

**THE RETIREMENT PLANNING CHALLENGES OF BLACK INDIVIDUALS IN
THE NELSON MANDELA BAY**

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**THE RETIREMENT PLANNING CHALLENGES OF BLACK INDIVIDUALS IN
THE NELSON MANDELA BAY**

by

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2018

DECLARATION

I, Felemu Siyavuya, 214044262 hereby certify that the treatise entitled “The retirement planning challenges of black individuals in the Nelson Mandela Bay” is my own work, and it has not previously been submitted for assessment or completion of any postgraduate qualification to another university or for another qualification.

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October 2018

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ABSTRACT

Retirement planning is a process that carries many challenges. These challenges often result in hindering an individual's ability to implement effective retirement planning and thereby ensure a comfortable retirement lifestyle. Moreover, subsequent research has proven that black individuals are far from exempt from retirement planning challenges and even experience retirement planning challenges that are unique to themselves. However, there has not been research that explores the retirement planning challenges of black individuals in the Nelson Mandela Bay Area and therefore, the primary objective of this study was to explore the retirement planning challenges of pre-retired and post-retired individuals in the Nelson Mandela Bay Area.

A comprehensive literature review was conducted, and the following concepts were focused on:

- The nature and importance of financial planning
- The components of financial planning
- The challenges of retirement planning of pre and post-retired black individuals
- The nature and importance of retirement planning

Based on the literature review findings, an idea was formulated about what retirement planning is and the potential challenges pre-retired and post-retired black individuals face. Furthermore, to achieve the primary objective of the study, empirical research was done to supplement the literature review. To gather the data for the empirical research, interviews were conducted using interview questions. The answers of the participants were interpreted to gain insight into their specific retirement planning challenges. The convenience sampling method was used to gather the population sample. Ten individuals were interviewed, five being pre-retired and five being post-retired. The thematic analysis technique was used to analyse the findings and the methods of triangulation and member checks were employed to ensure trustworthiness and rigour. The empirical data was separated into four different questions namely; What is retirement planning? What strategies have been implemented to plan for it? What challenges have been experienced when planning for retirement? And what solutions have been implemented to quell these challenges?

The empirical research yielded that the main retirement planning challenges faced by black individuals, pre or post-retired, are having to support family before and after retirement and a lack of retirement planning knowledge. Furthermore, this study contributes to the existing body of knowledge on the field of retirement planning and its challenges. Moreover, the study further provides practical solutions to limit the challenges that black individuals face when undertaking retirement planning.

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

Many factors contribute to making decisions when performing the financial planning process, namely the technology, the role of identifying financial issues of individuals before consulting a financial advisor, communication ability of the planner, the economy, the social environment, politics and family conflict (Button, 2017:35; Thomas, 2017:76; Cordell, 2018: 32; Walker, 2018:20). These factors require consistent and measured decision making in the financial planning process as they present forever changing fluctuations within the financial planning industry (Cordell, Grange & Langdon, 2012: 82).

Financial planners rely on technology to carry out their duties for their day to day activities, this on its own requires responsibility from the financial planners to be aware of the system used to store and protect client's confidential information and data. Technology in financial planning is also used to carry out financial plans, manage client relationships, comply with regulations and policies and provide access of information to the clients (Casas, 2018:32). Future financial planning information technology systems will be more complex and will incorporate even more technologies and tools, this is one of the most crucial factors that either improve or destroy financial planner's services to clients. Therefore, financial planners need to understand and be aware how the new developments operate so that they are able to ensure that individuals obtain the maximum benefit from their retirement planning strategies (Casas, 2018:32).

Lawson and Klontz (2017) mentions the importance of integrating the behavioural finance, financial psychology and financial therapy into the six-step financial planning process as these factors have major influence on the financial planning decisions as many clients have strong emotions on money in terms of how it is made, spent and saved (Miller & Rollnick, 2013). The six-step financial planning process only focuses on financial data and financial goals but does not consider emotional well-being of individuals making those decisions, this contributes by ensuring that the planner is aware of the state in which the client took the decision to make informed decisions and recommendations so as to provide more comprehensive and effective services. Not only individuals in the financial planning stage are facing challenges in the field but also financial planners, as research indicates that there is limited theory that guides the

profession (Warschauer, 2002:202; Lawson & Klontz, 2017:54). Buie and Yeske (2011) further mentioned that financial planning is in urgent need to develop basic financial theory that will guide and assist in the financial planning industry.

There are many different factors in present times that can affect an individual's financial well-being, these include financial strain that is created through not being able to pay bills such as medical bills and having a lack of savings (Mokhtar & Husniyah, 2017:1243). Furthermore, factors such as financial literacy, financial ability, financial activity and financial risk all have an effect on an individual's financial well-being (Adam, Frimpong & Boadu, 2017: 225). The term financial well-being can be defined as; a perception that one is able to maintain the current and future desired standards of living and financial freedom that one is accustomed to (Bruggen *et al*, 2017:229).

According to Drever *et al* (2015:14), it is said that an individual can improve their financial well-being through the use of correct financial behaviors despite their financial circumstances. These financial behaviors refer to an individual managing their resources effectively, planning ahead and making informed financial decisions (Drever *et al*, 2015:14). Financial literacy is also a factor that affects an individual's financial well-being (Tie & Nizam, 2016:38). Financial literacy can be described as a measurement of an individual's understanding and ability to express financial concepts and it affects an individual's financial well-being because it requires an individual to save, borrow, invest and budget, which if done correctly can positively affect their financial well-being (Tie & Nizam; 2016:38).

According to Porto & Xiao (2016:1) it is stated that financial literacy can improve an individual's financial satisfaction as well. Moreover, financial management and financial planning can also improve an individual's financial well-being, as when an individual applies personal financial planning to their financial management through budgeting and saving practices, it increases an individual's financial well-being (Copur & Gutter, 2011:700). As mentioned above, financial planning and management can have an overall positive impact on an individual's financial well-being, but it also important to analyse it, to gain further understanding as it is an important topic for this research topic. Financial planning can be defined as the process of meeting set out financial and life goals through the disciplined implementation of a financial plan (Nigudka, 2018). The concept of financial planning can be separated into different categories; personal financial planning, expenditure financial planning,

liquidity financial planning, personal financial planning, debt financing, investment planning, tax planning and retirement planning to name a few (Mishra, 2015:89).

1.2 PROBLEM STATEMENT

According to Ting and Kollamparambill (2015:675) the saving rate in India and China is 25% and 28% respectively. However, the saving rates in South Africa is at a worrying level of - 0.8%. This low savings rate has severe consequences, which results in the elderly having to rely on their family and the government to support them after their retirement. It also results in economic pressures as there is no investment from households therefore prevents economic growth (Ting &Kollamparambill 2015:675). Due to financial products becoming more expensive and complex because of financial institutions realising that there is a low rate of financial literacy on an international basis, this has increased poor financial management amongst individuals and in turn, prevents them from being able to save adequately for their retirement. (Lusardi &Mitchelli, 2007:36).

In addition to the lower level of retirement saving, is the cost of planning for retirement. When breaking down the costs of retirement planning (Rusconi 2005: 20) found that advisor's fees are equivalent to 4.9% of the total contributions, in other words 0.302% of total assets. Moving on to asset management costs, it is found that when analysing a self-administered fund that has an average size of R150 million, the costs on average amount to around 0.6% of a fund (Rusconi 2005:20). These costs of retirement planning and low savings rates in South Africa are painting a grey picture, because many individuals cannot afford these costs due to their limited income and limited knowledge of retirement planning.

In South Africa, the provision of grants by the government has been found to have a dual negative effect on retirement planning strategies by South Africans. Research (Ferreira, 2017) specifies that individuals are persistent on not consulting financial planners during their working years because they are reliant on the grant factor, which has been disincentive to the need for retirement planning during the working year. Poor educational background, particularly on the black population, which has many contributing factors such as imbalances of the past and has been identified as one of the major causes for their poor financial illiteracy and unfortunately retirement planning requires due diligence in planning, if not, it results in failure to accumulate sufficient funds for comfortable retirement (Ting and Kollamparambil,

2015:675). However, as stated before, it has been shown that failure to save enough for retirement planning has been due to its cost implications and the fact that many people, most predominantly black individuals have a limited knowledge of retirement planning products and services Gonzalez (2012:4). Therefore, this is why the study will be focusing on black individuals.

1.3 LITERATURE REVIEW

In this section, a brief literature review will be presented on the nature and importance of retirement planning. Furthermore, this section will identify challenges relating to retirement planning of pre-retirees and post-retirees.

1.3.1 THE NATURE AND IMPORTANCE OF RETIREMENT PLANNING

According to Fischer (2018), when analysing the nature of retirement planning it can be found that it is ever changing due to the longevity of individuals. For example, the average male that reaches the age of 65 can expect to live to the age of 78.1 years. This results in new, unique challenges for individuals who want to retire or plan to retire through setting aside provisions. Not only does the changing nature of retirement planning present issues to the individuals who are planning for retirement but also to the pension fund systems around the world that must cater for these individuals. Due to the rise in these new challenges, there has been a change in retirement planning regulations around the world.

Retirement planning is the process of identifying an individual's goals and the necessary actions to achieve the financial goals (Wang & Schultz, 2010:174-181).

To fully understand the nature of retirement planning it is necessary to contextualise it. Retirement planning can be contextualised into four different categories; these are retirement as, decision making, retirement and finally career development. Retirement decision making looks at the emphasis that is placed on the decision one makes when planning for retirement (Wang & Schultz, 2010:174-181). Furthermore, factors that affect retirement age and the nature of retirement planning are said to be the incentives offered through pension plans of individuals at their employment (Luchak, 1997:865). Moreover, the accuracy of the information provided by these pension plans, the gender, health status and age of the individuals affected the nature of the retirement planning process (Luchak, 1997:865).

Retirement planning is important because to ensure that one will have enough retirement provisions, it is important to start retiring early as possible. This is also to ensure that the individual will have enough provisions to maintain the current lifestyle that they are accustomed to (Blue Shore Financial, 2018).

Moreover, Yakoboksi (2002) also states that retirement planning is important because to ensure that one will have sufficient retirement provisions, it is important to start planning for retirement early as possible. This is also to ensure that the individual will have enough provisions to maintain the current lifestyle that they are accustomed to (Yakoboski, 2002). Retirement planning is also important, because it assists individuals to ask themselves the right questions that will help them to plan effectively for retirement such as; ensuring does one have enough income to meet daily needs, knowing what to do, and understand how the financial life will change at retirement stage (Connick, 2017). When one can understand the answers to these questions then individuals can make informed decisions about saving for retirement and planning for their retirement.

1.3.2 THE CHALLENGES OF RETIREMENT PLANNING

When looking to gain an in-depth understanding of retirement planning, it is important to understand that there are many challenges. According to Clark (2013), the retirement planning challenges that one can expect are; saving too little, starting too late and staying away from stocks. Another constant challenge that individuals face relates to health issues (Shenkman, 2015:70). Furthermore, Shenkman (2015) mentions that many individuals feel that health issues are only for the elderly, however, this is not the case as up to 60% of people living with chronic illness are between the ages of 18-64. This means that they have to divert resources away from retirement planning and into medical bills. It is important for individuals to start planning for retirement early and consider the health issues that may arise in the future and plan accordingly (Yeung & Zhou, 2017:1).

According to Soualhi (2017) many developed countries are rapidly ageing due to lower birth rates that have been identified, increased longevity danger as people are living longer due to the actions taken for improved lifestyle. These two factors of demographical shifts present challenges to the retirement annuity funds sustainability while the individuals are at work.

The aging population is identified to be the most affected by longevity, as it is the key element in diminishing or restricting the rising costs associated with this population, as they are imposed with extension of their working life period and the time value implications will have a negative effect on the retirement planning (Shultz & Henekes, 2010:265). Soualhi (2017) further states that in Malaysia the limited number of insurance systems devised to comply with the sharia laws, in which money is pooled and invested namely in instruments that can be utilised in the accumulation stage of the annuity product, long term instruments are recognized to be declining which causes it to be challenging to cultivate a annuity product that guarantees a stream of payments from retirement till the death of the retirees.

The longevity of individuals is just one more challenge that has arisen for individuals who are planning to retire. Life expectancy is now approaching 90, and due to this it means that individuals now have to save for longer and then last for longer on their retirement savings. In addition to this, the expenses of living longer are a heavy burden to bare, such as the increased medical expenses and living expenses (Collie, 2015).

Inadequate income in retirement is seen as a retirement planning challenge, because of the increase in life expectancy of individuals. Since, there are more years to fund for retirement with limited income that effects appropriate planning for employed individuals (Houston, 2018).

Lack of formal employment in South Africa is one of the contributing factors to retirement planning challenges as more than half of the world's workforce is employed informally in what's often referred to as the gig economy-temporary and part-time workers, contingent labour and independent freelancers. Whether workers take these jobs out of necessity or for the autonomy, variety, and mobility they offer, they're generally not well covered by the mandatory and/or voluntary retirement systems that are available to the formal sector and some offer no retirement strategies at all (Fox, Senbet & Simbanegavi, 2016:3)

Family responsibility is another factor, as many households are headed by women who have no spouses to assist them, leaving the responsibility upon them to carry the burden of having to look after their families, children and grandchildren. Furthermore, the responsibility of having to support parents and grandparents as the grant income from the government would not be enough to meet the daily needs. All these financial burdens combined, result in debt

being a big problem, which could end up disadvantaging other individuals from well-balanced retirement planning (Phipps, 2013).

1.4 PURPOSE AND OBJECTIVES

In this section, the purpose of the study and the objectives that the researchers aim to achieve through the completion of the research task will be focused on. The objectives are divided into primary and secondary objectives.

1.4.1 PURPOSE OF THIS STUDY

The purpose of this study is to determine the retirement planning challenges of black individuals who have been identified as the majority racial group in the population of South Africa. To provide better understanding of retirement planning to pre and post-retired individuals who are confronted with retirement planning decisions. To ensure they plan for a healthy beneficial retirement, the study aims to identify these challenges and present possible solutions, suggestions and recommendations to address these challenges.

1.4.2 PRIMARY OBJECTIVES

The primary objective of this study is to investigate the retirement challenges of black individuals in the Nelson Mandela Bay.

1.4.3 SECONDARY OBJECTIVES

To achieve the primary objectives of the study, the following secondary objectives have been formulated:

- i. To review existing literature on retirement planning and challenges relating to retirement planning.
- ii. To identify an appropriate methodology.
- iii. To identify an appropriate research instrument for data collection.
- iv. To analyse data collected from the research instrument.
- v. To provide summary, conclusions and recommendations to pre and post-retirees in the Nelson Mandela Bay on the retirement planning challenges of black individuals.

