work rules of the company's regulations. In this study, factors were found that determine retirement planning behavior in generations X and Y such as financial factors, social activity factors and health factors and how wealth implications *management* in protecting and maintaining the value of wealth when planning retirement in generation X and generation Y.



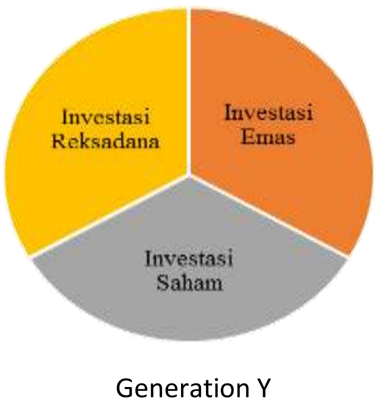


Figure 2. *Comparison of Financial Behavior for Retirement Planning*
Source: Researcher, 2022

Figure 2 above shows a comparison of financial behavior for retirement planning between generation X and generation Y. Results of this study show that generation X and generation Y have different priorities because they grow up in different economic and social conditions. Generation X prefers to invest with stable value and risk averse. The majority of generation X investin property such as houses, apartments, shophouses and land. In addition, they also invest in deposits and gold. The investments mentioned by generation X provide clear evidence that generation X chooses investments with low risk. On the other hand, generation Y has the influence of various information about investment so that generation Y invests more in the form of mutual funds and stocks that have a high risk when they do not have a good analysis. Based on the results of the interview, it can be concluded that the differences regarding retirement planning that affect the finances of the two generations are having different financial plans so that policymakers must understand the differences between these two generations differently.

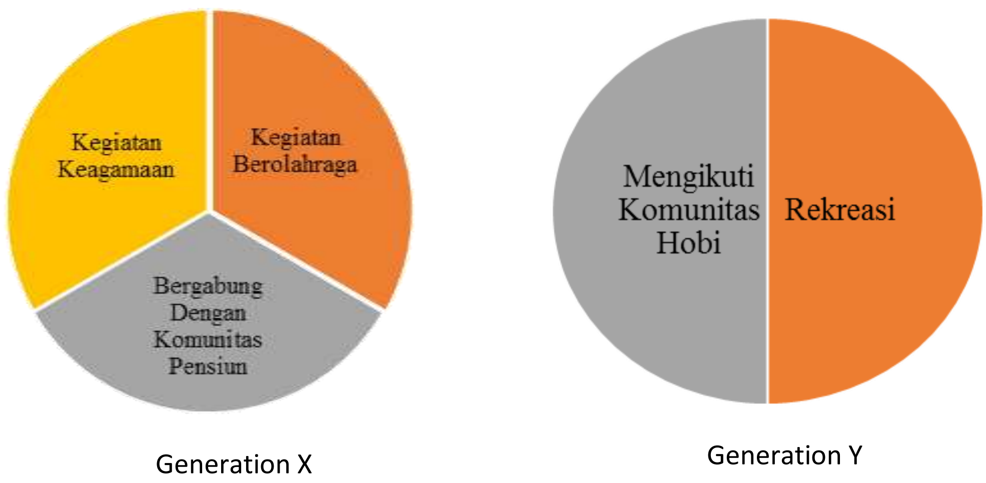


Figure 3. *Comparison of Social Activities for Retirement Planning*
Source: Researcher, 2022

Next is the retirement planning behavior that affects the social activities of generation X and generation Y. The result of this study is that generation X and generation Y have different choices regarding the social activities that will be carried out during retirement. Generation X wants to carry out their social activities in retirement by doing sports activities, neighborhood activities and religious activities. This is because currently generation X is approaching retirement, so they think long-term to fill their social activities with sports activities so that health in retirement is maintained and are more willing to do activities in the religious field to increase the level of faith. Unlike generation X, generation Y wants to carry out their social activities when they retire by following a community that concerns hobbies and recreation. This is because according to them, doing hobbies by joining a community can add more friends to reduce stress in retirement.

Generation X

Generation Y

Source: Researcher, 2022

The last is retirement planning behavior that affects the health of generation X and generation Y. The result of this study is that generation X and generation Y have different views regarding health behaviors that will be carried out when they retire. Generation X wants health to also be maintained so that it does not decline, one way is to always check health regularly, the existence of regular health checks is also expected to be able to find out the disease and can be detected earlier. This shows the preventive measures of generation X in order to be able to check their health regularly in order to enjoy a healthy old age. Generation Y has another view, namely that after retirement, performance for activities will decrease so that it will affect health, so it requires the necessary health services such as using insurance or facilities that have been provided by the government.

