

Financial Literacy, Financial Wellbeing and Retirement Preparation of Employees

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Abstract

There is an emerging concern about the low financial literacy rate around the world, especially since financial literacy has been linked to financial behavior and financial wellbeing. Using a quantitative survey research design, this study focused on identifying the financial status, the relationship of the individual characteristics, and the financial concepts of government employees.

Results show that majority of the employees displayed low to moderate levels of financial literacy. However, there is no significant difference in the financial literacy level of the employees when grouped according to their characteristics but females, heads of offices, and employees with higher educational levels and those with permanent status had higher financial literacy than their counterparts. Findings indicate that, overall, the respondents had poor financial status, and that it has a significant influence on financial literacy. Employees have fair cash flow management behaviors and fair to good financial management behaviors, but majority of the employees have poor saving behavior. It was also revealed that the majority of the employees have poor to moderate financial wellbeing, which is equivalent to high to moderate financial distress. Likewise, most of them have low to moderate retirement preparation.

Financial literacy has been found to have a significant influence on financial behaviors, financial wellbeing, and retirement preparation of the employees. The influence of financial literacy cannot be undervalued thus, calling for immediate and uncompromising action to improve the level of financial literacy.

Key Words: financial literacy; financial behaviors; financial wellbeing; retirement preparation

Introduction

Financial literacy and awareness have become an emerging issue worldwide as more adults are becoming financially vulnerable. Surveys made by several organizations and entities around the world reveal that financial literacy among respondents in most of the countries studied was poor. With the many challenges facing individuals today such as health problems, unemployment, early retirement, and insolvency, among others, financially prepared individuals are capable of overcoming these problems with more ease than those who are poorly financially prepared (Kamakia & Mwangi, 2017). The financial wellbeing of the employees will make their lives easier as they work and retire free of financial worries.

As one is saving and investing with the future in mind, he is also preparing for his life after retirement. According to Leandro-França, et al. (2016), life expectancy in many nations around the world has continued to increase. As a consequence, the growth rate of chronic diseases has increased even as age-related wellbeing has decreased, resulting in a major global health challenge. This indicates that people will live longer after retirement with difficulties that require planning and preparation.

Retirement plans of government employees in the Philippines are covered by the Government Service Insurance System (GSIS). However, retirement planning comprises various components and the employees' retirement benefits from the government may not assure full coverage of their retirement needs. As revealed in the study of Kamakia, et al., (2017), employees in the public sector assume that their savings as per the statutory requirement will guarantee them full financial wellbeing when they retire. However, Mokhtar, et al. (2015) found that the general financial wellbeing of public employees is modest (Kamakia et al., 2017). Financial literacy programs are being introduced to yield a significant impact on improving the financial wellbeing of employees as they prepare for their retirement. To understand how government employees prepare for their retirement and the underlying financial concepts, this study targeted the employees of the Local Government Unit of Cervantes, Ilocos Sur. Given that it is one of the most remote municipalities in the Ilocos region, access to financial education, financial advisers and financial institutions poses a challenge.

Arguably, if the most challenged of government employees are examined, the study will yield outcomes that require the most critical solutions. This study, therefore, aims to describe the financial literacy, financial behavior, financial well-being, and retirement planning of the employees of the local government of Cervantes, Ilocos Sur, and to determine the relationships between these variables. It also aims to determine if financial literacy could significantly influence the financial behavior, financial wellbeing and retirement planning of the respondents and whether financial behavior could significantly influence financial wellbeing.

Financial literacy

Financial literacy is defined as the ability to understand how money works: how someone makes, manages and invests it, and also expends. It is also described as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Over the past decades, financial education has been used to solve problems on financial illiteracy and to improve the financial situation of workers (Hannon, et al. 2017).

Related to this, Mandell (1997) defined financial literacy as "the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security. A few years earlier, Noctor et al. (1992) introduced financial literacy as "the ability to make informed judgments and to take effective decisions regarding the use and management of money". Similarly, the European Commission defines financial literacy as the ability of consumers and business owners to understand financial products to make informed financial decisions (Krechovská, 2015).