1.4 RESEARCH DESIGN AND METHODOLOGY

A research paradigm according to Chilisa and Kawulich (2010:1-2), is a construct or method that a researcher can use, to carry out research and investigate chosen topics. A paradigm consists of the following components; ontology, epistemology, methodology and methods. Ontology, is the study of being. It focuses on reality, specifically “what is” (Scotland, 2012:9 & Crotty, 1998:10). Epistemology is concerned with the concepts of nature and knowledge, with how information can be obtained, and how it can be transferred (Cohen *et al.*, 2007:7). The third concept is the methodology which is the strategy or plan of action which lies behind the choice and use of certain methods, therefore, it concentrates on the origins and the process of making use of the questions of “why”, “what”, “from where”, “when” and “how” the data was collected and then analysed (Crotty, 1998:3 & Guba and Lincon, 1994:108). According to Scotland (2012) there are two types of paradigms, these are namely positivistic and phenomenological paradigms. Positivistic is described as a method of research that is used to clarify relationships, as they attempt to classify causes which impact different outcomes, the main aim of positivism is to formulate laws which will create common grounds for the prediction and the generalisation (Creswell, 2009:7).

The phenomenological paradigm is directed at understanding the phenomenon from an individual’s perspective, such as investigating interactions between individuals. The individual constructs are derived and comprehended through communication between the researchers and participants (Guba & Lincon, 1994:111), which are heavily relied upon (Creswell, 2009:8). As our study is based on investigating the nature and challenges of retirement planning, that specifically focuses on the black population aimed at being the participants, it has been decided that the phenomenological paradigm will be used to conduct the research, so that the direct experience of the participants will be acquired and understood without any interference of pre-existing ideas.

There are two different types of research methods, these are namely quantitative and qualitative. Quantitative research is a procedure of conclusive research containing large representative samples that are also fairly structured in nature. Its primary purpose is to examine an idea or theory concerning the relationship between multiple variables (Struwig & Stead, 2013:3-4).

The second type of research method is qualitative. It refers in the broadest sense to research that produces descriptive data, people's own written or spoken words and observable behaviour. Qualitative researchers are more focused on the meaning that individuals attach to things in their lives. It is central to the phenomenological perspective and hence qualitative research is understanding people from their own frames of reference and experiencing reality as they experience it (Taylor *et al.*, 2015:7).

In addition to the paradigm chosen, the qualitative methodology approach has been selected to conduct the research. This is because the research topic lends itself to this method, as the participants will not be given a questionnaire to fill out as their challenges cannot be quantified in that way. Instead, they will be interviewed, so that their opinions on the challenges of retirement planning can be ascertained.

1.5.1 SECONDARY RESEARCH

Secondary research refers to sources of data and other information collected, these sources include government reports industry studies, traditional books and academic journals found at the libraries and online (Zikmund, Babin & Carr, 2013). To successfully research and gain an understanding of the research topic, different literature material will be investigated such as academic journals, online articles and academic studies obtained from the Nelson Mandela University library. Textbooks, online magazines and websites will also be used. In addition to the use of these sources, databases of academic information will be used such as Ebscohost and Emerald online database.

1.5.2 PRIMARY RESEARCH

Once the secondary research has been completed the next step will be to conduct the empirical section on the research task. Primary research is raw data that is collected first-hand rather than found in a book, database, or journal. Primary research is often based on principles of the scientific method (Driscoll, 2011:154). Furthermore, to continue researching this topic and gain a full understanding of the challenges faced by black individuals, primary data research will be carried out in the Nelson Mandela Bay area. This will be completed through interviewing black individuals in the Nelson Mandela bay area who are either pre or post-retired. It will focus on

black individuals, that are either retired or still in the retirement planning process. Interview questions will be drawn up and the answers recorded and then analysed.

1.5.2.1 Population and sample

For this section of the research, the population and sample to be used will be decided so as to be able to carry out the primary research. Population is a complete set of people with specific set of features that have been defined (Banerjee, 2010:61). The population for this study will be pre and post-retired black individuals that consist of five pre-retired and five post-retired individuals in the Nelson Mandela Bay. Sampling involves any procedure that draws conclusions measurements of a portion of the population (Zikmund *et al*, 2013:384) Struwig and Stead (2013) further mentions that sample size cannot be decided upon instantly as it may change in the research process, the purpose and goals of the study must be considered. According to Struwig and Stead (2013) qualitative research focuses primarily on the richness of depth of the data and qualitative researchers select samples purposefully. For this section of the research, the sample and data collection method will be decided to be able to carry out the primary research. The sample that that will be focused on for this research are pre-retired and the post-retired black individuals within the Nelson Mandela Bay area. Marshall (1996) further explains that an appropriate sample size for a qualitative study is one that adequately answers the research question. For simple questions or very detailed studies, this might be in single figures; for complex questions large samples and a variety of sampling techniques might be necessary. In practice, the number of required subjects usually becomes obvious as the study progresses, as new categories, themes or explanations stop emerging from the data (data saturation). The sample size is estimated to be 10 participants, 5 aimed at being pre-retired and the other 5 participants will be post-retired. The focus is on both pre-retired and post-retired individuals to measure the distinct challenges confronted by the participants before retirement, to access the cause and to also to use them as a guideline and precautionary measure for those who are preparing for retirement. Moreover, to also provide guidance and recommendations using the outcomes obtained from post-retired individuals as this will be guidance based on experience.

1.5.2.2 Sampling technique

Random selection and generalisability are identified as unimportant when conducting qualitative research, certain techniques for data collection should be selected purposefully for successful data collection (Struwig & Stead, 2013:127). There are both practical and theoretical reasons for this, as samples for qualitative studies tend to be small and it is mentioned that sampling errors of the small sample is likely to be large to an extent that biases will be unavoidable (Marshall, 1996:523).

In this study three research techniques will be considered namely; convenience, criterion and snowball techniques. Convenience sampling is the least forceful technique, it comprises a process of selecting the most accessible participants looking at where the study is being conducted, identified to be the least costly, however, research shows that it may result in poor data (Marshall, 1996:523). This technique is the most common sampling strategy for researchers, as “easy to access” participants are being selected. Both primary researchers and research synthesis must last resort to convenience sampling (Suri, 2011:71). Criterion sampling is used when researchers want to select cases using predetermined criteria to be met by participants beforehand (Struwig & Stead, 2013:129). This approach is frequently employed by research synthesis to construct a comprehensive understanding of all the studies that meet certain predetermined criteria (Suri, 2011:69). Lastly, snowball technique involves collection of information from key participants of other participants in the field of the study. “The chain of recommended informants may typically diverge initially as many possible sources are recommended, then converge as a few key names get mentioned over and over” (Patton, 2002:237; Suri, 2011:69). Struwig and Stead (2013) also mentions that the snowball technique is useful when looking for individuals who went through the same experiences as that of the key participant, hoping that they will refer their family members or colleagues who are experiencing retirement planning challenges. For this study, the snowball sampling technique will be selected as it will assist on getting accurate referrals by the first-hand participants as they would be in the retirement planning process and would potentially know others in the retirement planning process.

1.5.2.3 Data collection

Data collection method section mainly depends on the purpose of the qualitative study. Struwig and Stead (2013) mentions that there are three main elements to collect qualitative data; interviews, observation and obtrusive measures. There are three types of research interviews,

namely structured interviews, semi-structured and unstructured (Gill *et.al*, 2008:291) Structured interviews are administered questionnaires, in which a predetermined list of questions are asked with little or no variation of follow up questions and these are simple and easy to administer. Semi-structured interviews contain key questions to guide the interviewer with what to be asked next, but these allow the interviewer or interviewee to diverge into a broad way of answering the question and then narrow it down (Gill *et.al*,2008:291). According to Struwig and Stead (2013) unstructured interview is the most common type of interview for qualitative research. There are no predetermined questions to be used, the interviewer is allowed to explain in full the topic to be discussed to the interviewee in any way that would ensure that the interviewee would understand the topic and the interviewer may not lead the interviewee with any answer. Unstructured interviews do not reflect any defined theories or ideas, it is an interview that begins with a general opening question and its progress is based primarily on the initial response of the interviewee. It may be time consuming and end up with unclear findings for the study (Gill *et.al*, 2008:291).

For this study the semi-structured interview will be used as the purpose of the study is to identify and access the different challenges faced by black individuals in the Nelson Mandela Bay. The researchers intend to measure the cause and challenges based on key questions that all participants will respond to, as this will ensure a fair and successful measuring system when analysing the data collection as there would be semi-structured questions as the measuring instruments.

1.5.2.4 Data analysis

Once the data has been collated through the conduction of interviews then it will be analysed through a thematic analysis. A thematic analysis is a type of qualitative analysis that is used to evaluate classifications and certain types of themes that specifically relate to the data that has been collated (Ibrahim, 2012:39). The reason this has been chosen is that the research that has been undertaken is qualitative by nature, and therefore, the thematic analysis lends itself to this type of study and analysis of data collection. The thematic analysis will be used when the data needs to be interpreted. This data refers to the views and opinions of the black individuals on the struggles that they face when planning for retirement.

The thematic analysis can be done in various steps, according to Braun and Clarke (2006) these steps are; firstly, for the researchers to familiarise themselves with the data. This means analysing the data and transcribing it down to note initial ideas, the second step is to generate initial codes. This means generating initial feature of the ideas that have been noted from the data that was collected. The third step is to start to search for themes. This refers to sorting the codes that were formed earlier to different themes. The fourth step is to review the themes that have been drawn up. This involves the refinement of the themes that have been noted. The fifth step is to define and then name the themes that have been found. This looks at defining the essence of what each theme is and then seeing what aspect of the data each theme represents. Finally, the last step is to produce the report.

1.5 SIGNIFICANCE OF THE STUDY

The challenges that black individuals face is an important topic to focus on, this is because they face extensive challenges and there is little in the way of solutions to the challenges that they face. Therefore, through this research that will focus on pre-retired and post-retired black individuals in the Nelson Mandela Bay Area, the aim is to investigate the challenges and suggest possible solutions to these black individuals in order to help them to plan better for their retirement.

1.6 STRUCTURE OF THE RESEARCH

The study will be structured in the following way:

Chapter one will provide an introduction and a background to the study. The introduction will be followed by a discussion on the problem statement, the purpose of the study and the research objectives. Thereafter, brief description of the research design and methodology will be provided. Chapter one will then conclude with the significance of the study and the contents to follow.

Chapter two will consist of a complete discussion of the literature review, the review will provide an overview of financial planning and its components. In addition, the nature and the importance of retirement planning will be presented and the retirement planning challenges of individuals will be highlighted.

Chapter three will provide a thorough discussion of the research design and methodology to be used in this study. The population and sample will be defined and identified. Furthermore, the sampling technique and research instrument to be employed in this study will be discussed. This chapter will conclude with the methods that will be used to analyse the data.

Chapter four this will provide the relevant empirical results from the participants of the study. The demographic information of the participants will first be summarised, and the results will be presented through a thematic analysis.

Chapter five will provide a summary of the research, inclusive of the findings from the empirical research. Thereafter, conclusions, summary and recommendations will be made based on the findings of the study.

CHAPTER TWO

THE NATURE AND IMPORTANCE OF RETIREMENT PLANNING

2.1 INTRODUCTION

In this section of the treatise, the focus will fall on the two questions of what financial planning consists of, what retirement planning is and how they fit together. Therefore, it will be necessary to start off very broad by researching and elaborating on the broad topic of financial planning and then making the connection between how retirement planning falls into financial planning. Through this process an understanding will be achieved of both concepts and will further aid the treatise. Upon completion of this chapter, the first secondary objective of this study will be achieved.

2.2 FINANCIAL PLANNING IN PERSPECTIVE

According to the Certified Financial Planning Board (2018), financial planning can be defined as the process of determining whether and how an individual can meet their life goals through the proper management of financial resources. Furthermore, according to Financial Planning Institute (2018) it can also be defined as the process of developing a plan that is tailor made to achieve an individual's life goals. To fully understand what financial planning is, it is necessary to understand exactly what a financial plan is. A financial plan can be defined as; a document that sets out the goals and objectives that an individual would like to achieve and then the financial requirements that will be needed to accomplish those life and financial goals. (Financial Planning Association of Massachusetts, 2018).

The financial planning industry in South Africa is governed by the Financial Planning Institute (FPI) of Southern Africa (FPI, 2010). The FPI sets out the standards, rules and regulations that financial planners in South Africa are required to follow. The FPI was established in 1981 and was originally known as the Institute of Life and Pension Fund Advisors (FPI, 2010).

There is legislation that helps to regulate the financial planning industry in South Africa, a couple of examples of this is FAIS (Financial Advisory and Intermediary Services) and FICA (Financial Intelligence Centre Act). The FAIS Act regulates the financial planners that operate in South Africa by setting out the standards and rules they must follow when they are rendering financial services to clients (FSB, 2018). The FAIS Act does this through the implementation of the fit and proper requirements that must be met by a financial planner in South Africa. These requirements consist of experience, which can vary depending on the category of advice that is rendered. The second requirement is qualification, whereby the designation of CFP must

be acquired to independently practice financial planning. The third fit and proper requirement pertains to the regulatory examinations (Financial Services Board, 2017). The exams mentioned vary depending on what level of financial advice an individual wants to deliver to clients (Botha *et al*, 2016:59). If one is a sole proprietor, then he or she should complete the first level regulatory examination. This exam deals with the legislation that is directly binding on an FSP, also to its key individuals and its representatives. The content consists of FAIS and FICA information that is essential for the financial services provider to know. In addition, there is also a secondary level regulatory exam, this one focuses on the examining of factual knowledge that is required to render financial services. (Botha *et al*, 2016:59).

According to Banking Association of South Africa (2018), the FICA Act legislates financial planning in South Africa through the prevention of financial crime in South Africa, such as money laundering, tax evasion, and terrorist activities. According to Nedbank (2018) it achieves this through compelling a financial planner to disclose certain financial information about their clients that is necessary. This information can refer to, any amounts that are above the prescribed limits, any information that may lead the financial planner to believe that the client could be involved in questionable activities, such as financial terrorism, if the financial planner notes in any suspicious or unusual transactions, then they are charged with notifying FICA immediately. Additionally, if the client is behaving in a mysterious or secretive manner and is reluctant to provide information relating to the transactions that they want completed, then the financial planner should inform the FPI.

2.2.1 THE NATURE AND IMPORTANCE OF FINANCIAL PLANNING

Financial planning is comprehensive in nature, since the financial planning decisions made, originate from qualitative and quantitative personal financial information. It is also considered continuous, because it requires updates due to developments in an individual's personal life (Maglio, 2011). These developments could be events such as marriage, the birth of a child, death in the family and/or major purchases such as property (Maglio, 2011).

