

# Determinants of Retirement Preparedness: Understanding Malaysian Millennials

Hartini Jaafar\*, Hazianti Abdul Halim, Rosmini Ismail

Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, 35900 Tanjong Malim, Perak, Malaysia

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**Abstract** Retirement refers to a phase, in which an individual withdraws permanently from active working life and is no longer earning a steady income from employment. Unfortunately, their expenses will continue and they will need to depend primarily on their accumulated savings. However, the hard reality is that retirement planning usually falls at the bottom of the financial priority list among Malaysians. Considering the poor retirement planning among Malaysians, their level of financial preparedness for retirement warrants further investigation. Therefore, this study aims to examine the determinants of retirement preparedness among Malaysian millennials that are entering their career. In particular, it investigates whether financial literacy, financial stress, financial management practices or saving behaviour influence the level of retirement preparedness among this group of respondents. A survey questionnaire was designed and administered to a sample of 171 final-year bachelor's degree students of Universiti Pendidikan Sultan Idris aged between 20 and 38 years. The results show that financial stress and saving behaviour are significant predictors of retirement preparedness. However, financial literacy and financial management practices are found to have no influence on retirement preparedness. This study contributes to the extant literature by examining the segment that forms the largest working population in the country. Hence, our findings should provide more insights to interested stakeholders in designing new or improving existing financial planning programs or mechanisms, particularly those related to retirement to better promote sound retirement planning among millennials.

**Keywords** Retirement Preparedness, Financial Planning, Millennials, Malaysia

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## 1. Introduction

Retirement planning can be defined as an arrangement to provide regular income streams during the period of retirement in which income from employment is no longer available. Retirement planning becomes more significant as financial constraints and increasing challenges of modern society adversely impact the grown children's life. With a persistent rise in the cost of living, the ability of the working population to care for those other than their immediate families will become increasingly difficult. Combined with the fact that retirement income comes largely from savings, adequate planning prior to retirement is viewed as a pre-requisite to a secure retirement life [1].

[2] reported that by 2040 the percentage of old age population in Malaysia will increase significantly. The country is expected to experience the population ageing in 2020, when the percentage of the population aged 65 years and over reaches 7.2% and doubled to 14.5% by 2040. Despite the desire of most working age Malaysians to retire at age 55 or 60, this may not be achieved given the increasing life expectancy, hence the need to fund a longer period living in retirement. Further, life expectancy in Malaysia has grown, with the average male living until age 73.2 while female to age 78.3 [2]. The data also shows that

a male who reach the age of 60 years in 2021 is expected to live for another 18.9 years and female for 21.8 years, increased by 0.9 years and 1.6 years respectively as compared to 2011. While many Malaysians are expected to live at least more than 15 years past their retirement, unfortunately their retirement funds would only sustain them for 12 years.

**A survey carried out by [3] on household savings among its active members, found that 68% of them did not achieve basic savings to retire comfortably.** Further, [4] stated that high level of debts combined with low level of savings are the primary reasons that hinder most Malaysians in the study to retire. More than 90% of Malaysians aged 45 and over who want to retire in the next five years are unable to do so due to some financial constraints. The survey showed that many are bogged down by health bills and children's education fees, resulting in their inability to save sufficiently for retirement. Additionally, while more than half (54%) of working age people in Malaysia expect a comfortable retirement but they are in for a surprise as only one in four (25%) consistently contributes into a retirement account every month [4]. Planning for life after work is crucial, yet many are not making adequate or even any financial plans at all. Thus, it appears that these challenges necessitate working longer beyond current retirement age and could lead to financial distress among working population in Malaysia. Unfortunately, the thoughts about retirement years are often far from the minds of new graduates as they begin to enter workforce and develop professionally. Nonetheless, the same principle applies for students pursuing higher education and individuals developing sound retirement plans and that is those who fail to engage with full commitment early on have to struggle later in life.