Remund (2010) provided the following synthesized definition of financial literacy: "Financial literacy is a measure of the degree to which one understands key financial concepts and

possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound long-range financial planning, while mindful of life events and changing economic conditions” (p. 284).

Financial behavior

Bell, Gorin, and Hogarth (2009), in their study of financial behaviors, identified financial management behaviors, saving behaviors, and credit card management behaviors as variables, while budgeting, paying bills on time, managing a checking account, and tracking expenses were described as components of basic financial management behaviors. Meanwhile, Hogarth et al., (2003) identified budgeting and cash flow management, account ownership, use of credit, saving behavior, and asset accumulation as financial behaviors.

When Butter and Copur (2011) studied the financial behavior of students, they used budgeting, saving, risky credit card behaviors, and compulsive buying as components of financial behaviors. These were the same variables used by Deacon and Firebaugh (1988) to measure financial behaviors. Meanwhile, financial behavior was categorized by O'Neill and Xiao (2012) as budgeting, spending, and saving. In 2013, Dew and Xiao used the Financial Management Behavior Scale (FMBS) (Dew & Xiao, 2011) that measures 15 financial behaviors. It includes questions on sound cash management, savings and investments, credit management, and insurance behaviors.

For this study, cash flow management, saving behavior, and financial management behavior were analyzed. Financial management behavior includes budgeting and tracking of spending, bill payments, and comparison shopping.

Financial well-being

Well-being used to mean overall happiness or satisfaction with one's financial status but at present, such well-being concept has evolved to material and non-material aspects of how a person perceives his financial status, improving his living standards (Taft, et al., 2013). It also includes perceptions such as the ability to satisfy needs, feeling safe, and feeling satisfied with the income and reward system.

On the other hand, Porter and Garman (1993) developed the most influential framework of financial wellbeing which consists of the subjective comparison of an individual's financial situation with his peers, and his assessment of changes in his financial status whether it is likely to be positive or negative change. In their analysis of the definitions of financial well-being, they summarized the elements as "the extent to which someone is able to meet all their current commitments and needs comfortably, and has the financial resilience to maintain this in the future" (Kempson et al., 2017). This is synonymous with the description of Rath and Harter (2010) of financial wellbeing as managing economic life effectively to reduce stress and increase security.

Retirement preparation

Retirement preparation is manifested in employees' planning for retirement, retirement financing (financial accumulation) in the form of saving, investment, and retirement funds, retirement income management, and planning where to retire to an approximate cost of living. Insurance companies now offer packages with insurance, investment, and health coverage. Pension benefits from the Social Security System are unexpectedly low and retirement benefits from the Government Service Insurance System may not suffice.

While there seems to be an overlap between financial accumulation for retirement purposes in the form of saving, and saving behavior, questions asked under saving behavior are simply whether the respondents have a savings account, and whether they save regularly. Meanwhile, in financial accumulation as a variable of retirement preparation, target savings are computed based on a budget required for retirement needs and actions needed to be taken to satisfy the amount determined through a retirement budget. Therefore, there is a conscious effort to save for long-term purpose which is to meet predetermined costs associated after leaving work.

“Individuals today must provide for themselves for many years after retirement. Retirement financing is contingent on setting aside funds for years prior to retirement” (Meir et al., 2016, p. 77). Lack of retirement planning translates into low levels of retirement wealth accumulation (Lusardi, et.al., 2008).

Financial literacy and financial behavior

Findings disclosed that financial literacy is a significant predictor of financial behavior (Kaiser & Menkhoff, 2017). The higher the score in knowledge, the higher the score in behavior but the relationship varies by country (Atkinson & Messy, 2012). Banks and Oldfield find that numeracy levels are strongly correlated with measures of retirement savings and investment portfolios, understanding of pension arrangements, and perceived financial security (Jappelli & Padula, 2013).