Due to its continuous nature, financial planning needs to be done in a comprehensive manner with all the relevant aspects considered (Triton Financial, 2018). What is required for comprehensive financial planning is a plan that contains a detailed review of an individual's financial facets. This includes cash flows, investment planning, retirement planning, tax planning, and estate planning and risk management. It also requires an individual to define their financial goals and objectives and to analyse their present situation (Triton Financial, 2018). It

is also stated that a comprehensive financial plan is a financial plan that consistently accumulates wealth and while doing so, effectively manages the risk that is associated with the accumulation of that wealth, an example of these risks are poor health, death and injury (Lund, 2016).

Financial planning is a useful process to implement because it carries with it numerous benefits when done correctly. These benefits are for example, buying a car, furthering one's education, buying a house, planning for one's marriage and retirement (FPI, 2018). The need for financial planning arises when an individual wants to meet their financial goals and their life goals (Balakrishnan, 2014). However, before one can achieve their goals through financial planning, it is important that they define their financial goals first, as financial goals need to be clear and attainable for them to be achievable. (Blanchette, 2014:42-50).

There are various reasons as to why financial planning is important. According to Clark (2016), financial planning is important because; it can accelerate an individual's savings for retirement and other financial needs. The second reason is that it instils confidence in one's financial situation. Furthermore, a client gains a peace of mind that their financial situation is a positive one, as a financial plan can help a client to live comfortable financially and it can help one to reach their individual financial goals.

Financial planning is a necessity because it ensures that the right amount of money that is needed for an important lifetime event is available. It also helps individuals to keep track of their finances in a comprehensive manner by basing the financial plan made on the individual's risk profile and it allows individuals to control the financial situation they are in. (Balakrishnan, 2014).

2.2.2 THE SIX-STEP FINANCIAL PLANNING PROCESS

Comprehensive financial planning can be carried out through the six-step financial planning process and retirement planning is a part of these six steps, therefore, it is necessary to explore these steps to see how they contribute a better planned retirement (CFPB, 2018). The six-step financial planning process refers to the process that financial planners follow when they are dealing with clients. These six steps are; establish and define the relationship with the client, collect the client's information, analyse and assess the client's financial status, develop the financial planning recommendations and present them to the client, implement the client's

financial planning recommendations and finally review the client's situation (Financial Planning Services Board, 2018).

According to Lamprecht, (2017), the first step of the financial planning process entails establishing a relationship with the client. This step focuses on obtaining relevant information about the client so that the financial planner can determine if he or she is able to help the client meet their financial requirements. In addition, the scope of the financial relationship between the client and the financial planner can be defined, in terms of what each party can expect from each other. (Financial Planning Services Board, 2018).

In the second stage of the financial planning process, the financial professional collects qualitative and quantitative information about the client. Through this information the professional then determines their financial goals and objectives and how the clients will be able to achieve these goals and objectives, according to the individual's financial position (FPSB,2018).

During stage three, the financial planner performs a more in-depth financial analysis of the client's financial position to determine the financial strength of the individual. Based on this the professional will be able to determine what the clients will be able to achieve in the short and long-term horizons (FPSP,2018).

The forth step is to develop a financial plan for the client so that it is possible to achieve the desired objectives with the client's available financial resources (Cull,2009:27). The client's objectives could be to have adequate savings for their retirement life and it could be achieved by the financial planner utilising extra income to invest in a retirement annuity, therefore, the financial planner analyses financial needs and goals and then uses the available resources to satisfy these needs and goals (Cull,2009:27).

The fifth stage of the financial planning process is the action stage and it involves taking the plan and putting it into action. It commences with the financial planner obtaining written permission from the client to implement the recommendations and then to also identify the responsibilities of both parties involved (Cull,2009:27).

The final stage of the financial planning process is a continuous one and refers to reviewing the client's financial position and determining whether they are reaching their financial goals and objectives (Cull,2009:27).

2.3 THE COMPONENTS TO FINANCIAL PLANNING

Financial planning can be divided into different components, these are namely; personal financial planning, investment planning, tax planning, risk management, estate planning, corporate financial planning, retirement planning (Mishra, 2015:89). To understand these different components is essential to understanding financial planning.

2.3.1 Personal financial planning

Personal financial planning can be defined as handling personal financial affairs in a responsible manner, so that one can best benefit from financial assets and achieve short-term and long-term financial objectives (Munohsamy, 2015). Furthermore, personal financial management is important because it allows individuals financial freedom and security, while also providing provisions for future life, such as, retirement (Munohsamy, 2015).

2.3.2 Investment Planning

According to Old Mutual (2016), investment planning focuses on the management of an individual's investment affairs. Investment planning includes detailing the client's risk profile, by ascertaining how willing they are to take risks when investing. This can be achieved by asking the client by means of a risk questionnaire and evaluating the time frame for investments to see how much risk can be afforded (Freudenberg, 2018:35).

2.3.3 Tax Planning

The third component, tax planning, refers to the taxpayer's capacity to arrange his financial activities in such a manner as to suffer a minimum expenditure in taxes (Mgammal, 2015:351-352). According to Bruwer *et al*, (2017:2), there are many different types of taxes that an individual can pay these include; income tax, capital gains tax, value added tax, excise and customs duty tax and local authority tax. Therefore, due to these taxes, there are many benefits to implementing effective tax planning. These benefits are the ability to synch tax investments better with income flows, an individual can avoid wasting time with tax administration, the tax planning of an individual compliments their financial plan and one can be sure that they are paying the right amount of tax and therefore avoid over or under paying taxes.

2.3.4 Risk Management

The fourth component is risk management, which refers to identifying of risks that can potentially negatively affect an organisation or an individual and then bringing them under control to ensure that everything works in an efficient process (Ennouri, 2013:289-290). Risk

can be broken down into different types; variability, foreseeable uncertainty, unforeseeable uncertainty and chaos (Junior,2013:66). According to Junior (2013:66), variability risk refers to random variables that surround the known cost and time frame. However, foreseeable uncertainty is defined as when there are a few predictable factors around a specific event that can be planned for with contingencies. Unforeseeable uncertainty is when there are factors that exist that concern the event but cannot be determined and therefore, cannot be planned for. Finally, chaos refers completely unpredictable factors. Risk is related to retirement planning as there is always a risk that the plans being implanted may not work exactly to the expectations of the individual planning for retirement (Ennouri, 2013:289-290).

2.3.5 Estate Planning

Estate planning can be defined as the arrangement and management of an individual's estate so that, that individual and their beneficiaries are able to continue enjoy the assets of that estate during his or her lifetime and after it (Botha *et al*, 2017:830). The objective of estate planning is to produce a plan that is part of a continuous process, this stated process must ensure that the client's financial affairs are structured to enjoy maximum benefit from assets and ensures maximum use for any beneficiaries of the estate (Botha *et al*, 2016:491). This estate plan must also be cohesive with any other financial plans that the client has such as retirement plans and investment plans, so that maximum benefit can be enjoyed by their beneficiaries (Botha *et al*, 2016;491).

2.3.6 Corporate Financial Planning

Corporate financial planning refers to the activity of managing the finances of a business rather than just an individual or individuals, it is solely for businesses rather than for individuals to use. Corporates use financial planning to achieve growth through obtaining loans for example. They also use it to achieve their own financial goals and objectives (Andres, 2014:80-92). For the purposes of this research though the focus will be on personal financial planning because the topic is focused on specific individual's retirement planning actions and not of companys.

2.3.7 Retirement Planning

Retirement can be defined as the exit for a working individual from the workforce (Froidevaux, 2017:3). While retirement planning can be thus described as a development process, where an employed individual explores different important retirement factors; such as where will they

stay, how much will they need and what type of life-style they will want to live in the future (Froidevaux,2017:3). Retirement planning is not only the responsibility of the pre-retiree, but also responsibility of the financial planner that is offering financial services to the respective clients. Clients trust financial planners to craft their way towards financial planning, as they want retirement stage to be at their best interest they want to be guided by qualified experts in the field to keep up with forever changing financial factors and indicators. Therefore, financial planners also need to keep up to date with the financial trends and developments (Yakoboski, 2002). To do so, financial planning institutions may need to consider several unique ideas to expand their financial planning practice; appointing a daily money manager through aligning to associate with the firm, as it would not be cost effective for the financial planner to provide other basic services that could be done by someone to save the time and resources of the financial planner dedicated to the main value activities. Engage a social worker or life coach to help counsel a client as the transition from working life to retirement may be difficult, a dedicated planner will not only be concerned about the financial issues but to also assist clients with non-financial issues that have major impact on financial decisions (Sigler, 1998). This is to differentiate financial planner in the market, by offering advanced service for the clients to see the importance of consulting financial planners. Order and distribute the financial self-defence guide for seniors, dispensing unbiased industry brochures is yet another way to help retired clients to be aware of any fraudulent activities of unethical practises on the part of financial of financial advisors. These measures help retirees, for them to make informed decisions and to prevent poor decision making, they also improve the value of the service offered by the financial advisors as to differentiate financial planner's service offering from the competitors (Tacchino, 2017:9).

2.4 DEFINING RETIREMENT PLANNING

The practice of retirement planning is more than simply trying to maximise the rate of return in a portfolio or considering the value of starting a savings plan early in one's career. Careful consideration should be given to how to save for retirement and ensuring that all options are evaluated when planning for retirement. Retirement planning is intertwined with all other aspects of financial planning including tax, estate cash flow, insurance, and overall investment planning, as retirement planning takes into account taxes and other financial products that one already has and link the different aspects to meet the individual's financial needs at the stage of retirement. (Rosenfeld, 2017:14).

Below, are definitions of retirement planning obtained from different sources, followed by integrated summarised definition after considering the definitions from different sources.

Table 1.2: Definition of retirement planning.

No.	DEFINTIONS	SOURCES
1.	The process of ensuring one has sufficient resources for retirement through the implementation of a strategy that takes into account the amount of resources needed for retirement and how much will be available.	Botha <i>et al.</i> (2017:965).
2.	Retirement planning is the process of setting goals for your retirement years and then creating a plan to fulfil those goals.	Timmermann (2016:33)
3.	Retirement planning can be a representation of what form the individual would like their retirement to take.	Ekerdt <i>et al.</i> (1996:142)

Researcher own construct

Therefore, after considering the above definitions, retirement planning can be defined as a planning process of taking responsibility of planning for retirement by making savings, contributing towards retirement funds that will pay-out at the retirement stage. By doing this, it is to ensure there is enough financial security and retirements expectations of the individuals that had prepared for retirement can be met after retirement. Retirement planning can take many forms namely; non-compulsory and compulsory retirement funds and is more effective when it is tailored to an individual's needs (Botha *et al.*, 2017; Timmermann, 2016; Ekerdt *et al.*, 1996)

Wang (2017:44) poses to pre-retirees 10 ways to ensure a well-planned retirement life; assessing the assets, boosting the savings, considering longevity, understanding spending, design retirement life, stress test the finances, review social security options and choosing a sustainable withdrawal rate and lastly simplifying the finances. Through the implementation of these 10 ways to ensure a well-planned retirement life, individuals can eliminate or reduce the negative effects of retirement planning challenges by ensuring that they have adequate savings,

utilise effective budgeting and use of assets and choose an appropriate withdrawal rate of retirement income Wang (2017:44).

2.5 RETIREMENT IN PERSPECTIVE

The plans individuals employ before retirement could influence them, specifically their well-being and financial security at the retirement stage. Concerns pertaining to retirement planning have grown more complex in recent years, therefore, many individuals have shifted away from retirement planning due to how expensive it can be without assessing how beneficial it is in the long-term.

Research shows organisations and society cannot afford for individuals to retire, as the employees who are approaching the retirement stage are found to be the employees that are skilled enough to successfully deliver to the goals and objectives of the organisation than those who are new employees (McManus, Anderberg & Lazurus, 2007:484). While organisations are not prepared to lose the experienced employees, who are due for retirement, employees are also not ready, as the retirement may also not be in their best interest to retire (Stringfield, 2006:40).

Many employers have been on the process of implementing new work systems that will ensure skilled and experienced employees are retained in the organisation, the new system that was created to suit both the employer and the employees that are not ready for retirement was found to be “phased retirement” a term used to define work hours arrangements between the employee and the employer, that focuses on limiting the working hours over a period time as a transition towards retirement. However, these arrangements are conditional as the employee would need to meet certain requirements namely; age, service delivery or any other set out by the employers (Moran, 2012:68; Shutz & Henkens, 2010: 270). Table 2.1 below discusses retirement from two different sources and lastly the researcher provided a summarised definition derived from the definition on the table.

Table 1.1: Definitions of retirement

No.	DEFINTIONS	SOURCES
1.	Defined as the time when one's main source of employment ends	Botha <i>et al</i> , (2017:980)
2.	Retirement means complete withdrawal from the labour force, while for others it entails remaining partly or even fully active in the labour market.	Bowlby (2007:16)

(Researcher's own construct)

Therefore, retirement can be described as a stage when an individual decides to stop full time work and enjoy the benefits if one did plan for it accurately while at work (Botha *et al*, 2017; Bowlby, 2007). However, the changing nature of retirement has been prominent. Traditionally, retirement has been described as a distinct and unexpected discontinuation of paid employment, however, the contemporary nature of retirement has changed into multiple systems (Beehr & Bennett, 2007) where some older workers are affected by the process of transition from work to retirement stage, as they were used to receiving source of income monthly to meet their daily needs. This has changed over the past years as many individuals have realised how the nature of retirement has transformed into a challenge (Soualhi, 2017) where individuals are compelled to continue working during their years of retirement. Wang *et al*, (2009) further mentions there is an increasing number of older workers who continue to extend their working lives through the “bridge employment” process of which employees work for pay long after retirement from their long-term permanent employment (Beehr & Bennett, 2014). This can be considered as form of incomplete retirement transition from full work to full retirement.

Force withdrawal has direct consequences for policies of individuals working or available for work service. The changing nature of the retirement process increases the need of relating to more than one branch of knowledge on employees' late career in terms of what are their retirement goals. Lee *et al* (2017) further mentions that understanding workers' goals towards retirement is important. This will enhance better understanding of how retirement is not only connected to availability of financial services and health but to also the work environment conditions, relations with employer and the value created by the employee at work. Furthermore, conditions at home have greater impact on retirement, as many bad conditions at home being lower levels of income, bad monthly budgets which often lead to depressions and

lead employees to taking their retirement packages even when they are not ready for that stage (Shultz & Henkens, 2010:266).