Previous studies on retirement planning highlight the impact of various factors such as financial literacy, financial management practices, financial distress, financial behaviour, financial well-being, goal clarity and saving behaviour on retirement planning [5, 6, 7, 8, 9, 10]. However, empirical findings on the associations between these factors and retirement planning indicate mixed results. Further, these studies focus predominantly on the period of late career, approaching or during retirement. Recognising such limitations, this study investigates a much earlier time frame, which is a time when the individual has more opportunity to benefit from changes in financial attitudes and behavior.

Retirement literacy, by all accounts, has long been lacking among Malaysians, including those who graduate from higher learning institutions. Retirement literacy is the foundation from which informed retirement savings intentions grow. The generation currently graduating from higher learning institutions; the millennials, may be even more at risk of under-saving than previous generations for a number of reasons including higher inflation, higher costs of living and increasingly challenging economic condition. Therefore, this study aims to investigate the influence of

financial literacy, financial stress, financial management practices and saving behaviour on retirement preparedness among Malaysian millennials.

## 2. Literature Review

### 2.1. Malaysian Millennials and Retirement Preparedness

Many countries including Malaysia have been reported to be experiencing low level of retirement planning awareness [4, 11]. With longer life expectancies reported among Malaysians, this means that they will spend more years in retirement, hence are at greater risk for outliving their retirement funds.

The population chosen for this study, the millennials, will face decisions on the subject immediately upon graduation from higher learning institutions. Clearly, such decisions will have lifelong impacts and will likely be influenced by the media as much as by any other factors including peers and choice of lifestyle. According to [12], the millennials, who are individuals born between 1980 and 2000, are the most recent generation to enter the workforce. In Malaysia, they form the largest population of consumers, have a high level of spending power and make informed decisions on their purchases [13]. They have grown up with modern information technology, including smart phones, and are well-educated and socially networked. A study performed by [13] revealed that the Malaysian millennials are on the road to financial stress with 38% of them living on high cost of borrowing. Specifically, 38% were reported taking out personal loans, while 47% were engaged in expensive credit card borrowing with 70% of those owning credit cards only managed to settle the minimum monthly payment. Many of them are on the back foot when it comes to long term financial security as they accrue debt before they even enter their professional career life. Overall, the study also found that the millennials lack confidence in financial literacy with only 28% expressing their confidence on their ability to handle day-to-day financial matters. This is alarming consideration that [14] found a majority of the undergraduates in Malaysian Higher Education Institutions (HEIs) suffered from financial problems primarily due to their limited financial resources and high cost of living. Given the poor financial knowledge and behaviour among Malaysian millennials, it is therefore important to study their financial preparedness for retirement. According to [5] retirement preparedness is influenced by an individual's attitude and preparation for retirement. It is argued that higher satisfaction with retirement funds will lead to a higher level of retirement preparedness. Similarly, the study also found support that those with high retirement preparedness are confident about the adequacy of their accumulated savings as well as returns from pension scheme for a secure retirement period. Retirement preparedness has been investigated in the past

and was found to be influenced by a myriad of factors such as demographics, financial literacy, financial strain, financial management, retirement attitude, savings behaviour and goal clarity [10, 15, 16].

## 2.2. Financial Literacy

[17] maintained that rapid development across countries due to globalisation put more emphasis on financial literacy. This is primarily because financial literacy helps individuals to make informed and effective financial decisions [18], leading to better financial outcomes [17]. Financially literate individuals are expected to understand basic financial concepts such as interest rate, inflation rate, compound interest, risk and return and risk appetite.

Previous studies have suggested that financial knowledge assists individuals to plan for better retirement life [19]. Retirement planning is a challenging exercise that requires a certain level of financial knowledge, thus it can be argued that there is a positive relationship between financial literacy and retirement preparedness [20, 21, 22]. This suggests that individuals with higher level of financial literacy have greater confidence in their retirement preparation compared to those who with lower level of financial literacy [21]. Individuals with lower level of financial literacy on the other hand, have greater tendency to overestimate their savings and retirement funds and underestimate their ability to afford expenses during retirement [22]. Previous studies in general have found financial literacy to significantly influence financial well-being [23] as well as retirement planning behaviour [6, 24, 25, 26].