Having financial knowledge does influence individuals to behave in more financially responsible ways (Robb and Woodyard, 2011, Zakaria et al., 2012). While financial literacy seems to positively affect financial behavior, the effect of various forms of financial education on financial behavior is less certain (Mandell and Klein, 2009). Furthermore, other factors such as overconfidence of individuals may lead them to underestimate risk which will affect their financial behavior (Asaad, 2015).

According to Bushan (2014), previous research suggests that those with low levels of financial literacy face problems with issues relating to personal finance such as savings, borrowings, investments, retirement planning, etc. Over recent years, the financial landscape has changed considerably becoming complex with the introduction of many new financial products. It is difficult for a common man to understand the risk associated with these financial products. To understand the risk and return associated with these products, a minimum level of financial literacy is a must.

Financial literacy, financial behavior, and financial well-being

Several studies have been made to identify the financial knowledge of individuals and to describe their relationship with financial behaviors. However, not so many studies were made to determine the relationship between financial literacy and financial well-being. Individuals today face diverse challenges and financial concerns that may impact their financial well-being.

According to Johnson and Sherraden (2007), young people's financial literacy may influence financial well-being (Gutter, 2011). The findings of Kamakia and Mwangi (2017) revealed that financial wellbeing can be enhanced by improving one's financial knowledge which is compatible with the results of Taft, et al. (2013) that higher financial literacy leads to financial well-being.

On the contrary, the study of Kempson, et al. (2017) suggests that financial knowledge has an indirect effect on financial wellbeing where financial literacy influences financial well-being through financial behaviors. Their analysis from the UK and World Bank studies was unequivocal in demonstrating that behaviors and not knowledge were the main determinants of financial wellbeing. Financial knowledge and skills may not suffice to improve one's financial wellbeing when individuals lack the confidence and discipline to apply these in their daily lives. As late-life challenges such as the decrease in employment opportunities and projected increase in the cost of healthcare are eminent, the wellbeing of future retirees, aptitude in managing finances and in making sound financial decisions shall be exercised.

Financial literacy and retirement preparation

As discussed earlier, retirement preparation includes retirement planning. Financial literacy is critical to retirement planning, particularly in wake of the increasingly wide array of long-term financial products, schemes, and services marketed to individual investors.

Financial literacy measures are positively associated with active retirement planning and these relationships are robust in taking into consideration the endogeneity of financial literacy. (Geng Niu & Yang Zhou, 2017). Overall, these results indicate that financial sophistication strengthens the incentive to actively prepare for retirement by making use of financial products, such as commercial pension insurances, which might be attributed to a better understanding of the workings of financial markets (Van Rooij, Lusardi, and Alessie, 2008). Lack of retirement planning translates into low levels of retirement wealth accumulation (Lusardi, 2008).

It is however disturbing to note that some studies discovered that respondents were not financially ready and their cost of living when they retire cannot be adequately financed when it comes to their financial accumulation and retirement income management (Mandigma, 2016). Empirical studies find a link between financial literacy and retirement planning activities but do not report direct connection to retirement planning outcomes such as retirement savings (Mayer, et al., 2011) Retirement savings is one of the components of financial accumulation and preparation, a variable of retirement preparation in this study.