Employers have also been found to have major impact on retirement decisions of their employees, as they are key players in defining retirement prospects of employees. Therefore, the policies of allowing employees to delay retirement is highly dependent on organisations and its policies relating to retirement. (Shultz & Henkens, 2010:267). The human resources department in organisation has been identified to have a major role in determining retirement stages as one of their objectives, is to reward and retain the best talented employees. Armstrong (2008) mentions that there are human resource policies that are aimed at prolonging the labour force participation of mature workers either by ensuring that they consider late retirement or post-retirement employment. This strategy by human resources focuses on promoting “pro-work” policies as the employees that are close to retirement stage are more experienced and are experts in their fields. Their departure leaves new labour force with less experienced subordinates in their work environments who could offer some sort of mentorship and guidance to new labour ensuring there is good input towards organisational goals and objectives. Therefore, this encourages mature workers to continue working beyond their traditional retirement age (McNamara, Sano, & Williamson, 2011; Shultz & Wang, 2011:280).

Research shows that these policies have been successful in retention policies and practices that ensure employees are retained by remaining employed and engaged within the organisations (Today's Research on Aging, 2012). This works perfectly for certain organisations struggling with talented labour force that is demanded in many organisations. As it presents short-term solutions to the shortage in skilled labour force, it is not yet the main solution as these employees may at anytime decide to retire. Therefore, it remains being the duty of the human resource department to ensure these policies are not only at the advantage of the organisation but also at the advantage of the employees (Lee *et al*, 2017:456).

Another aspect to be considered is how mature employees are perceived and treated at different organisations as this could influence their retirement intentions and patterns. Research shows that there are push factors which could lead employees to early retirement, that have been identified from the employee perspective which are; low job satisfaction, age, length of service and stress (Oakman & Wells, 2013:989).

2.6 RETIREMENT PLANNING RELATED CHALLENGES

Numerous challenges relating to retirement planning at a societal, organisational, and individual level have been recognised as the driving forces behind the re-invention of retirement planning (Sargent *et al*, 2013:5). These include life expectancy, labour force composition, regulations around mandatory retirement age, typical pension and superannuation plans, and re-imagining of life post retirement. These challenges are; increased longevity and health, which involves delaying the impact of age-related effects on employees' physical and cognitive capacity related to work (Wang & Shultz, 2010) and creating much longer period spent in retirement before death (Christensen *et al*, 2009).

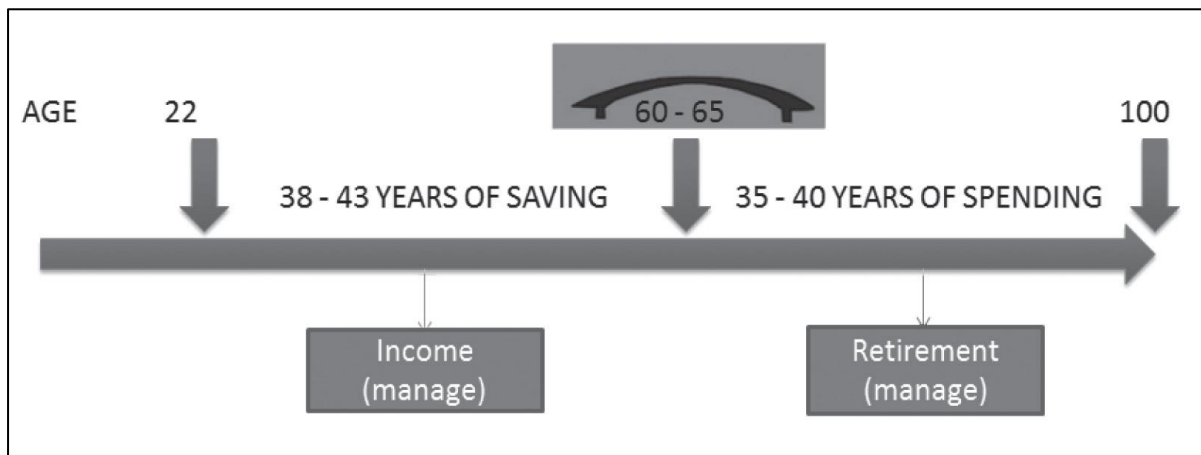
Moreover, retirement planning presents challenges through having to prepare to adjust to a new life-style which can lead the retiree to experience negative scenarios such as; boredom, economic plight, ill health and death (Amune, Aidenojie & Obinyan, 2015:233). In addition, financial literacy is critical to implement successful retirement planning, because the individual needs to have an understanding how to plan effectively for retirement through the use of different strategies. therefore, it can be concluded that if an individual experience a lack of financial knowledge then that individual will struggle to implement sound retirement planning (Meir, Mugerman & Sade, 2016:75). Furthermore, a lack of income to set aside provisions for retirement is a challenge that hinders individuals in carrying out effective retirement planning (Onduko, Gweyi & Nyawira, 2015:209). Another prevalent factor proves to be a challenge for retirement planning, is having to support dependants such as family members before and after retirement which results in diminishing an individual's ability to save for retirement (Fadila & Alam, 2016:113).

2.7 STAGES IN RETIREMENT PLANNING

Figure 2.1 below shows the timeline:

The following figure illustrates the time line of retirement planning, at the start the individual begins to save for retirement, which carries on between 30-40, then at the age of 60 to 65 the individual retires from which they have 35-40 years of spending during retirement before death.

Figure: 2.1: Timeline of retirement stages



Source: Adapted from Koning & Harbour (2013:89)

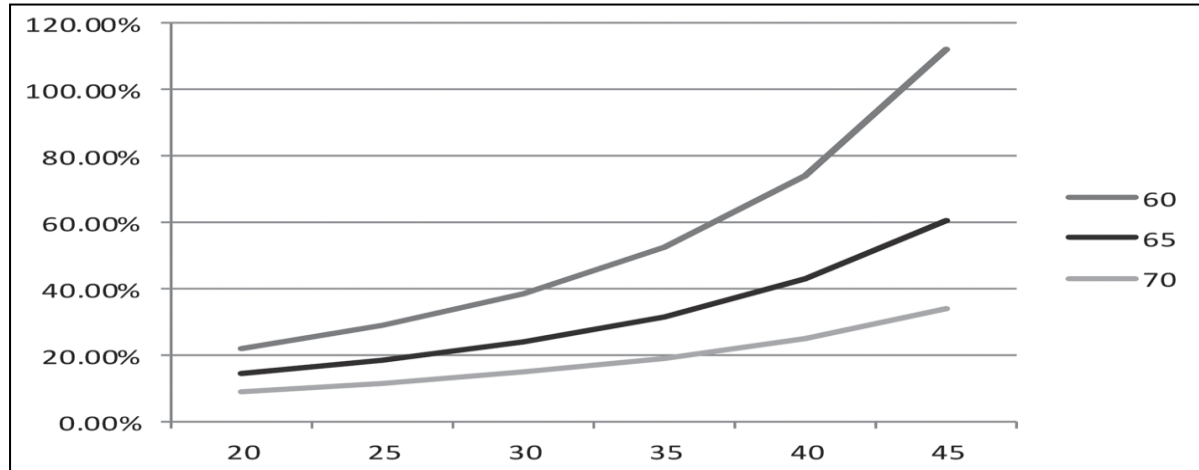
Planning for retirement is recommended to take place as early as possible, rather than starting late only when one is approaching retirement age. Starting to save for retirement late shortens the first and essential part of any retirement plan; saving. The importance of starting to save early is well-known, but since most individuals begin with low levels of income, they might consider visiting a financial planner not worth their while. Young individuals may not view saving as much of a priority. At retirement, financial planners must craft a clear picture of the future, with cautious planning of future expenditure, since there is usually no further income that accrues apart from the return on pre-retirement investments (Lim, 2003). At the point of retirement age, future expenditure can be projected to determine how much will be needed in the years of retirement, even though this stage is sometimes slow as it may require a few more years for someone to move completely out of workforce. The third part which is mostly neglected, is the post-retirement stage, where planning and monitoring takes place. Although this is an important stage, less attention is required if future income is guaranteed and that future income will maintain its purchasing power (Koning & Harbour, 2013:89).

2.8 THE COST OF EARLY RETIREMENT

Koning and Harbour (2013) further mentions that retiring early has its own consequences, such as having less time to save for retirement. Secondly it creates more time for spending. While delayed retirement improves long term financial security, helps by having enough time to contribute to the retirement savings. Figure 2.2 below points out the effect of starting to save early for retirement and retiring at a later stage.

Figure 2.2: Percentage saving required: Start age vs. retirement age

The left axis denotes the amount of savings required vs the starting age of retirement planning.



Source: Adapted from Koning & Harbour (2013:104)

The percentage saving required at starting age and the retirement age are a set of figures that need to be communicated to working individuals and financial planners for them to see the benefit of starting early with savings for retirement. In summary, it is cost effective to start saving earlier for retirement and retire at a later stage, as this may lead to a financially safe retirement for an individual, as they have more funds to last them for a shorter amount of time.

2.9 SUMMARY

In this chapter, financial planning was contextualised, whereby the financial planning components were discussed, through the analysis of the six-step financial planning process.

The challenges of retirement planning were focused on to give an idea of what challenges an individual can expect when undertaking retirement planning and what challenges black individuals may experience. Retirement planning was also one of the main elements discussed and the chapter highlighted the importance and benefits of starting early saving for retirement and stages involved in retirement planning. The next chapter is chapter 3, which sets out the research design and methodology of the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Chapter two of the study provided a discussion of the literature pertaining to financial planning and retirement planning. This chapter will provide an overview of research design and methodology of how the study will be conducted.

This chapter will commence with an overview of the research design and methodology that was applied for conducting this study. In addition, this will be followed by a discussion on the data collection process that includes both secondary data and primary data collection. This chapter will then outline the data analysis procedure that will be undertaken and will be then followed by the summary of the chapter. Therefore, this chapter will achieve the second and third secondary objective of this study.

3.2 RESEARCH PARADIGM AND METHODOLOGY

A research paradigm according to Chilisa and Kawulich (2010:1-2), is a construct or method that a researcher can use to carry out research and investigate chosen topics. Additionally, it can be defined as a set of common beliefs that two researchers share together about how a research problem should be approached and understood (Salma, 2015). Kivunja and Kuyini (2017:260) further mentions that it is the lens through which a researcher looks at the world. It is the conceptual lens through which the researcher examines the methodological aspects of their research project to determine the research methods that will be used and how the data will be analysed. Guba and Lincoln (1994) who are leaders in the field of research define a paradigm as a basic set of beliefs or worldview that guides research action or an investigation.

A paradigm consists of four components which are namely; ontology, epistemology, methodology and methods. Ontology is understood to be the study of being. It focuses primarily on reality, specifically “what is” (Scotland, 2012:9; Crotty, 1998:10). Furthermore, it focuses on what assumptions must be concluded so that one can decide on what is real or not (Kivunja & Kuyini, 2017:27).

Epistemology is concerned with the concepts of nature and knowledge, with how information can be obtained, and how it can also be transferred (Cohen *et al.*, 2007:7). According to Kivunja and Kuyini (2017:27), it also refers to how the researcher came to know the knowledge of the study that is under investigation. The third concept is the methodology, which is the strategy or plan of action which lies behind the choice and use of certain methods. Therefore, it concentrates on the origins and the process of making use of the questions of “why?”, “what?”, “from where?”, “when?” and “how?” the data is collected and then analysed (Crotty, 1998:3; Guba & Lincon, 1994:108). The final concept is method, this refers to the specific techniques to gather and understand data. The methodology provides a suitable framework that allows the researchers to carry out a qualitative or quantitative form of study (Hyett, 2014:4). Moreover, according to Igwenagu (2016:5), it can be described as a theoretical analysis of the methods that have been utilised within a field of research, it also comprises of the systematic techniques that are used when undertaking the research, it acts as a guide for the researcher to follow when setting out the study and completing it.

According to Scotland (2012) there are two different types of paradigms, these are namely positivistic and phenomenological paradigms. Positivistic can be described as a method of research that is used to clarify relationships, as they attempt to classify causes which impact different outcomes. The main aim of the positivistic research paradigm is to formulate laws which will create common grounds for the prediction and the generalisation of the outcomes (Creswell, 2009:7). Moreover, it is said that positivistic paradigm contains four different assumptions, and these are determinism, empiricism, parsimony and generality (Dash, 2005).

Determinism can be described as the school of thought that if all things remain the same, there is only one way in which an event can turn out (Muller & Placek, 2016:219). Empiricism can be defined as knowledge that has been entirely obtained from a human’s experience with their senses (Hossain, 2014). According to Sober (1981:145), parsimony focuses on the omission of knowledge that is not related to what is being researched or that which is not relevant. Finally, generality is concerned with the fact that there is a necessity for principles when an individual is deciding on something (Khazaei, 2011:1).

Phenomenological research paradigm focuses on the descriptive first-hand experiences of individuals in everyday life. It strives to see the essence of what it is like to experience something, rather than measure it in a standard quantifiable way, such as through numbers and

standard definitions of whatever is under investigation (Hirsch-Eddles, 2015:251). As the study is based on investigating the nature and the challenges of retirement planning, that specifically focuses on the black population which is the intended sample population, it has been decided that the phenomenological paradigm will be used to conduct the research, so that the direct experience of the participants will be acquired and understood without any interference of pre-existing ideas.

When undertaking a research task, there are two different methods that are available to a researcher, these methods are namely; quantitative and qualitative (Hammarberg, 2016:498). It is important to distinguish between the two because the nature of the research task, will determine which method has to be used (Hammarberg, 2016:499). Therefore, quantitative research can be defined as a procedure of conclusive research containing large representative samples that are somewhat structured in nature. It has a primary purpose of examining an idea or theory that concerns the relationship between multiple variables (Struwig & Stead, 2013:3-4). Moreover, it can be defined as the numerical depiction of data that is gathered with the purpose in mind of analysing that numerical depiction to make summations (Sukamolson, 2011:2). In addition, there are different types of quantitative methods such as survey research, correlational research, experimental research and casual-comparative research (Sukamolson, 2011:2).

The second type of research method is qualitative. It refers to research that produces descriptive data, specifically individuals' own written or spoken words and observable behaviour. Qualitative researchers are more focused on the meaning that individuals attach to things in their lives. It is central to the phenomenological perspective and hence qualitative research is understanding people from their own frames of reference and experiencing reality as they experience it (Taylor *et al*, 2015:7). The word qualitative implies an emphasis on the qualities of entities and on processes and meanings that bare not experimentally examined or measured in terms of quality, amount, intensity or frequency. Qualitative research focuses on stressing the socially constructed nature of reality, as it seeks answers to questions that stress how social experience is created and given meaning. (Norman *et al*, 2008).

In addition to the paradigm chosen, it is found that the qualitative method of gathering data is best suited to achieve the current research task. This can be said because the research task does not have respondents filling out questionnaires, but rather participants who will be interviewed,

to gain their thoughts, feelings and experiences on how retirement planning challenges affect them. This information cannot be gathered through a questionnaire.

3.3 DATA COLLECTION

The data collection method refers to the process of obtaining the information that is needed for the research problem to be answered (Research Methodology, 2018). Furthermore, according to Research Methodology (2018), the data collection can be divided into secondary data collection and primary data collection.