## 2.3. Financial Stress

[27] highlighted that financial stress refers to an individual subjective perception of personal finances and [28] believed that a primary source of stress is personal financial problems. Meanwhile, [29] found financial stress to be a significant predictor of financial well-being. More specifically, concerns over the inability to pay medical bills and feeling depressed due to having little or no savings were emphasised among the source of financial stress in the study. Similarly, [23, 30, 31] have also identified financial stress as one of the most important determinants for financial well-being. However, no studies have been found to relate financial stress with retirement preparedness. Nonetheless, because retirement planning can be argued to lead to financial well-being, financial stress is proposed in this study as one of the predictors for retirement preparedness.

## 2.4. Financial Management Practices

A healthy financial management practices are important to achieve financial well-being. Financial management practices include various financial practices such as cash

and credit management, investment planning, risk management, estate planning as well as retirement planning [32]. [33] argued that prudent financial management practices will lead to higher retirement confidence. This is because people with prudent financial management for instance, have greater tendency to provide more contributions in their retirement funds. Such practices help them to be more prepared for retirement, consequently leading to higher retirement confidence. Further, studies have found financial management practices to be the major factor to influence retirement confidence [6] and financial resources for retirement [34].

## 2.5. Saving Behaviour

Many people will rely mostly on their accumulated savings to sustain their post-retirement life style. Further, for the majority of retirees, savings is viewed as the major source of retirement funds [1]. Thus, the significant, direct relationship between saving behaviour and retirement preparedness can be predicted [5, 35]. In other words, those with higher savings will have greater tendency to exhibit higher retirement preparedness. Meanwhile, those with low level of savings are generally expected to still continue working after retirement and depend on welfare during their post-retirement period, which may lead to poor retirement satisfaction [1].

In support of this, [6] found saving behaviour to be one of the significant determinants of retirement confidence among women civil servants in Malaysia. Additionally, in their study on financial capability and financial behaviours of United States millennials, [36] showed that the combination of a savings account and financial education can promote healthy financial behaviours and improve financial stability.

# 3. Research Methodology

## 3.1. Sample Selection and Data Collection

The sample of this study consists of final-year bachelor's degree students from all nine faculties at Universiti Pendidikan Sultan Idris aged between 20 to 38 years. For each faculty these students were selected using the list of names obtained from Division of Academic Affairs. Data collection was performed during February to June 2020 (Semester 1, Academic Session 2020/2021). Due to Covid-19 pandemic, all teaching and learning activities were conducted online fully, which means that physical data collection was not feasible. As a result, the questionnaires were distributed online using the students' registered email address obtained from Division of Academic Affairs. Based on the record, the number of questionnaires distributed to all faculties was 283. A total of 171 completed and usable responses were returned by

the students resulting in a 60.4% response rate. The data obtained were then coded and analysed using Statistical Package of Social Sciences (SPSS).

### 3.2. Research Instrument

Data were collected through self-administered questionnaires. There were six sections in the questionnaire. Section A contains information on the demographic profile of the respondents including gender, age, ethnicity, marital status, household size and current income adequacy. These demographic characteristics were previously found to have associations with various financial planning behaviour such as retirement planning [15, 37] and therefore were controlled in the study. Section B consisted of information on financial literacy level (FLL) adopted from [38]. In this particular section, respondents were asked to provide a 'True or False' response to 28 statements. The statements covered several financial planning domains including cash flow management, debt management, savings and investment, risk management, taxation planning, estate planning, retirement planning, Islamic finance, and general questions concerning Malaysian financial system. Respondents who answered correctly were given a score of 1, and 0 otherwise. Next, all the scale items were summed up to compute a composite score that ranged from 0 to 28. Then the score was divided into low, moderate and high, with higher score suggesting a higher level of financial literacy.