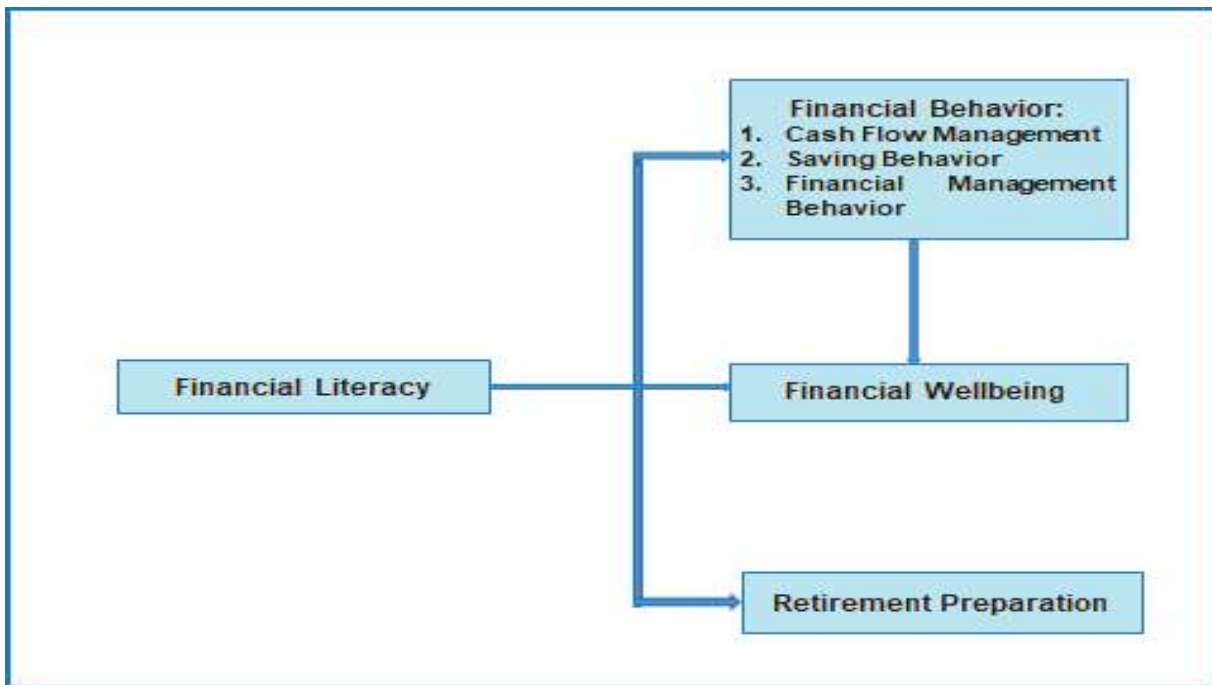
This empirical study seeks to determine the relationship between financial literacy and retirement planning, given that the results of studies to such a relationship are not consensual. Consequently, a study to identify if individuals with a high level of financial literacy have retirement plans other than required by the state can be carried out.

Conceptual framework

According to MacCullers (1984), home economics has been criticized for its dearth of theory. It lacks a theoretical basis in solving problems, and it overemphasizes on practical problems. But Caplovitz (1983) states that "research into real-world problems is generally not based in theory because there are no theories of these problems to be tested" (Porter, 1990, p. 9). Financial problems, financial concepts, and preparation for one's retirement are real-world problems. There had been studies on the relationships of these concepts (Taft, et al. 2013, Kempson, et al., 2017, Netemeyer, et al., 2018) but they could only provide conceptual linkages of the underlying variables and constructs. Some studies investigated the determinants of financial well-being, but most of this is restricted in coverage (Kempson, et al., 2017). Some studies linked financial literacy and retirement preparation which included Lusardi and Mitchell (2007). They examined how financial literacy would impact the preparedness of people for their retirement and a study was also made to link between financial knowledge, savings and investment behavior (Delavande, Rohwedder, and Willis, 2008). Jappeli and Padula (2013) predicted that financial literacy and wealth will be strongly correlated over the life cycle, with both rising until retirement and falling thereafter.

The conceptual framework of this study is illustrated in Figure 1. The relationships between the variables will be tested as hypotheses and are recognized based on the research questions they attempt to answer.

Figure 1
Conceptual framework



Methodology

This section presents the methodology and procedures that were employed in this study to test the hypotheses and to seek answers to the research questions. A discussion of the sampling design, research instrument, measurement of financial literacy, financial behaviors, financial wellbeing, and retirement preparation, and the statistical analysis of the relationships of all the variables are provided.