3.3.1 SECONDARY RESEARCH

To successfully research and gain an understanding of the research topic, it is required that many different types of literature material are collected and then investigated, such as academic journals, online articles, academic studies obtained from the university library, textbooks, online magazines and websites. In addition to the use of these sources, databases of academic information will be used such as EbscoHost and Emerald online. Both national and international data will be acquired through the library facilities of the Nelson Mandela University to attain information relating to retirement planning. Once this has been done, then the information will be used to conduct a literature review.

3.3.2 PRIMARY RESEARCH

Once the secondary research has been completed, the next step will be to conduct the empirical research of the study. This will be completed through interviewing black individuals throughout the Nelson Mandela Bay Area, who are either in pre or post retirement. The findings of the secondary research will help to shape the questions that will be asked to the participants.

A data collection method section mainly depends on the purpose of the qualitative study. Struwig and Stead (2013) mentions that there are three main elements to collect qualitative data; interviews, observation and obtrusive measures. There are three types of research interviews, namely structured interviews, semi-structured interviews and unstructured interviews (Gill *et.al*, 2008:291). Structured interviews are administered questionnaires, in which a predetermined list of questions are asked with little or no variation of follow up questions and these are simple and easy to administer. Semi-structured interviews are made up

of key questions to guide the interviewer with what to be asked next, but these allow the interviewer or interviewee to be led into a broad way of answering the question and then after narrows it down to more narrow set of questions (Gill, *et al.*, 2008:291). According to Struwig and Stead (2013), an unstructured interview is the most common type of interview for qualitative research. For this study, the questions will be open ended to allow the interviewee the opportunity to fully express their opinions without being influenced by the interviewer in anyway. Unstructured interviews do not reflect any defined theories or ideas, it is an interview that begins with a general opening question and its progress is based primarily on the initial response of the interviewee. It may be time consuming and end up with unclear findings for the study (Gill, *et al.*, 2008:291). For this study semi-structured interview will be used as the purpose of the study is to identify and access the different challenges faced by black individuals in the Nelson Mandela Bay. As it is desired to measure the cause and challenges based on key question that all the participants will respond to, this will ensure fair and successful measuring system when examining the data collected.

3.3.2.1 Population and sample

Population is a complete set of people with specific set of features that have been defined (Banerjee, 2010:61). The population and sample of this study is black individuals who are either pre or post-retired in the Nelson Mandela Bay, five being pre-retired and five being post-retired. According to Struwig and Stead (2013), qualitative research focuses primarily on the richness of depth of the data that has been collected and qualitative researchers select samples purposefully. To be able to conduct comprehensive research, pre-retired and the post-retired black individuals within the Nelson Mandela Bay area will be considered as the population of this study.

Struwig and Stead (2013), further mentions that sample size cannot be decided upon instantly as it may change in the research process, as the purpose and goals of the study must be considered. Marshall (1996) further explains that an appropriate sample size for a qualitative study is one that adequately answers the research question. For simple questions or very detailed studies, this might be in single figures; for complex questions, large samples and a variety of sampling techniques might be necessary. In practice, the number of required subjects usually becomes obvious as the study progresses, as new categories, themes or explanations stop emerging from the data (i.e. data saturation).

The ideal sample size is ten participants, this is because five of the participants will be pre-retired and five will be post-retired individuals. In addition, this format has been chosen because it will allow the researchers to determine the challenges that are faced while planning for retirement, and then also to obtain suggestions from the post-retired individuals, to serve as a caution for individuals who have not reached retirement yet and for the proposal of recommendations when planning for retirement.

3.3.2.2 Sampling technique

Sampling can be described as a procedure that draws conclusions from measurements of a portion of the population (Zikmund *et al*, 2013:384). As it is not possible to interview every black individual within the Nelson Mandela Area, it is necessary to select a sample. It is suggested that there are steps to follow, these are; clearly define your target population, select your sampling frame, choose the sampling technique, determine the sampling size and collect the data (Taherdoost, 2016:19).

Unsystematic selection and generalisability are identified as unimportant when conducting qualitative research, certain techniques should be selected purposefully for a successful data collection procedure (Struwig & Stead, 2013:127). There are both practical and theoretical reasons for this, as samples for qualitative studies tend to be small and so it is mentioned that sampling errors of the small sample is likely to be large to an extent that biases will be unavoidable (Marshall, 1996:523).

In this study three research techniques will be considered namely; convenience, criterion and snowball. Criterion sampling is the least forceful technique, it comprises a process of selecting the most accessible participants. This is achieved by focusing on where the study is being conducted, it is identified to be the least costly method however research shows that it may result in poor data (Marshall, 1996:523). This technique is the most common sampling strategy for researchers, as “easy to access” participants are being selected. Both primary researchers and research synthesis must as a last resort use convenience sampling (Suri, 2011:71). Criterion sampling is used when researchers want to select cases using predetermined criteria to be met by participants beforehand (Struwig & Stead, 2013:129). This approach is frequently employed by research synthesis to construct a comprehensive understanding of all the studies that meet certain predetermined criteria (Suri, 2011:69). Lastly, snowball technique involves collection of information from key participants of other participants in the field of the study.

“The chain of recommended informants may typically diverge initially as many possible sources are recommended, then converge as a few key names get mentioned over and over” (Patton, 2002:237; Suri, 2011:69). Struwig and Stead (2013) also mentions that snowball this technique is useful when looking for individuals who went through same experience with that of the key participant, hoping that they will refer their family members or colleagues who are experiencing retirement planning challenges and that is why between the three sampling techniques of convenience, criterion and snowball, snowball sampling will be selected. This will assist on getting accurate referrals by the first-hand participants and they would be in the retirement planning process as they would know each other.

3.4 DATA ANALYSIS

Once the data has been collated through the conduction of interviews then it will be analysed through a thematic analysis. A thematic analysis is a type of qualitative analysis, it is used to evaluate classifications and certain types of themes that specifically relate to the data that has been collated (Ibrahim, 2012:39). There are advantages to using a thematic analysis, these are; the approach allows the researchers to adopt a very flexible approach when analysing the data collected and it can also be modified (Nowell, *et al*, 2017:2).

The reason this has been chosen is that the research that has been undertaken is qualitative by nature, and therefore the thematic analysis lends itself to this type of study and analysis of data collection (Vaismoradi, 2016:100). The thematic analysis will be used when the data needs to be interpreted. This data refers to the views and opinions of the black individuals on the struggles that they face when planning for retirement. The thematic analysis can be done in various steps, according to Braun and Clarke (2006) these steps are; firstly, to familiarise oneself with the data. This means analysing the data and transcribing it down to note initial ideas, the second step is to generate initial codes. This means generating initial feature of the ideas that have been noted from the data that was collected. The third step is to start to search for themes. This refers to sorting the codes that were formed earlier to different themes. When conducting the empirical review, the notable themes and information that present themselves will be coded to help make the study more reader friendly. Coding the data refers to organising raw data so that underlying messages in the research can become clearer to the researcher and the reader (Theron, 2015:4). Furthermore, for this study the template coding method will be used, in this method the researchers define the codes themselves by analysing the data and

assigning it a unique template for a code (Blair, 2015:19). This method complements the research task as it is specifically for qualitative studies (Blair, 2015:14). The fourth step is to review the themes that have been drawn up. This involves the refinement of the themes that have been noted. The fifth step is to define and then name the themes that have been found. This looks at defining the essence of what each theme is and then seeing what aspect of the data each theme represents. Finally, the last step is to produce the report.

Moreover, according to Vaismoradi (2016:103) there are different stages to the thematic analysis such as; initialisation which looks at reading and then highlighting the meaning of the data, construction which refers to labelling and translating the data, rectification which is relating themes to establish knowledge and finally, finalisation this is developing the overall storyline for the research.

3.4.1 Rigour and trustworthiness

If the idea of testing is seen as a way of information elicitation, then the most important test of any qualitative study is its quality (Golafshani, 2003:562). In the research process, rigour means quality and by increasing rigour, it addresses the issues of reliability and validity. Trustworthiness refers to a demonstration that evidence that has been obtained from the results of the study is reliable and that the argument of the study is based on credible facts (Struwig & Stead, 2013:136). There is no set way to determine rigour in qualitative research, as it can vary depending on the qualitative approach (Struwig & Stead, 2013:136). Lincoln and Guba (1985) further mentions “how can an inquirer persuade the audience that the research is findings are worth paying attention to?” To answer this, Healy and Perry (2000) declare that the quality of a study in each paradigm should be judged by its own paradigm’s terms, therefore as validity and reliability are essential criterion for quantitative. In qualitative paradigm the terms credibility, confirmability, transferability and dependability are to be the essential criteria for quality (Lincoln & Guba, 1985:490; Struwig & Stead, 2013:137).

Regardless of the way a research task is being conducted, rigour and trustworthiness must be established to ensure that the research is reliable and of a good standard (Cypress, 2017:253). Therefore, to define the concepts of trustworthiness and rigour it can be said that rigour is simply the act of being very exact, precise or careful when performing an activity, while trustworthiness refers to the quality and the legitimacy of the findings of the study (Cypress, 2017:254). Moreover, it is necessary to also refer to reliability, in a qualitative context this

refers to achieving exact replicability for processes and results (Leung, 2015:325). Additional important concepts are; credibility, transferability, dependability, authenticity and reflexivity (Shenton, 2004:64-71) these concepts will be elaborated on for further understanding. It is further stated that the quality of research can be evaluated with the following criteria; clarity which focuses on whether the research makes sense, credibility, communication which looks at if the researcher is being communicated in an attractive manner to the readers and contribution which looks at whether the research adds to the existing body of knowledge of the topic (Mandal, 2018:594).

Credibility deals with the question of how congruent the findings with reality are (Shenton, 2004:64). One of the most important steps to ensure trustworthiness and rigour is to establish credibility by making sure that the adoption of the research methods were well established, the researchers established an early understanding of the participants used for the study, triangulation was incorporated through the study and frequent debriefing questioning was completed (Shenton, 2004:64-65).

The concept of transferability in the context of qualitative research refers to determining the degree to which the findings of a research task can be transferred to other contexts (Moon, Brewer, Hartley, Adams & Blackman, 2016:17). Transferability can also be defined as a type of external validity, that describes how applicable the findings are as theory (Moon *et al*, 2016:17).

Conformability refers to the idea that research findings and interpretations of research are connected to data in a manner that is easily understood by individuals (Kihn & Ihantola, 2015:7). In addition, this can also be viewed as the extent to which the findings of a study can be confirmed by other researchers of the same topic (Korstjens & Moser, 2018:121).

Dependability refers to a research process that is logical, traceable and adequately documented (Kihn *et al*, 2015:6). Furthermore, dependability is seen as determining whether the findings of research can be consistently repeated if the research was replicated with the same participants and in similar context (Moon *et al*, 2016:17). Moreover, the dependability asks how consistent are findings and the degree to which the procedures followed to carry out the study are similar to credibility (Moon *et al*, 2016:18).

Authenticity addresses the issue of whether the research represents a full range of unique viewpoints on the topic that is being studied. Moreover, does the findings prove useful and have relevant meaning (Riggs, 2015:58). Reflexivity simply refers to the role that the researchers play in every aspect of the qualitative research (Mandal, 2018:593).

3.4.2 Methods to ensure trustworthiness and rigour

According to Korstjens (2018:121) there are numerous ways in which individuals can ensure the quality and the reliability of a qualitative study. The following are all methods that will be explored and after the analysis of each the researchers will choose two methods, to be certain that rigour and trustworthiness is in fact established throughout the study.

Triangulation, this is the process of using two related data sources, data collection methods or researchers with the main objective of limiting inherent bias within a study (Hadi & Closs, 2015:643). In addition, there different aspects to triangulation namely; convergence, which refers to different data sources producing similar findings on the same topic. Complementarity ensures differing data sources produce different takes on the topic under investigation. Dissonance relates to where the findings of different data sources are so great that they lead to challenging the original hypothesis (Riggs, 2015:64). Continued engagement, this is the strategy of spending ample time with the participants of the study to ensure that the researcher can gain the support and trust from the participants and therefore, better quality answers (Hadi & Closs 2015:643).

Member checks is the activity of constantly checking data and interpretations by consistently testing the data as it is obtained from various participants of the study (Anney, 2014:277). An audit trail should enable the readers of a study to make their own assessments on the quality, trustworthiness and rigour of a research task, the audit follows a detailed description of sources and techniques of data and collection (Hadi, 2016:5).

Acknowledging bias is another tactic to conducting quality and trustworthy research to openly acknowledge any biases that are known by the researchers and to state that precautions have been taken to ensure the biases will not affect the validity of the findings, then the bias can be removed through triangulation (Noble & Smith, 2015:35).

It is evident there are various ways in which an individual can ensure trustworthiness and rigour in a qualitative study, however, for the purposes of this study, the methods of prolonged

engagement and triangulation will be used to ensure the trustworthiness and rigour for the qualitative analysis conducted. The reason for these selections is that they best fit the study since the researchers will spend time with the participants to establish trust and familiarity with the participants so that they are open and give more information in their answers. Moreover, triangulation will be achieved through having three individuals record and interpret the findings to eliminate the inherent bias that may be experienced.

3.5 SUMMARY

The main purpose of this chapter was to explore the research and design methodology for the research topic to gain a deeper understanding of the topic. After this, the data collection and analysis were discussed, and it was decided that the snowball sampling technique and thematic analysis would be chosen to carry out the study because both these techniques lend themselves to the study. The next chapter to follow, is chapter 4, which shows the empirical results of the study and an analysis of the data and findings.

CHAPTER FOUR

EMPIRICAL RESULTS

4.1 INTRODUCTION

Since a review of literature has been completed regarding the nature, importance and challenges of retirement planning and a research design and methodology has been implemented, it is now time to analyse the findings of the primary data that has been collected through the interviewing of the participants. Through the empirical data obtained, the goal will be to identify the relationships between the data and to formulate an analysis from these relationships. This analysis will determine why they exist and what they can show about the understanding of retirement planning by black individuals. Moreover, how they define retirement planning, the strategies put in place to plan for retirement, the challenges black individuals experience and the solutions that have been implemented to negate the challenges. What follows next is the biographical information of the participants, data display, data findings and lastly conclusions drawn from the findings presented. Upon completion of this chapter, the fourth secondary objective of the study will be achieved.

4.2 BIOGRAPHICAL INFORMATION OF PARTICIPANTS

The findings of this section are presented through ten different cases, with the post-retired cases being coded as PoP# and the pre-retired cases being coded as PrP#. Table 4.1 presents the participants codes of pre- and post-retired individuals.