There were a total of seven questions in Section C and the objective was to measure financial stress level (FSL) among Malaysian millennials. The section was based on the items from [39] in which respondents were required to rate the situation experienced by them in the past six months based on a 3-point Likert scale ranging from (1) Never, (2) Sometimes to (3) Always. All the scale items were then summed up to compute a composite score that ranged from 0 to 21. Then the score was divided into low, moderate and high, with higher score indicating a higher financial stress level. Section D was used to determine financial management practices (FMP) of the respondents and contained 24 questions with 'Yes or No' answers, adapted from [40, 41, 42]. Respondents were asked to choose the answer that best described how they manage their finances and those who answered 'Yes' were given 1 point, and 0 point otherwise. Every item was then summed up to compute the total score, where it can range from 0 to 24, with higher score indicating higher financial management.

Section E was used to measure saving behaviour (SB) of the respondents where they were asked to choose the most suitable answer that best described their situation. This

section was self-developed and consisted of three items with a 'Yes or No' answer concerning their saving situation. Respondents who answered Yes were given 1 point, and 0 point otherwise. Next, all the scale items were summed up to compute a composite score that ranged from 0 to 3. The final section, Section F was used to determine the respondents' retirement preparedness (RP). The questions in this section were adapted from [43] and comprised five items with a 5-point Likert scale ranging from (1) Strongly Disagree to (5) Strongly Agree.

### 3.3. Reliability Tests

Table 1 illustrates the results of the reliability test for this study. It can be seen that the instrument used was generally reliable with Cronbach's Alpha of more than 0.6 for all relevant scales.

**Table 1.** Reliability Analysis

Scale	Number of items	Cronbach's Alpha
FLL	28	0.620
FSL	7	0.810
FMP	24	0.731
SB	3	0.646
RP	5	0.800

FLL = Financial literacy level; FSL = Financial stress level; FMP = Financial management practices; SB = Saving behaviour; RP = Retirement preparedness

## 4. Findings

### 4.1. Profile of Respondents

Table 2 presents the profile of respondents involved in the study.

Based on Table 2, it can be seen that the majority of the respondents were female (78.36%), while male constituted the remaining 21.64%. Further, 57.89% of the respondents were aged between 23 to 25 years and only 2.92% were aged above 30 years. A total of 67.25% of the respondents were of Malay ethnicity and 88.89% were single. More than half of them (60.82%) were reported to have a household size of four to six people. The respondents were also asked about their current income adequacy and the result revealed that more than half (54.39%) indicated that their current income was good enough to meet only their basic needs, while only 11.11% indicated that their current income was inadequate, even to cover for their basic needs.

**Table 2.** Profile of Respondents

	<b>Frequency</b>	<b>Percentage (%)</b>
Gender		
Male	37	21.64
Female	134	78.36
<i>Total</i>	<i>171</i>	<i>100.00</i>
Age		
20 -22 years old	24	14.04
23 – 25 years old	99	57.89
26 – 28 years old	27	15.79
29 – 31 years old	16	9.36
Above 30 years old	5	2.92
<i>Total</i>	<i>171</i>	<i>100.00</i>
Ethnicity		
Malay	115	67.25
Chinese	13	7.60
Indian	8	4.68
Others	35	20.47
<i>Total</i>	<i>171</i>	<i>100.00</i>
Marital status		
Married	18	10.53
Widowed	1	0.58
Divorced	0	0.00
Single	152	88.89
<i>Total</i>	<i>171</i>	<i>100.00</i>
Household size		
1 – 3 people	22	12.87
4 – 6 people	104	60.82
7 – 9 people	35	20.47
More than 10 people	10	5.85
<i>Total</i>	<i>171</i>	<i>100.00</i>
Current income adequacy		
Not enough	19	11.11
Enough for basic needs	93	54.39
Enough for most things	38	22.22
Enough to buy all the things	21	12.28
<i>Total</i>	<i>171</i>	<i>100.00</i>

## 4.2. Descriptive Statistics

The descriptive statistics of the variables analysed in this study were illustrated in Table 3.