4.3 Protecting and Maintaining the Value of Retirement Wealth in Generation X and Generation Y

It is necessary to realize that in retirement planning it is necessary to take into account all the risks and opportunities that may be faced. The existence of wealth management helps plan investment activities such as developing assets effectively, protecting and maintaining the value of an asset so that its value does not decrease or be lost due to financial and economic factors. Generation X and generation Y have different criteria for protecting and maintaining the value of wealth. To hedge, you can use wealth protection by using investment diversification financial products such as bonds, stocks, commodities, hedge funds, real estate and money market instruments. The existence of this investment diversification is useful for minimizing risks with the aim of protecting value by transferring it to several instruments.

The results of this study show that generation X better protects and maintains the value of an asset by avoiding risks and has an investment value that always increases every year such as investing in property assets, gold and following health insurance. Generation X chose one example of investing in property assets with the aim of hedging against market risks such as rising interest rates and inflation. In generation Y protect and maintain the value of an asset by having good financial planning and increasing financial literacy. Generation Y's way of protecting and maintaining the value of wealth for retirement is to invest in stocks, mutual funds and stocks. According to generation Y, if stock instruments and mutual funds are managed properly and see how to analyze their performance levels, they can be considered for hedging in the short to long term.

V. Conclusion

5.1 Conclusion

Based on the results of interviews that have been conducted in this study, the following conclusions can be drawn:

1. Generation X and generation Y agree that financial factors greatly impact retirement, namely with reduced income, no benefits received and facilities related to costs are also reduced. However, in terms of investment for retirement, generation X prefers to invest in property such as houses, apartments, shophouses and land, then they also prefer to invest in deposits and seek additional income from opening a grocery store business, boarding house rental business and house rental business. In addition, generation X is also actively participating in the pension plan of the company where he works. Meanwhile, Y-generation invests a lot in the form of mutual funds, stocks and gold.
2. Social activities also have an influence on retirement so it is necessary to prepare retirement planning which leads to the behavior of social activities to keep them running. Generation X mentioned that social activities will have an impact on retirement, the way to overcome this is to participate in religious activities, neighboring activities, sports and recreational activities. Meanwhile, generation Y chooses activities while continuing to be productive by working, following communities related to hobbies and friendships with old friends. However, there are some things that are common between generation X and generation Y, namely wanting to participate in neighboring activities, sports and recreational activities.
3. Health is very vital when entering retirement, so generation X and generation Y need to pay attention because medical expenses are not cheap. Generation X prevents this is always regular health checks and making health insurance managed by the government and routinely for exercise, the existence of health checks and exercise regularly is also expected to prevent and know diseases and can be detected earlier. Meanwhile, generation Y prevents this by creating privately owned and government-owned health insurance that can help meet health services when sick.
4. The existence of wealth management helps to determine measures in protecting and maintaining the value of an asset so that its value does not decrease or disappear due to financial and economic factors. A generation X way to avoid risks when planning for retirement is to follow health insurance. In addition to insurance, generation X also hedges by diversifying investments in property and gold assets. Investments in property assets aim to hedge against market risks. Unlike generation X, generation Y uses more investment diversified financial products such as stocks and mutual funds, but there are also those who still invest in gold. Some generation Y have also utilized the application as an investment medium flexibly.

5.2 Research Limitations

In this study, there are still some limitations and shortcomings, namely as follows:

1. Participants in this study are still exploring information in the scope of the general public, not within the scope of *High Net Worth Individual* (HNWI), this is due to the limitations of researchers to find more information on HNWI or individuals who have assets above a certain number.

2. There have been several changes to determine the pillars of wealth *management* that will be linked to this study. Initially, researchers wanted to link the three pillars *of wealth management*, but it turned out that this study was only related to one pillar of *wealth management*, namely the first pillar, namely *Wealth Protection and Preservation.*
3. The study was conducted during the pandemic, so some participants refused to interview face-to-face in person, so researchers could only conduct interviews online with some obstacles such as unclear participant voices because they were in a place that was not conducive and signals that sometimes were not connected smoothly.

5.3 Suggestions for Future Research

In an effort to improve and complement this research, there are several suggestions that may be possible in the next study, namely as follows:

1. This study is a qualitative research that uses a data collection method carried out only by interviews. It is hoped that the next research can collect data by distributing questionnaires in order to get a large number of participants and comprehensive information from various sources.
2. This research only examines health, financial and social factors to determine behavior after retirement. It is hoped that further research can expand and develop other factors that influence individual behavior after retirement.

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