Table 4.1: Participant's codes

CODE	EXPLANATION
PoP	Represents "Post-Retired Participant", followed by the participant number
PrP	Represents "Pre-Retired Participant", followed by the participant number

Source: Researcher own compilation

Below, Table 4.2 presents the biographical information of the participants in this study.

Table 4.2: Biographical information of the participants.

PARTICIPANTS	AGE	GENDER	HIGHEST LEVEL OF EDUCATION
PoP01	61	Female	Bachelor of Education
PoP02	63	Female	Psychology Honours
PoP03	64	Female	Bachelor of Arts
PoP04	63	Male	Degree
PoP05	59	Male	Grade 12
PrP06	37	Female	National Diploma
PrP07	45	Male	National Certificate
PrP08	42	Female	Bachelor of Arts
PrP09	54	Male	Post Graduate Diploma
PrP10	55	Male	Bachelor of Arts

Source: Researcher own compilation

Ten participants were interviewed, five of them were post-retired participants (PoP) and the other five were pre-retirees (PrP). The criteria for the interviews was that the participants should either be pre or post retired individuals in the Nelson Mandela Bay. The post-retired participant's age range is between the age of 59-64 and the age range for pre-retired participants is between the age range of 37-55. There were five female participants and five male participants in this study. As the study focused on the retirement planning challenges of black individuals in the Nelson Mandela Bay, all participants were black individuals. Five of the participants hold bachelor's degrees, one holding Grade 12 certificate, while the other 3 holds national diploma, national certificate and post graduate degrees. The three participants that hold the national diploma are all made up of pre-retired individuals.

4.2.1 DATA DISPLAY

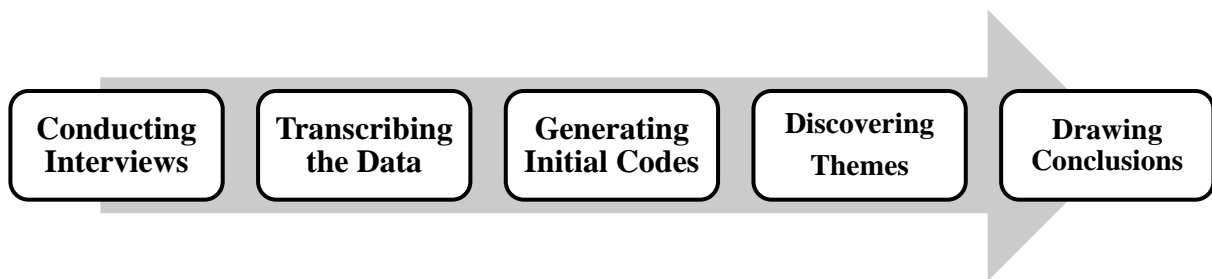
According to Verdinelli (2013:11) one effective way to display data in a qualitative study is through tables and figures. This was deemed to be the correct method for the study because it proves to be reader friendly.

4.2.2 DRAWING AND VERIFYING CONCLUSIONS

In this study, the final conclusions were reached only after all the raw data was analysed. However, while the data was being analysed individually, many separate conclusions were formed as well as different themes too (Thomas, 2006:238).

The conclusions of this study were verified through both researchers analysing the data separately and then coming to similar or identical conclusions. For this study, the method of an inductive approach was used on the analysis of the interviews and therefore, this is how conclusions, themes and insights were gained. The findings of the research have been ordered in terms of post-retired individuals and then pre-retired individuals. Figure 4.1 summarises data analysis process to be employed in this study.

Figure 4.1: Data Analysis Process



Source: Researcher own compilation

The following steps were used to guide provide guidance for analysing the data as prescribed by Braun and Clarke (2006):

1. The first step was to conduct the interviews of the pre-retired and post-retired individuals, so that raw data could be collected and analysed. The interviews were conducted by asking a set of four open ended questions and then the answers were recorded via an audio recording application on a device. These interviews were conducted at each participant's home. The audio recordings were transferred to the transcriber through a USB.
2. The second step was to transcribe the data from the audio recordings through listening to them and translating them from Xhosa to English by typing them out. To ensure that it was done correctly, two Xhosa speaking individuals translated the work to ensure that similar translations were reached.
3. The third step focused on analysing the data after it had been transcribed to see what initial codes could be obtained that offered meaning and understanding. This was achieved through complete immersion in the data and becoming familiarised with it,

after which different themes and conclusions could be gathered. The initial codes were coded according to the template system that has been mentioned in chapter three.

4. The fourth step looked at connecting the codes to form overarching themes that could be grouped and named. This was done by creating different categories, such as; economic, financial, family responsibility and health etc.
5. The fifth and final step refers to drawing final conclusions about the data through analysing the overarching themes and seeing what the main strategies, challenges and solutions of the participants were.

4.3 FINDINGS

The following content shows data that was obtained from ten cases, five of which were pre-retired and five of which are post-retired. The ten interviews result in 134 minutes of total interview time and the interviews were transcribed into 30 A4 pages of transcriptions. The interviews were structured in the following manner; they started by the researchers introducing themselves and explaining to the participants the purpose of the research and the interview, the participants were also assured that the interviews would be done under strict anonymity to protect their personal information. Once this was completed, then the interviewers moved on to asking the questions and recording the answers of the participants, there were two researchers there to record answers plus a third individual was there who could speak Xhosa. This third individual was not part of the study, as the individual was there to assist the researchers to record the findings and listen to the participants speak in their mother tongue. After the interviews were completed the participants were asked if they had any questions for the interviewers, if they did they were answered and if not, then the interviewers left. The following are the questions that were asked at the interviews:

Pre-Retired:

- Question 1: What does the term “retirement planning” mean to you?
- Question 2: What strategies/activities are you making use of to plan for your retirement?
- Question 3: In your experience, what challenges have you encountered whilst planning for your retirement?
- Question 4: Based on your challenges you described in question 3, what measure/s have you implemented to address the challenges?

Post-Retired:

- Question 1: What does retirement planning meant to you?
- Question 2: What strategies did you put in place for retirement?

- Question 3: What challenges did you face during retirement planning?
- Question 4: What solutions did you put in place?

The methodology used in the study is of a qualitative nature, it was done through conducting an interview in the participant's home, from a selected area which was the Nelson Mandela Bay, more specifically Motherwell and Kwa Magxaki. When presenting the findings, the emphasis was placed on finding commonalities in the definitions of retirement planning, the strategies that were implemented to plan for retirement, the challenges faced when planning for retirement and the solutions to combat the challenges. Moreover, emphasis was put on any connecting themes that could be gained from the research.

The findings of this empirical research are presented under three main themes, namely;

1. Definition of retirement
2. Strategies
3. Challenges
4. Solutions

Table 4.3: Explanation of themes

QUESTIONS	EXPLANATION
Definition	This theme presents the understanding that the participants have of retirement planning.
Strategies	The theme represents the current strategies being used by the participants to plan for retirement.
Challenges*	This theme represents challenges which were encountered by the participants while planning for retirement or after planning for retirement.
Solutions	This theme represents the solutions which were taken by the participants aiming to eradicate the challenges.

Source: Researcher own compilation

*The challenges were the most important part of the findings, as they were the primary focus of the study being conducted.

4.3.1 THE INTERVIEW CONTEXT

This section provides a brief description of the interview context for each of the post retired participant. Table 4.4 provides a summary of the interview setting.

Table 4.5: Summary of the interview context

PARTICIPANT	CONTEXT
PoP01	This was the first participant to be interviewed. The interview was conducted in the participant's home in the morning. The participant was at ease and answered the questions in an insightful manner. The participant was helpful in organising other participants to interview.
PoP02	This was the second participant to be interviewed. The interview was conducted at the participant's home, right after the first participant was interviewed. It was done in the morning and the participant was very engaging to the questions that were being asked.
PoP03	This was the third participant to be interviewed. The participant was interviewed in their home straight after participant 2 and was closer to lunch time. At first the participant was cautious of the researchers, as the participant was not immediately aware of our arrival. However, the participant became more relaxed as time went on and shared a lot.
PoP04	This was the fourth participant to be interviewed. The interview was carried out at the participant's home and was conducted after lunch time. The participant was fourth coming about the situation the participant was in. This honesty helped with giving a clear picture of the state of retirement planning in South Africa. During the interview there were times where the participant became emotional when sharing information because of the severity of the situation.
PoP05	This was the fifth participant to be interviewed and the last for the post-retired. The interview took place in the participant's home and was done in the morning; however, it was done three days after the previous interviews. The participant was relatively engaging and answered the questions in a sufficient enough manner.

PrP06	This participant was the sixth participant to be interviewed. The interview was conducted at the home of the participant during the afternoon. The participant answered the questions informatively and was willing to share information.
PrP07	This participant was the seventh participant to be interviewed. The interview was conducted straight after the sixth one and in the home of the participant during the afternoon. The participant was tentative in the beginning, but once the researchers had explained that all information would be kept anonymous, then the participant relaxed and felt ready to share the information.
PrP08	This participant was the eighth participant to be interviewed. The interview was done straight after the seventh one. It was conducted in the participant's home and it was done during the late afternoon. The participant was excited about sharing information pertaining to retirement strategies and issues one faces while planning for retirement.
PrP09	This participant was the ninth to be interviewed. The interview was completed in the late afternoon and it was done in the participant's home. It was done right after the eighth one. The participant was happy to participate and did not have any questions for the researchers.
PrP10	This participant was the tenth and last participant. The interview was two days after the ninth and in the early morning. The participant was relaxed and prepared to share information when answering all the questions presented.

Source: Researcher own compilation

4.3.1.1 The definitions

The following table illustrates the definition of retirement planning given by the participants.

Table 4.6: Summary of definitions

POST-RETIRED	DEFINITION OF RETIREMENT PLANNING
PoP01	Having monthly deductions to have enough money for retirement, all that raises the question, will I have enough?

PoP02	I used to think it is time where you are tired of working so many years so hard and have reached that stage of human development to get to relax and enjoy the retirement benefits. At that stage, our children should at least be on their own, independent.
PoP03	It is planning for retirement whilst working by acquiring a retirement annuity
PoP04	Unfortunately, I never knew that was existent. I was unaware about having to plan for such a thing
PoP05	It a way of planning for retirement
PRE-RETIRED	DEFINITION
PrP06	Retirement planning is money set apart for when someone reaches the age that they cannot work anymore. Money that is set apart to make sure that one has income to maintain and support the family
PrP07	It means planning for retirement, as putting money away while I am working and saving it, by means of retirement scheme or bank, so that when I retire I can still earn money through my retirement fund
PrP08	It means saving during employment for when I decide to retire, or retirement age has been reached
PrP09	It means ensuring that when I retire I would be financially sound and be able to live without the monthly salary that one is used, so as to meet challenges of old age without any struggles or having to rely on government pension only to survive.
PrP10	It means saving money for the future when you have stopped working because of age. It means saving so that you don't have to worry about old age or pensionable age

For the post-retired individuals, retirement planning mainly refers to simply planning for your retirement through different methods, such as a retirement annuity. This was supported through PoP03, who stated, “It is planning for your retirement whilst working by acquiring a retirement

annuity”. However, there was one participant who displayed no understanding or knowledge of the definition of retirement planning, this was illustrated by PoP04 who said, *“Unfortunately, I never knew that was existent. I was unaware about having to plan for such a thing”*. Moreover, the other participants gave a simple direct answer in their definition of retirement planning. PoP05 supported this notion by simply saying that retirement planning is just a way to plan for an individual’s retirement, *“It is a way of planning for retirement”*.

In contrast, the pre-retired individuals displayed a better definition of retirement planning, as they alluded to more detail in their answers than the post-retired individuals. They spoke about the way in which one should plan for their retirement and furthermore, they each gave a time period in which to save for retirement and then when to retire. PrP07 stated, *“ It means planning for retirement, as putting money away while I am working and saving it, by means of retirement scheme or bank, so that when I retire I can still earn money through my retirement fund”*, in addition, PrP09 further showed to have a more detailed definition of retirement planning than the post-retired individuals, by saying *“It means ensuring that when I retire I would be financially sound and be able to live without the monthly salary that one is used, so as to meet challenges of old age without any struggles or having to rely on government pension only to survive”*.

Therefore, in conclusion it can be said that the pre-retired individuals gave a better definition of retirement planning than the post-retired individuals did as they displayed more detail in their answers as to the process of retirement planning and the time frame of retirement planning.

4.3.1.2 The strategies

In the second section of the interview, the participants were asked questions pertaining to the strategies put in place to plan effectively for retirement.

After this was established, the participant was asked about retirement strategies, the participant’s answers are summarised on Table 4.3.

Table 4.7: Summary of Strategies

POST-RETIRED	STRATEGIES
PoP01	Retirement annuity taken from Liberty Life Group.
PoP02	Retirement annuity from Metropolitan Life, taken a lump sum of one third then the rest paying monthly through a one third annuity.

PoP03	Took out different retirement annuities.
PoP04	Did not plan for retirement.
PoP05	Besides a compulsory fund provided by the employer, nothing. The compulsory fund is referring to different retirement schemes that are provided by the employers such as pension and provident funds.
PRE-RETIRED	STRATEGIES
PrPO6	Pension Fund supplied by the employer. Contribution to savings account. Starting a business after retirement.
PrPO7	Contributes to a pension and a provident fund. Puts money away in a retirement scheme.
PrPO8	Currently setting up a tax-free savings account.
PrPO9	Investment in endowment policies, retirement policies from various insurance companies, savings and investments, consulted a financial advisor.
PrPO10	Investing in a retirement annuity and cutting down on debt.

Source: Researcher own compilation

For pre-retired individuals, the common theme among them was that they have set up retirement annuities for themselves to ensure that they have enough provisions for retirement in conjunction with their compulsory retirement savings. PrPO7 stated that, *“I put money away by joining retirement schemes and contributing towards pension and provident fund”*. Furthermore, PrPO9 also stated that, *“I have managed to invest in retirement policies that are provided through insurance companies”*. In addition, it was found that some of the individuals invested extra money they have into retirement funds such as endowment policies, PrPO9 also supported this sentiment by saying, *“I have managed to invest in endowment policies”*. The next noticeable theme is the pre-retired individuals utilising tax-free savings accounts to ensure enough retirement provisions, PrPO8 said *“I have currently set up a tax-free savings account”*. Furthermore, the participants are using financial advisors to help them invest their savings for retirement such as PrPO9 who said, *“I am using a financial advisor for guidance to ensure that*

I invest for my retirement” and finally, participants are setting up businesses so that they can go into semi-retirement and continue to earn money.

For the post-retired individuals, the most notable strategies that they implemented were; the retirement annuities from financial providers such as Liberty Life and Metropolitan Life Group. This sentiment was supported by PoPO1, *“Besides the one offered by my employer, I had a retirement fund taken from a representative from Liberty Group”*. PoPO2 said, *“I took out the retirement annuity fund from Metropolitan”*.