**Table 3.** Descriptive Statistics

Variables	Min	Max	Mean	SD
FLL	1.00	3.00	2.016	0.558
FSL	1.00	3.00	1.877	0.643
FMP	8.00	24.00	18.187	3.160
SB	0.00	3.00	2.374	0.703
RP	1.80	4.60	3.36	0.530

FLL = Financial literacy level; FSL = Financial stress level; FMP = Financial management practices; SB = Saving behaviour; RP = Retirement preparedness

Table 3 shows FLL ranges from 1.00 to 3.00. The finding suggests that overall, the respondents have a medium FLL with a mean of 2.016. More specifically, results (untabulated) show that 118 (69.0%) of the respondents reported a moderate FLL. Similarly, FSL ranges from 1.00 to 3.00, with a mean score of 1.877. This suggests that on average, the respondents have fairly low FSL although it can also be seen that there was a tendency to lean towards moderate FSL. The results (untabulated) also show that 27.5% of them scored under low FSL while another 57.3% was categorized under moderate FSL.

Next, Table 3 also shows that the minimum and maximum scores for FMP was 8.00 and 24.00, respectively. The mean score was 18.187 and this in a way provides indication that FMP of the respondents is between moderate to high levels. Further analysis (results untabulated) also shows that 18.1%, 14.6% and 11.7% of the respondents received a score of 21, 19 and 20, respectively for FMP. In terms of saving behaviour (SB), the score ranges from 0.00 to 3.00, with a mean of 2.374. This suggests that overall, the respondents possessed satisfactory SB. For example, further analysis (results untabulated) reveals that 96.5% of the respondents own a saving account with almost half (49.4%) attempt to save every 3 months and 87.2% have plan for how much to save for future use. Finally for RP, it can be seen that the minimum (maximum) score was 1.80 (4.60) while the

mean score was 3.36, indicating that RP was moderately high. More specifically, the results (untabulated) also reveal that while more than half of the respondents (73.4%) were concerned about the state of their financial preparation for their retirement, a majority of them were unsure whether their financial preparation for retirement were good (36.3%) and that they could determine the expected income and expenditure in retirement (38.6%).

Table 4 presents the Pearson correlation coefficients for the variables examined in this study. It suggests that in general RP was positively related to household size (HHSIZE) with ( $r = 0.155$ ,  $p < 0.05$ ), FSL ( $r = 0.161$ ,  $p < 0.05$ ) and SB ( $r = 0.308$ ,  $p < 0.01$ ). The results in Table 4 also show that none of the correlation coefficients of the variables exceeds 0.60, which indicates that multicollinearity does not present in the sample, hence pose no threat to subsequent analysis.

## 4.3. Multiple Regression Analysis

Multiple regression analysis was employed to determine the significant predictors for RP among Malaysian millennials and the following model was used:

$$RP_{i,t} = \alpha + \beta_1 GENDER_{i,t} + \beta_2 AGE_{i,t} + \beta_3 ETHNICITY_{i,t} + \beta_4 MSTATUS_{i,t} + \beta_5 HHSIZE_{i,t} + \beta_6 INADQ_{i,t} + \beta_7 FLL_{i,t} + \beta_8 FSL_{i,t} + \beta_9 FMP_{i,t} + \beta_{10} SB_{i,t} + \epsilon_{i,t}$$

Several relevant procedures have been undertaken to test the specifications of the model used in the study. The procedures were crucial to ensure the validity of the regression models used and of the inferences drawn from the models. Prior to running the multiple regression, several assumptions were examined and this includes the assumptions for linearity, multicollinearity, independence of residuals, homoscedasticity, normality, and presence of significant outliers. The tests revealed that all the relevant assumptions for multiple regression were satisfied and that there was no undue influence on the model.

Table 5 reports the results of the multiple regression analysis of the independent and control variables on RP. The findings indicate that the model used can explain around 13.7% of the variables that might influence RP and that F value for the model is significant at 0.01 level. The results also suggest that both FSL ( $\beta = 0.146$ ,  $t$ -statistic = 2.453) and SB ( $\beta = 0.237$ ,  $t$ -statistic = 4.075) affect RP.