Sampling design

For this research, all employees of the Local Government of Cervantes, Ilocos Sur as of March 20, 2018, were considered as the study's population. This was based on the list of employees provided by the Human Resources Management Officer of the said local government. With a total of 130 employees and officials, the sample size was computed at 98, using a 95 percent level of confidence. However, only 87 employees answered the questionnaires. Convenience random sampling was administered in collecting data. The local executive, which was supportive of the study, invited the researcher to attend their meeting to distribute the questionnaires. However, some of the employees were on official travel, and deployed in the barangays. Some employees, mostly those on job order status, were overwhelmed with the questions that they refused to answer. The researcher made sure that the respondents personally answered the questionnaires. The questionnaires were collected within the same hour these were distributed and responses were tallied manually.

Research instrument

The research instrument was based on the scales validated by various authors. There are 77 questions consolidated from different authors. The set of questions to measure financial literacy was designed by Van Rooij, Lusardi, and Alessie (2011). Financial behaviors that include cash flow management and saving behavior were measured using the variables used by Hogarth, et al. (2003; 2009), while the variables of financial management behaviors were taken from Bell, et al. (2009). To measure the financial wellbeing of the respondents, the InCharge Financial Distress/Financial Well-Being scale designed by Prawitz, et al. (2006) was used. To measure retirement preparation, the questions used by Mandigma (2016) were asked.

Statistical analysis

Pearson correlation analysis, T-test, and ANOVA were used to determine the relationships of the variables and constructs. Multiple regression analysis was used to determine whether the individual characteristics of the employees significantly influence their financial literacy, financial behavior, financial wellbeing, and retirement preparation. The individual characteristics age, gender, marital status, highest educational attainment, position, employment status, and financial status were entered into the regression towards financial literacy. To determine whether financial behavior could significantly influence financial wellbeing, linear regression was also used. The SPSS statistical software was employed to complete the statistical analyses.

Results and discussion

Individual characteristics

It was found that 56.3% of the employees were female, 44.8% were middle-aged (35-49), 78.2% were married employees, and 85.1% of the employees were college graduates. Moreover, 78.2% of the employees were rank and file, and 66.7% have permanent employment status. Many employees with job order status refused to answer the questionnaire. Results revealed that 70.1% of the employees had poor financial status.

Table 1 presents the level of financial literacy of the respondents which revealed that the majority of the respondents had a very low to moderate level of basic financial literacy. Surprisingly, the majority of the respondents had moderate to high levels of sophisticated financial literacy. Questions asked in sophisticated financial literacy did not involve computation but more on financial knowledge. The employees attempted to get "perfect scores" that they used calculators to answer the basic financial literacy questions. However, results revealed that they had less knowledge in the concept of interests, inflation, and compounding. When the total of the mean scores in basic and sophisticated financial literacy was computed to represent their overall financial literacy, the majority of the employees displayed a low to moderate level of financial literacy. This validates the findings in other studies that financial literacy rates worldwide are staggeringly low.

Table 1*Financial Literacy of the Employees of the Local Government of Cervantes, Ilocos Sur*

Level of Financial Literacy	Basic Financial Literacy		Sophisticated Financial Literacy		Overall Financial Literacy	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Very Low	31	35.6	11	12.6	4	4.6
Low	24	27.6	5	5.7	32	36.8
Moderate	26	29.9	36	41.4	38	43.7
High	5	5.7	26	29.9	13	14.9
Very High	1	1.1	9	10.3		
Total	87	100	87	100	87	100

Results revealed that females had higher financial literacy than males. This result contradicts the findings of Lusardi and Mitchell (2011), Agarwal (2009), OECD (2013) and Hastings et al. (2013). But the results of this study that financial literacy increases with age contradicts the findings of Lusardi and Mitchell (2011) that the middle-aged employees were more literate than their younger and older colleagues; and Atkinson and Messy (2012) that there are mediating factors that may decrease the financial literacy of older respondents. Married employees displayed higher financial literacy than single employees and a widow in the respondents exhibited the highest financial literacy. Financial literacy increased with the level of education where the financial literacy rate is lowest at the lowest level of education and is consistently increasing with an employee with a doctoral level of education having the highest financial literacy level. This is not consistent with the findings of Altintas (2011) and Allen, et al. (2007) that respondents with high levels of schooling could have very low financial literacy although the result of this study is inconclusive as there was only one doctoral-level respondent. Heads of offices had higher financial literacy than their counterparts. Employees with permanent employment status had the highest financial literacy although those with job order status scored higher than the employees with fixed terms and contractual status. Employees with good financial status had higher financial literacy rates than those with fair and poor financial status.