However, after this nothing else has been done by the participants, with some not making any plans at all for their retirement. To conclude the strategies, it has been found that most of the participants have taken the initiative to put in place strategies to generate provisions for their retirement. In addition, it can be concluded that the main strategy that has been utilised is some form of a non-compulsory retirement scheme, such as, investing in retirement annuities and endowment policies. A side from this, another common strategy was utilising a financial advisor to help organise their financial affairs before and after retirement. The least common findings were the semi-retirement option of starting a business to help sustain the participant and finally, most noticeably there were only two participants that had not taken any initiative to implement retirement planning strategies. This then overall points to a relatively positive conclusion in regard to individuals planning for their retirement and gives some hope. Furthermore, there is one important conclusion to note, is that the participants do lack financial literacy when undertaking effective retirement planning. This can be said because only one individual mentioned reducing debt as a strategy for retirement planning.

It should be mentioned that for this study, the researchers do not consider any compulsory retirement schemes as strategies, this is because they are mandatory by law and therefore, were not an initiative that was taken by the participant to plan for their retirement.

4.3.1.3 The challenges

Table 4.8: Summary of challenges

POST-RETIRED	CHALLENGES
PoP01	Has to still care for family after retirement.

PoP02	Adjusting to the new post retired life style, not spending wisely and taking care of extended family. Loneliness was also highlighted as she is always at home alone.
PoP03	Taking out policies that deduct from monthly income then pay out at retirement instead of helping to save for the future and family responsibility from the same income.
PoP04	Did not have time to manage expenses and had to take care of families. No advice from anyone, especially the employer.
PoP05	Being uninformed and planning at a late stage for the retirement.
PRE-RETIRED	CHALLENGES
PrP06	Not having money to save for the month end, due to poor budgeting. Not having the sufficient knowledge to make the right retirement planning decisions
PrP07	The decreasing value of the rand means that the respondent has to increase their savings every month so that they have sufficient retirement provisions. The participant also started too late to plan.
PrP08	Does not have sufficient knowledge to invest income. Started planning too late for the retirement. Change in the economy, the tax and the inflation of the Rand also resulted in requiring more savings.
PrP09	Due to economical strains had to interrupt saving efforts and not having enough information for saving for retirement.
PrP10	Starting late to plan for the retirement, not understanding fully how and when to invest money, not having a financial advisor, low income and finally, supporting extended family

Source: Researcher own compilation

In this section, the participants were asked questions pertaining to the challenges that they faced when undertaking retirement planning.

For the post-retired individuals, the most common themes that were found were; having to financially support family members, while they are trying to save for retirement, this was seen

through PoPO1 who said, “*family responsibility resulted in me not enjoying my retirement like I wished to*”. Furthermore, PoPO2 said, “*Being unable to spend and plan wisely and having to take care of the family and children*”. Moreover, a lack of information in terms of planning for retirement has severely hindered the participant’s ability to save for their retirement as they are not aware of what retirement planning strategies are available to them and even when they are being helped by financial advisors, they are distrusting of them as they do not understand the plans that they have set out for them. To support this sentiment PoPO5 said, “*It is the challenges of being uninformed of the retirement planning options*”, Another stand out challenge was having to adapt to a lower financial standard of living that comes with retirement. With the lack of information and technical know-how translates into starting to plan for retirement too late and therefore, not have sufficient provisions for their retirement. Finally, there is one mention of emotional plight and that is of loneliness that comes with retirement, the participant mentions that as one is not at full time employment anymore it means that one does not experience the same opportunity to interact with others.

For the pre-retired individuals, the two main themes that come across are again lack of financial knowledge and the performance of the economy, these two concepts were supported through PrP06 who said, “*Limited knowledge of investments and how it works, led me to make wrong decisions*” and PrPO7 who stated, “*it was the value of the Rand, which was going down as time goes by*”. Due to the poor performance of the Rand, it was reported by the participants that it became more difficult for them to save for retirement as they had less money each month to set aside. Starting too late for planning for retirement appeared again as a common theme as was poor budgeting practices.

To conclude the challenges, it can be said that black individuals all experience the same burden in having to support their family members before and after retirement. This makes it very difficult for them to save effectively for retirement as they end up with less income available to save for their retirement. Another conclusion to take away from the participants is that they do not have the sufficient knowledge to plan for their retirement and thus this leaves them procrastinating and starting the process much later than they should. It can also be said that the participants are struggling to adapt to a lower level of income in their retirement and before retirement are struggling to keep expenses low enough to make retirement provisions. Every single participant did experience challenges and therefore it can be concluded that retirement planning whether it be pre or post-retirement is a challenging task for black individuals.

4.3.1.4 The solutions

The following table discusses the solutions that each participant implemented combat the retirement planning challenges they faced.

Table 4.9: Summary of Solutions

POST-RETIRED	SOLUTIONS
PoP01	Tried to find unemployed son a job, so that the participant's son would be financially independent.
PoP02	Taking out a small lump sum and then living on the retirement monthly pay-outs.
PoP03	Cutting down on spending, insured by children to relieve the expenses of having to pay for the insurance premiums, instead the children pay for it.
PoP04	There have been no attempts in any way to rectify their situation.
PoP05	This participant opted for semi-retirement through starting a small business, rather than being completely retired.
PRE-RETIRED	SOLUTIONS
PrP06	Drawing up an effective budget, that will help to ensure that there is enough money left for the rest of the month.
PrP07	Minimising the cost of living as much as possible. Sticking to the budget set out and seeking out professional help.
PrP08	Enlisted the help of a financial planner
PrP09	Started to invest in different products to ensure sufficient retirement provisions. Contacted a financial advisor which helps manage the investments.
PrP10	Took out retirement policy, spoke to an advisor and did smaller investments, purchasing everything cash.

Source: Researcher own compilation

For the pre-retired individuals' common themes that were explored were; enlisting the help of a financial advisor to ensure that they had efficient retirement provisions through investing their surplus income and setting up external retirement saving scheme such as retirement annuities. This was seen from PrPO8 who said, "*It was highly recommended that I have a financial advisor that will educate and guide me with my finance*". Furthermore, drawing up an effective budget that can help them to save money that can be used for creating retirement provisions, this was supported by PrPO7 who said, "*Sticking to my budget so that, what does not reflect on the budget does not get paid for*". In addition to the budgeting, participants are living below their budgets so that they can have more money to save for their retirement. This was seen from PrPo7 again who said, "*It was minimising my cost of living*". Moreover, the participants are investing in retirement schemes to ensure that they have the enough retirement savings.

For the post-retired individuals' common themes that were noted were; cutting down on spending so that they can adjust to lesser levels of income than they had during their working years, PoPO3 said, "*It was having to economise and cut out on spending after retirement age*". They are taking out only a one third lump sum and having the rest of their retirement provisions as a monthly pay-out. In addition, participants are opting to take semi-retirement rather than full retirement through starting a business to run in retirement, this was mentioned by PoPO5 who stated, "*After seeing what financial challenges would arise, I had started a small business before actually retiring*". Finally, one participant has no solution to the challenges faced.

To conclude the solutions, it can be said that there are two prominent themes in both camps that come through; the one is that they started their own business and the second one is that they undertook effective budgeting so that they could cut down on their expenses. Another theme that reappeared from the strategies was seeking outside professional help to manage finances and therefore, tackle the challenges that they face. In addition, a similar conclusion can be made between the strategies and the solutions in that there were very few who had no solutions in place for the challenges faced. In fact, only one individual had no measures in place to rectify the retirement planning challenges. Finally, there were less common solutions implemented to tackle the challenges such as; aiming to pay in cash to avoid credit and one participant is trying to find employment for the participant's child to help ease the financial burden.

4.4 DISCUSSION AND COMPARISON OF DIFFERENT THEMES

4.4.1 DISCUSSION AND COMPARISON OF PRE AND POST-RETIRED INDIVIDUALS RETIREMENT DEFINITION

When comparing the pre and post-retired individuals it was seen that the post-retired individuals did not have such a strong understanding of the concept as the pre-retired individuals do. This was because for some of the post-retired individual's retirement planning did not exist and for others it was simply just planning to retire. Whereas when reviewing the pre-retired individuals, a better understanding of the concept was demonstrated as the participants elaborated more on what retirement planning meant, through mentioning methods to conduct retirement planning like making use of retirement schemes.

4.4.2 DISCUSSION AND COMPARISON OF PRE AND POST-RETIRED INDIVIDUALS STRATEGIES

When comparing the pre-retired and the post-retired individuals in terms of the strategies that have been implemented, amongst the post-retired individuals, the common strategy to have been used was to take out a retirement annuity or a retirement fund. Compared to the pre-retired, where the strategies were less common and involved various different retirement schemes, a tax-free savings account, investments in endowment policies and other investment products, employing a financial advisor and one individual opting for semi-retirement in the form of starting a business after retirement. In comparison of one another, few of the participants had no strategies in place. Only two of the post-retired individuals made no provisions based purely on own initiative, instead either other individuals did it on the post-retired individual's behalf through an employer setting up a compulsory retirement saving vehicle, or nothing was done at all. A common trend upon further comparison, is the fact that both parties are making use of external sources for retirement planning. For the post-retired this can be seen through the individuals using retirement annuities, which requires one to go through an independent financial provider and in the pre-retired, the individuals are using financial advisors to help deal with retirement as well as the independent financial providers.

4.4.3 DISCUSSION AND COMPARISON OF PRE-RETIRED AND POST-RETIRED CHALLENGES

After a thorough analysis of the data, with specific focus on the challenges of pre- and post-retired individuals it can be said that there were challenges that were common. For pre-retired individuals, the most common challenge was family responsibility. Having to take care of the close family and extended family members. Instead of the participants enjoying their retirement fund, the family needs arise, and they are dependent on them more than while they were still

employed. The leading cause to this was mentioned by three of the five post-retired participants that their children do not finish up school while the parent is still working, which results in having the participant to be taking care of them at the age of which they should be independent. The other common challenge for post retired individuals was lack of information and no advice from the employer, participants mentioned that they had no idea, where to invest, where to save and how to plan for retirement. One of the participants even mentioned that “I did not know what retirement planning is, *I did not know I had to plan for it, I only knew about it after retirement*”. For pre-retired individuals, the most common challenge is lack of information, four of the five pre-retired individuals mentioned that they had no knowledge about retirement planning options and it is clear, they are facing the same with the post-retired participants who had no idea what retirement planning is. The lack of information led to them starting too late to plan for retirement planning and that was identified as the third common challenge. The third common challenge is the fluctuations in economic conditions, which end up requiring more savings from limited income. As much as these economic conditions occur, they require more investments, but the level of income remains stable, this now creates a huge gap in retirement savings. It can be concluded that the pre-retired individuals need to be strategic in terms of taking care of family responsibilities while at work, even if in the form of cutting on spending and have a separate savings account for family needs so that they do not affect the pension fund which is meant to sustain the retired person.

4.4.4 DISCUSSION AND COMPARISON OF PRE AND POST-RETIRED INDIVIDUALS SOLUTIONS

After comparing the post- and pre-retired individuals it is found that, there was a little bit of commonality between the solutions that were employed. This commonality was found in the fact that the individuals tried to generate extra income through different sources such as; opting to start a business, taking out a lump-sum and then receiving monthly deposits and finally, trying to find employment for an unemployed son, so that the son could become financially independent instead of being dependent on the participant to provide financial support. However, in comparison to the pre-retired individuals, there was a lot of commonality in the solutions used to combat the challenges. The two main themes were; using a financial planner and minimising costs to have more money for retirement saving, this was achieved through thorough budgeting practices. One common theme between the two parties was investing in retirement products to generate more income for retirement. Amongst the pre and post-retired, only one has no solutions in place to quell the challenges faced through retirement planning.

This shows that both pre and post-retired individuals are involved in planning for retirement and trying to make the process easier.

Table 4.4: Codes generated

This table discusses the various codes that have been generated from the themes that have been discussed above.

CODES	DEFINITIONS CODES
RP-001	Retirement Planning
RB-002	Retirement Benefit
RS-003	Retirement Age
	STRATEGIES CODES
CODES	EXPLANATION
RA-001	Retirement Annuities
ECRF-002	Employer Compulsory Retirement Pension Fund
ERP-003	External Retirement Policies
	CHALLENGES CODES
CODES	EXPLANATION
FR-001	Family responsibility
FI-002	Lack of information
EC-003	Economic challenges
ADR-004	Adjusting to Retirement Life
LI-005	Lower Income to Save
SL-006	Starting too Late
BI-007	Budgeting Issues
	SOLUTIONS CODES
CODES	EXPLANATION
FA-001	Financial Advisor
SR-002	Semi-Retirement
RF-003	Extra Retirement Funds
CDS-004	Cutting Down Spending
II-005	Investments

Source: Researcher own compilation

4.5 SUMMARY

The main aim of the study is to identify the challenges experienced by pre and post-retired individuals in the Nelson Mandela Bay. After dividing between pre and post-retired individuals in the Nelson Mandela Bay, the most common challenges experienced were identified. For post-retired individuals the most common challenges were family responsibility and lack of information which was the catalyst for further challenges experienced. For the pre-retired individuals, the most common challenge was the lack of information. To follow is chapter 5, which includes the summary, conclusions and recommendations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter four reported on the empirical results of this study. This chapter will be the last chapter and will provide an overview of the entire study. The main empirical results of the study will be discussed, and recommendations will be provided. In addition, the contributions of the study will be discussed, and the limitations will be highlighted. This chapter will achieve the final secondary objective of this study.

5.2 OVERVIEW OF THE STUDY

There are different factors that influence the decision-making process of individuals in financial planning. These factors are technology, understanding the financial status of individuals before planning to ensure the plan will resolve any challenges encountered, lack of communication between the financial planner and the client, the ability level of the financial planner, the economy and the social environment (Button, 2017:35; Thomas, 2017; Cordell, 2018; Walker, 2018). Due to these factors, it can be said that decision making in financial planning should be measured and consistent to ensure effective planning (Cordell, Grange & Langdon, 2012).

The reason black individuals were chosen for this study as the primary focus was because through research conducted, black individuals experience on average less monthly income than other races do (Phipps, 2013). Furthermore, it has been found that there is a huge gap in retirement planning amongst black individuals compared to other races such as white individuals, for example; black individuals have on average \$19000 in retirement income compared to the average white family which has \$130000 (Forbes, 2017). In addition, in South Africa according to the employment statistics, more than 45% of black individuals are unemployed while only 5% of white South Africans are unemployed (Wilkinson, 2018). Moreover, when analysing the management positions in South Africa, it has been found that white individuals occupy 60% of the management positions in South Africa while black individuals occupy just 13,6% (Wilkinson, 2017). Therefore, it is evident that in an economic context, black individuals are in a precarious position and therefore, this makes it difficult for black individuals to plan for retirement. As such it makes sense to make black individuals the main sample of the study According to Overton (2008:32) one component of financial planning is retirement planning.