**Table 4.** Pearson Correlation Coefficient

	RP	GENDER	AGE	ETHNICITY	MSTATUS	HHSIZE	INADQ	FLL	FSL	FMP	SB
RP	1.00										
GENDER	0.05	1.000									
AGE	-0.052	0.008	1.000								
ETHNICITY	0.029	0.027	-0.077	1.000							
MSTATUS	-0.096	-0.050	0.143	-0.048	1.000						
HHSIZE	0.155*	0.032	-0.004	0.082	-0.309**	1.000					
INADQ	-0.134	-0.144	-0.029	-0.004	0.000	0.096	1.000				
FLL	0.106	0.144	-0.134	0.134	-0.056	-0.012	-0.011	1.000			
FSL	0.161*	-0.145	-0.106	0.061	0.106	-0.008	0.125	-0.027	1.000		
FMP	0.109	-0.099	-0.174*	0.200**	-0.032	-0.028	-0.105	-0.015	0.006	1.000	
SB	0.308**	0.003	-0.192*	0.017	-0.130	0.044	-0.020	0.013	-0.041	0.355**	1.000

\* Correlation is significant at the 0.05 level (2-tailed)

\*\* Correlation is significant at the 0.01 level (2-tailed)

GENDER = Gender; AGE = Age; ETHNICITY = Ethnicity; MSTATUS = Marital status; HHSIZE = Household size; INADQ = Income adequacy;

FLL = Financial literacy level; FSL = Financial stress level; FMP = Financial management practices; SB = Saving behaviour; RP = Retirement preparedness

**Table 5.** Multiple Regression Analysis

	$\beta$	t	Sig.
CONSTANT	2.330	6.785	0.000
GENDER	-0.015	-0.162	0.871
AGE	0.067	0.586	0.559
ETHNICITY	-0.015	-0.185	0.853
MSTATUS	-0.054	-0.419	0.676
HHSIZE	0.240	2.001	0.047**
INADQ	-0.289	-2.287	0.024**
FLL	0.102	1.481	0.141
FSL	0.146	2.453	0.015**
FMP	0.000	-0.021	0.983
SB	0.237	4.075	0.000***
Adj. R Square	0.137		
F value	3.688***		

\* Correlation is significant at the 0.10 level (2-tailed)

\*\* Correlation is significant at the 0.05 level (2-tailed)

\*\*\* Correlation is significant at the 0.01 level (2-tailed)

GENDER = Gender; AGE = Age; ETHNICITY = Ethnicity; MSTATUS = Marital status; HHSIZE = Household size; INADQ = Income adequacy; FLL = Financial literacy level; FSL = Financial stress level; FMP = Financial management practices; SB = Saving behaviour; RP = Retirement preparedness

More specifically, financial stress appears to have a positive and significant association with the level of retirement preparedness among Malaysian millennials. This suggests that the higher the level of financial stress experienced by these millennials, the greater the tendency for them to be prepared for retirement. It can be argued that those with high level of financial stress might have more inclination to manage their financial issues diligently. These findings in a way, lend support to [23] and [44]. These studies however, focused on the financial well-being instead of retirement preparedness.

Similarly, saving behaviour is found to affect the level of retirement preparedness significantly and positively, which means that awareness regarding saving promotes healthy financial behaviour, hence leading to better retirement preparedness. This result is in line with [16] but in contrast to [6]. However, it appears that other variables have no influence on RP. This is in contrast to [6] and [25] who found financial literacy and financial management practices to influence retirement planning behaviour.

Six control variables were also considered and examined in this study. The results show that while other demographic characteristics do not influence RP, there is however a significant influence by HHSIZE ( $\beta = 0.240$ , t-statistic = 2.001) and INADQ ( $\beta = -0.289$ , t-statistic = -2.287). This suggests that both household size and income adequacy have an effect on retirement preparedness.

Specifically, the bigger the size of respondent's household and the lesser income adequacy they experienced, the higher the level of retirement preparedness.

## 5. Conclusions

This study investigates whether financial literacy, financial stress, financial management practices or saving behaviour affect the level of retirement preparedness among Malaysian millennials. Using a sample of 171 final-year bachelor's degree students from Universiti Pendidikan Sultan Idris, the results reflect the level of knowledge and awareness towards retirement preparedness among Malaysian millennials are moderately high. Additionally, the results show that financial stress and saving behaviour significantly influence retirement preparedness.