Table 2*ANOVA Results of the Financial Literacy of the Employees of the Local Government of Cervantes, Ilocos Sur When They Are Grouped According to Their Characteristics*

		Sum of Squares	df	Mean Square	F	Sig.
Gndr Cd	Between Groups	1.561	3	.520	1.835	.147
	Within Groups	23.542	83	.284		
	Total	25.103	86			
Age Cd	Between Groups	.835	3	.278	.492	.689
	Within Groups	46.981	83	.566		
	Total	47.816	86			
MS Cd	Between Groups	3.938	3	1.313	.261	.853
	Within Groups	417.878	83	5.035		
	Total	421.816	86			

HES Cd	Between Groups	.143	3	.048	.132	.941
	Within Groups	29.926	83	.361		
	Total	30.069	86			
Pos Cd	Between Groups	.852	3	.284	.751	.525
	Within Groups	31.378	83	.378		
	Total	32.230	86			
ES Cd	Between Groups	7.737	3	2.579	3.793	.013
	Within Groups	55.751	82	.680		
	Total	63.488	85			
FS Tot	Between Groups	.558	3	.186	.322	.809
	Within Groups	47.879	83	.577		
	Total	48.437	86			

However, ANOVA test results (Table 2) revealed no significant difference in the level of financial literacy of the employees when they were grouped according to gender, age, marital status, highest educational attainment, position, and financial status. Employees with permanent status had higher financial literacy rate and analysis of variance showed that the effect of employment status on financial literacy was significant $F(3,82)=.322, p=.013$.

Table 3 reveals that the employees have fair cash flow management behaviors and fair to good financial management behaviors. However, the majority of the employees have poor saving behavior. One that could explain this is their difficulty of access to banks. Results of the ANOVA test revealed that there is no significant difference in the financial behavior of the employees when they were grouped according to gender, age, marital status, highest educational attainment, position, employment status, and financial status.

Table 3

Financial Behaviors of the Employees of the Local Government of Cervantes, Ilocos Sur

Level	Cash Flow Management		Saving Behavior		Financial Mgmt Behavior	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Poor	31	35.6%	14	62.1%	3	3.4%
Fair	43	49.4%	19	21.8%	42	48.3%
Good	13	14.9%	14	16.1%	39	44.8%
Total	87	100%	87	100%	87	100%

The financial wellbeing of the employees is presented in Table 4. This reveals that majority of the employees have poor to moderate financial wellbeing which is equivalent to high to moderate financial distress. Results of the ANOVA test revealed that there is no significant difference in the financial wellbeing of the employees when grouped according to gender, age, marital status, highest educational attainment, position, employment status, and financial status.

Table 4*Financial Wellbeing of the Employees of the Local Government of Cervantes, Ilocos Sur*

Level of Financial Wellbeing	f	%
1. Overwhelming financial distress/lowest financial wellbeing	2	2.3
2. Extremely high financial distress/extremely low financial wellbeing	3	3.4
3. Very high financial distress/very poor financial wellbeing	8	9.2
4. High financial distress/poor financial wellbeing	20	23.0
5. Average financial distress/average financial wellbeing	24	27.6
6. Moderate financial distress/moderate financial wellbeing	18	20.7
7. Low financial distress/good financial wellbeing	7	8.0
8. Very low financial distress/very good financial wellbeing	5	5.7
9. Extremely low financial distress/extremely high financial wellbeing	0	0.0
10. No financial distress/highest financial wellbeing	0	0.0