Retirement planning is the process for an individual to determine how to meet life goals that have been set for post-retirement, through the proper management of financial assets (Certified Financial Planning Board, 2018). However, as discovered through this research task, retirement planning comes with retirement challenges, namely; saving too little, starting too late and health issues (Clark, 2013).

The primary objective of this of this study, was to investigate retirement planning challenges of black individuals in the Nelson Mandela Bay. To achieve the primary objective of this study, the following secondary objectives were formulated:

- i. To review existing literature on retirement planning and challenges relating to retirement planning.
- ii. To identify an appropriate methodology.
- iii. To identify an appropriate research instrument for data collection.
- iv. To analyse data collected from the research instrument.
- v. To provide summary, conclusion and recommendations to pre- and post- retirees in the Nelson Mandela Bay on the retirement planning challenges of black individuals.

Based on the objectives of the study chapter one, provides the introduction and the background to the study. This introduced the topic under investigation and why it was necessary for the topic to be researched. The introduction is followed by the problem statement, the purpose of the study, as well as the research objectives. The secondary and primary research methods are further introduced in this chapter. Chapter one concludes with the significance of the study and lastly the structure of the research.

Chapter Two, provides an overview of the nature and importance of retirement planning whereby the retirement planning challenges are outlined. In this chapter, financial planning is defined, and thereafter the six-step financial planning process is explained. The components of financial planning were discussed and a discussion on retirement planning is presented. This chapter explored retirement planning in-depth in terms of its nature and importance. Through this chapter, a better understanding of retirement planning was achieved which provided the groundwork for the study. On completion of chapter two, the first secondary objective of this study was achieved.

Chapter Three comprised of the research design and methodology. Through chapter three, an understanding of how the qualitative study will be conducted. This chapter explains that a qualitative or interpretivism research paradigm will be utilised in this study. To collect the primary data, semi-structured interviews were conducted. Thereafter, the data analysis method was provided. As such, a thematic analysis has been identified to be the most suitable technique for data analysis to be used in this study. Finally, a discussion around rigour and trustworthiness (reliability and validity), and how they apply in this study is presented. On completion of chapter three, the third secondary objective of this study was achieved.

In Chapter Four, the findings of the empirical investigation regarding the challenges of black individuals are discussed. This chapter commences by presenting the profile of the participants from the Nelson Mandela Bay. Next, the findings were presented, relating to individuals' retirement planning strategies, challenges and the solutions. Finally, this was followed by a discussion and comparison of different themes. On completion of this chapter, the fourth secondary research of this chapter was achieved.

A summary and an interpretation of the key findings, together with recommendations, are presented in the following section, thus achieving the fifth and final secondary objective of this study.

5.3 SUMMARY AND INTERPRETATION OF KEY FINDINGS AND RECOMMENDATIONS

This section of the final chapter will provide a summary and an interpretation of the key findings. Moreover, recommendations regarding these findings of the challenges will be presented. This section will commence by addressing the key empirical findings and recommendations.

5.3.1 THE MAIN EMPIRICAL REVIEW FINDINGS

The empirical findings were separated into four different sections when gathering findings, namely the definition of retirement planning given by the participants, the strategies put in place to plan for retirement, the challenges faced and lastly, the solutions to the challenges.

5.3.1.1 Retirement planning definitions

The key finding was that pre-retired individuals have a better understanding of retirement planning than post-retired individuals. This was deduced through the nature of the answers the pre-retired individuals gave compared to post-retired individuals. The pre-retired

individuals alluded more to the process of retirement planning through how it can be done, this shows a deeper understanding and more of thought process behind it. For example, PrP06 said, *“Retirement planning is money set apart for when someone reaches the age that they cannot work anymore. Money that is set apart to make sure that one has income to maintain and support the family”*. Take this and compare it to PoP05 who simply stated, *“It’s a way of planning for retirement”*.

5.3.1.2 Retirement Planning Strategies

The findings indicate that all pre- and post-retired individuals had retirement planning strategies apart from one participant. Moreover, there was less commonality found amongst the pre-retirees than the post-retirees in terms of strategies, as the pre-retired individuals made use of various retirement planning schemes. For example, PrP10 made use of a retirement annuity fund and stated, *“I invested in a retirement annuity to close the gap for when I finally get my pension package”*, whereas PrP06 opted for semi-retirement by starting up a business for retirement, *“I also intend to have a taxi business for after retirement”*.

As for the post-retired individuals the common theme was using independent financial services providers to invest in retirement annuity funds. For example, PoP01 stated, *“Besides the one offered by the employer, I had a retirement fund taken from a representative from Liberty Group”*.

5.3.1.3 Retirement Planning Challenges

The key finding in this section that continuously presented itself to the researchers was the responsibility of having to support family while planning for retirement. This hindered the participants as it reduces the income available to execute effective retirement planning strategies and ensuring sufficient retirement planning provisions are available. For example, PoP03 said, *“It was having to take out policies that deduct money instead of planning for the future, and also having to take care of then family at the same time”* in addition PrP10 said, *“When I started working in the early 90’s my salary was very low to save and lastly having to support extended family which took most of the salary”*. Furthermore, a key finding that is proving to be a worrying trend amongst the pre-retired individuals is a lack of financial knowledge. This was found amongst PrP8, PrP9 and PrP10. PrP08 stated, *“I did not know how or where to invest”* and PrP10 said, *“I did not fully understand how and when to invest my money”*.

5.3.1.4 Retirement Planning Solutions

The final section of the empirical findings also yielded similar patterns amongst participants for dealing with retirement planning problems. The key finding was that both pre- and post-retired individuals tried to find different sources of income to quell the lack of financial resources. These methods included; starting a business, Furthermore, a key finding amongst the pre-retired individuals was that financial advisors were being used to help plan for retirement and minimising current living costs so that the pre-retirees have more money to save for retirement. PrP06 stated, *“Drawing up a budget and making sure I stick to it, is very important so that you don’t see yourself not meeting some of your financial obligations.* Whilst PrP08 stated, *“It was highly recommended that I have a financial advisor that will educate and guide me with my finances. This financial advisor will update me and help with my finances. Also, update me with any changes using financial advisor helped in the sense that my needs and further needs and possible expense are put into consideration”.*

5.3.2 RECOMMENDATIONS

Based on the main findings discussed above, the researchers have generated some recommendations that should be implemented to help improve the retirement planning of individuals in South Africa and to help in combating the retirement planning challenges faced by pre- and post-retired black individuals. Therefore, the following recommendations are presented:

- Retirement Education

Ensure that black individuals are better educated on retirement planning this could be done by having organisations that employees work for to arrange financial planners that will come in and give basic financial advice and educate them about different retirement planning methods. In return, the financial planners will receive Continuous Professional Development points from the Financial Planning Institute. The financial planners need to explain the different options available to the employees, by explaining to them the different options, it will educate the employees on how they can plan effectively for retirement and combat their lack of information regarding retirement planning.. Lack of retirement planning information has a detrimental effect because it leads to black individuals not being able to make sound financial and retirement decisions and furthermore, eroding the trust between the financial advisors that are employed. Black individuals do not understand the plans set out by the financial advisors and therefore feel that the financial advisors cannot be trusted.

- Increase employment opportunities

The biggest challenge black individuals face is having to financially support other family members. Having to support family members erodes available financial capital for saving for retirement and therefore, hinders the retirement planning process significantly. If there are more employment opportunities made available by the private sector and the government this can help to alleviate this issue and help other black individuals save for retirement.

- Awareness of employer retirement benefits

Employers should inform all employees of the retirement schemes that the organisation provides, as one of the respondents mentioned that *“Unfortunately, I never knew that was existent. I was unaware about having to plan for such a thing”* this shows that the employer never mentioned retirement planning to the employee. Doing so would assist employees to strategically supplement the retirement provisions generated by organisations with other independent retirement schemes such retirement annuities to ensure that there are sufficient retirement provisions.

- The need for government assistance

The government needs to educate black individuals on the nature and importance of retirement planning and why it should be cared about and considered a vital part of an individual’s life. Such as to ensure financial security and dignity for after retirement.

- Consider other retirement options

Individuals should not only rely on one form of retirement saving but consider other retirement products and services. For example, instead of relying only a compulsory retirement fund from an employer, individuals should look to invest for their retirement through options such as retirement annuities or tax-free saving accounts.

- Start at young age

Individuals should start determining retirement goals at young age, as previous research on chapter two indicated that that the sooner the individual indicates retirement planning goals, the easier it will be for them to plan for retirement. This is because they will have more time to make sufficient retirement provisions and be able to take on more high risk, high reward options, as they have longer to invest for their retirement.

- Employers must assist employees

For the individuals that are employed, the employers need to provide access to financial advisors for the employees especially for those earning minimal income. This should

be done through creating time to sit down employees and explain to them the importance of retirement, what it is, the options provided by the organisation for retirement planning and how much they can expect to have saved by the time they reach retirement.

- **Phased retirement**

Employers need to continue implementing the practice of phased retirement to help individuals become used to retirement lifestyle. Phased retirement will assist employees to be able to deal with adjusting to retirement through slowly introducing it to them incrementally, rather than the employee abruptly ending their employment life and immediately moving onto their retirement life.

- **Effective budgeting**

For the individuals to have comfortable retirement planning, they need to have effective budgeting so that they can manage their finances effectively. Through managing their finances effectively, they will have a surplus of funds to invest for retirement and to contribute to retirement saving schemes. Moreover, by implementing effective budgeting techniques, they can ensure that they enjoy a better standard of living before and after retirement as they will have more money at their disposal. A good budgeting technique is to keep track of all expenses and incomes, while staying away from short-term debt, so as to not incur interest expenses.

- **Consider monthly annuities**

Instead of opting to have all the retirement benefits as a lumpsum, they should rather opt for a monthly annuity. By doing this they will be assured of receiving income each month, instead of receiving the total retirement benefit and spending it to a point where it cannot sustain them through their whole retirement.

In conclusion, it was found by the researchers that black individuals face different challenges when planning for retirement, the two most prominent ones being lack of financial knowledge and having to support family before and after retirement. However, it was recommended that these challenges could be prevented through offering sufficient employment opportunities for black individuals so that a family is not too reliant on one individual for income and secondly that black individuals are educated on how to do retirement planning and why it is necessary for their financial well-being.

5.4 CONTRIBUTIONS OF THE STUDY

After conducting this study, the feedback from the participants proved to have left a better understanding and importance of the financial planning field specifically retirement planning. After an in-depth discussion of financial planning, the findings have proved how the uncertainties and challenges prior retirement can deprive one from healthy and financial stable retirement stage. The aim of the study was to investigate challenges faced by black individuals in the Nelson Mandela Bay, by doing so, the researchers first assessed participant's understanding of retirement planning, the strategies which they used to plan for retirement, challenges which they have faced in preparation before and after retirement, lastly the solutions which they have employed to eradicate challenges experienced.

The findings of the study have provided significant contributions for individuals which are currently planning for retirement planning and presents possible solutions which they can employ to ensure a decent standard of living during retirement stage. The challenges which have been gathered in this study will assist pre-retired individuals to be aware of some of the possible challenges they may face at retirement. The study has also indicated the importance of planning for retirement at an early stage, as this will result to high costs should one plan for retirement planning late.

The study will help employers get a better understanding of where employees stand in terms of planning for the future and how can they improve or do better to ensure decent standard of living for retirement. Above all, the study has also provided the importance of investing in financial planning activities regardless of how difficult it can be, as that could prevent many challenges relating to retirement planning from occurring.

5.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

As with all research, there are limitations to the study conducted. These limitations will be expanded on below and then avenues for further research will be explored.

The first limitation to mention is the time available to complete the study. This study was completed over the course of nine months; however, it was not done in isolation, both researchers were completing Honours Degrees at the same time and with this course comes not only a thesis but numerous assignments and tests that do limit the available time in which this study could be completed.

The next limitation is self-reported data. This refers to the fact that there was not an actual way to verify the data that was given by the individuals that were questioned for the empirical section. The researchers were required to take the word of the participants as truth. Moreover,

a lack of prior research was also a contributing factor in terms of limitations to the study because before the commencement of the research task the researchers had a limited understanding of the topic.

The small number of participants were involved to collect the data. It must be conceded that there were few participants who were interviewed for the study, namely five pre-retired and five post-retired. This does limit the study in a sense that it can give a narrow insight into the research that was undertaken because the researchers are required to base findings on a minimal level of data gathered.

The use of a qualitative method of study; using the qualitative method does present limitations to the study because it is subjective in nature as the study is influenced by how the researchers collate, analyse and then interpret the data. Although through the research methodology the method was set out for how the research would be completed, biases unknowingly surface because of the way it is interpreted by the researchers.

Language posed as a limitation because the interviews were conducted in Xhosa to gain more insight from the participants, however, for the final findings and results to be presented the empirical data had to be translated into English. Even though this was done effectively by one of the researchers, details and nuances could have been lost in translation as Xhosa and English are not similar languages.

Despite the limitations of the study, the study also provided further avenues that can be explored by other researchers such as;

- Why do South Africans have insufficient retirement planning knowledge and how can it be addressed?
- Why is it so common that black individuals are forced to support themselves and family before and during retirement?
- The difficulty for individuals to be able to adapt to a retired life-style.

5.6 CONCLUDING REMARKS

On a personal level, it can be said that the researchers have gained a unique insight into the struggles and plight of black individuals who are pre and post-retired. Not only has this study enlightened the researchers to the challenges but it has also allowed the researchers to gain knowledge about various topics such as; financial planning, factors that affect financial planning, retirement planning, and solutions that can be put in place to help facilitate the retirement planning process whether it be before or after retirement age.

Through this study, the researchers have also gained an understanding of how to conduct research and what the process is of conducting research. This has been achieved through gaining knowledge on concepts like research methodology, data analysis and interpreting and presenting data that has been gathered. Finally, it is apparent that this has added to the universal body of knowledge and that light has been shed on the retirement planning challenges of black individuals.

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ANNEXURE A: INTERVIEW SCHEDULE

SECTION A: BIOGRAPHICAL INFORMATION

1. Gender: _____
2. Ethnicity: _____
3. Age: _____
4. Highest level of education: _____

SECTION B: CHALLENGES RELATING TO RETIREMENT PLANNING

1. What does the term “Retirement Planning” mean to you?

2. Which strategies/activities are you making use of to plan for your retirement?

3. In your experience, what challenges have you encountered whilst planning for your retirement?

[illegible]

4. Based on the challenges you described in question 3, what measure/s have you implemented to address these challenges?

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THANK YOU FOR YOUR PARTICIPATION