

A study of Personal Financial Cognition, Behavior and Retirement Plan for the Elementary School Teachers

Ching-Hao Chen, Mingchun Lin, An-Li Sui, YuFang Lu*

Department of Risk Management and Insurance, National Kaohsiung First University of Science and Technology, Kaohsiung City 811, Taiwan, ROC

Department of Hospital and Health Care Administration, Chia-Nan University of Pharmacy and Science, Tainan 71710, Taiwan, ROC*

Chinghao@ccms.nkfust.edu.tw, mclin@ccms.nkfust.edu.tw, anlisui@mail.chna.edu.tw

ABSTRACT

With the change of social environment, the demographic structure is getting aging in Taiwan. Most people recognize that the concept of the "Old-age Security Hypothesis" has gone out of date. Besides, with the impacts such as outward relocation of domestic industries, and downsizing and merging of enterprises, the retirement age of people in Taiwan tends to be younger and younger.

In recent years, the rising price of crude oil and raw materials, and the outbreak of the subprime mortgage in the U.S. result in problems like credit crunch and fluctuation of investor's confidence. Besides, the low deposit rate makes most people choose other way to invest their finance except time deposit, hoping to gain higher returns from a variety of financial products.

The subjects of this study are elementary school teachers in Kaohsiung County who are asked to fill out the questionnaires. 500 copies of questionnaires are submitted and 366 of which are collected back as valid ones. The result of the questionnaire is used to analyze the factors which influence the financial literacy, money management and retirement planning among elementary school teachers, which indicates that:

1. Most elementary school teachers deposit their money in a financial institution and insurance as their investment focus, which mainly plan to increase their fortune. The highest annual rate of return lies between 5 to 10%. Nearly 75.4 % of interviewees invest their money in other ways, and most of them get returns.
2. Most elementary school teachers consent to that the ideal retirement age is 51 to 55 years old. Nearly 93% of the interviewees hope that the monthly income after retirement can be no less than 40,000 New Taiwan dollars, and the financial planning of whom focus on long-term and mid-term investment, hoping to keep depositing their money in a financial institution and insurance. Half of the interviewees state that the major factor of decreasing the quality of retirement life

is the serious medical expense.

3. Elementary school teachers state that the financial literacy, money management and retirement planning will apparently differ according to sex, age, marriage condition, teaching seniority, personal monthly income and expense, and family month income.
4. Elementary school teachers state that the financial literacy will be influenced by the investment focus, main purpose of financial planning, annual rate of return, and other money management except deposit in a financial institution and insurance. Moreover, the other factors include the ideal retirement age, the ideal monthly income after retirement, the age which start to invest, the monthly amount of investment, the best financing item of retirement planning, the best financing tool for reaching the retirement aim, and the major factor of decreasing the retirement life.
5. The retirement planning of the elementary school teachers differ apparently according to the investment focus and other five money managements.

Keywords: Financial Literacy, Money Management, Retirement Planning