This study however, is not without limitations. First, the results cannot be simply generalized since this study only focuses on final-year bachelor's degree students who are about to enter the workforce, not those who are already in one. Although the sample is chosen due to the length of time they have to prepare for retirement, an examination of the millennials who are already earning a steady income, hence greater opportunity to save for retirement would be useful. Second, this study only investigates four variables (FLL, FSL, FMP and SB) but there are other factors that can influence retirement preparedness. Future studies might expand this work by examining other relevant variables including behavioural and psychological.

Overall, this study provides some implications for both theory and practice. This is among a few studies that attempt to examine retirement preparedness in the context of millennials, who are considered as the powerhouse of the global economy. Furthermore, extant studies that investigated similar predictors were mostly focused on financial well-being instead of retirement, which suggests that more studies need to be conducted so better understanding of this important issue can be gained. In terms of practical implication, the results should provide insights to various interested stakeholders such as financial institutions, financial planners, policy makers, potential employers as well as educators to propose new or re-evaluate existing financial planning programs to better educate and prepare for this largest population of workforce and consumer.

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## Appendix

### Scales, Items and Measures Included in the Investigation

#### Financial Literacy Level

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- Buying goods on credit will reduce purchasing power in future
- The increase of the price of goods will reduce purchasing power
- Balance sheet shows your financial status
- Savings is extra income after deducted expenses
- We overspend when using savings to buy daily necessities
- The value of money can double after 10 years
- Interest will influence the future value of savings
- All types of investments are profitable
- We can borrow to invest
- Income statement shows income and the expenses of a family in a specific period
- The interest rate of regular savings account is higher than the interest rate of a fixed deposit account
- The longer the repayment period, the lower the cost of the overall loan
- One can spend more than 40% of their monthly income for installments
- Unregistered business needs to pay income tax
- Credit card holder can spend without limit
- Owning a credit card will increase one's purchasing power
- Credit card holders will be charged for making cash withdrawals using credit cards
- Making cash withdrawals using credit card is a high-cost financial source
- All Muslims must pay zakat
- Will is unnecessary for a family
- Motorcyclist do not need insurance
- Life insurance protects policy holder from financial burden
- Buying insurance is the most profitable investment
- Islamic finance demands the avoidance of riba (usury) and gharar (ambiguity or deception)
- In Malaysia we only have a conventional banking system
- Apart from the absence of interest rates, the key concept of Islamic finance is risk sharing between parties in all operations
- Family needs to save at least three months income for emergencies
- Employment Provident Fund (EPF) contribution are sufficient for retirement

#### Financial Stress Level

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- Delay in paying bills always make me worry
- The current financial conditions makes me more restless and moody
- I worry about medical costs
- I cannot sleep well due to inability to pay bills on time
- I worry about being unable to get a balanced diet
- I have fallen sick due to worry about self or family spending
- I have been depressed due to lack of money

#### Financial Management Practices

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Table continued

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Keep an expenses record
Plan for expenses or budget
Pay loan/credit on schedule
Pay all the utility bill in time
Use credit facilities even for daily use
Borrow money from family, spouse, friends or supervisor
Try to settle my loan/ debts earlier
Borrow money from loan sharks or illegal loan sharks
Cut spending to meet budget constraints
Pay zakat
Have financial goal
Consistently keep in savings account
Own life insurance/ takaful
Own health insurance/ takaful
Save for old age
Keep record for debt payment
Save for emergency
Have a debt list
Plan before taking any loan
Save for long term goal
Will have a financial planning needs for short-term goals
Own a fixed deposit account
Own a current account
Save and manage money through ibadah, for example zakat, haji, sedekah and waqaf

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Saving Behaviour
I own a savings account
I frequently make savings
I always plan for how much to save for future use

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Retirement Preparedness
I am concerned about the state of my financial preparation for my retirement
I am confident that I will have a decent standard of living in my retirement
At present, I rate my financial preparation for retirement as good
I expect my standard of living in retirement will decrease
I am not confident that I could work out what my expected income and expenditure would be in retirement

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