Table 5 presents a summary of the three aspects of retirement preparation. The majority of the employees have moderate retirement preparation in terms of financial accumulation and retirement income, and the majority have high preparation in terms of the effect of geography on the cost of living. The respondents live in the province with lower costs of living, which could explain their high score on the cost of living on retirement and preparation in terms of income and finances. However, of those who answered the questions on retirement concerns, the majority of the respondents revealed that they are anticipating special circumstances that will affect their retirement plans and their retirement expenses and a majority are concerned about needing nursing home care. These concerns require additional costs thus, making retirement preparation paramount.

The majority of the employees have low to moderate retirement preparation in terms of financial accumulation. They scored higher in doing basic computations to meet their retirement objectives, in increasing their savings if their savings were not enough, in terms of retirement income management and in having life insurance. However, majority of them were thinking of their benefits from the Government Service Insurance System as their insurance.

Most of the employees have moderate preparation in terms of retirement income management. The employees were thinking more about leaving a bequest to their family than preparing a budget for retirement and anticipating changes in the economy that will affect their retirement. Majority of the employees revealed that they had a high level of preparation in all the questions asked to measure their retirement preparation in terms of the effect of geography on their cost of living that included whether they planned where to live in retirement if they had the freedom to choose where to live, and if this place where they will live is where they always wanted. Most of all, they have determined that the potential cost of living in this place is within their retirement budget.

Table 5*Retirement Preparation of the Employees of the Local Government of Cervantes, Ilocos Sur*

Level of Preparation	Financial Accumulation		Retirement Income Management		Geography on Cost Of Living	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
Very Low	9	10.3	18	20.7	8	9.2
Low	24	27.6	19	21.8	4	4.6
Moderate	32	36.8	31	35.6	20	23.0
High	20	23.0	17	19.5	40	46.0
Very High	2	2.3	2	2.3	15	17.2
Total	87	100	87	100	87	100

Multiple regression analysis revealed that the level of financial literacy of the employees significantly influenced their financial behavior, financial wellbeing, and retirement preparation. It was found that financial behavior significantly influenced financial wellbeing. Financial behavior significantly influencing financial wellbeing consequently validates these earlier findings in this study.

When asked about their retirement preparation other than their GSIS plans, the employees disclosed the following:

1. Prepare a business for extra income.
2. By saving/depositing.
3. By investing in tangible assets/business/land
4. Earn and save a lot
5. Simple living

Majority of the respondents did not answer this question and some even responded that it's too early to plan for retirement. This confirms that employees are highly reliant on the statutory retirement benefits for their retirement needs.

The majority of those who seem to have other plans are those with low to moderate financial literacy rates. Only 15% of the employees who have high financial literacy have retirement plans other than their GSIS plan and they have indicated that they will invest in tangible assets and business operations. Most of the employees don't have other plans.

Conclusion

This study analyzed whether financial literacy has a significant influence on financial behaviors, financial wellbeing, and retirement preparation of the employees. The relationship between these variables was also studied.

The poor saving behavior of the employees could be explained by the difficulty of access of these individuals to banks. They have been trained or they have learned to manage their cash flows without the aid of banks, holding on to their cash until the next expected inflow of cash.

The poor to moderate financial wellbeing is no surprise as the employees have been found to have low financial literacy rates and financial literacy has been revealed to have a significant effect on financial wellbeing. One must have higher financial literacy to achieve higher financial wellbeing.

The geographic location of the respondents may have affected the high scores in retirement preparation as they are living in rural areas where the cost of living is expected to be low. The saving habits of the employees may not have been measured well with the scale used as they have a difficulty of access to banks as measured but they may have other means of saving and accumulating wealth.

The findings that financial literacy significantly influenced financial behaviors, financial wellbeing, and retirement preparation support the importance of financial literacy.

Recommendations

The low level of financial literacy of the employees was found to adversely influence their financial behaviors, financial wellbeing, and retirement preparation. As a result, this author recommends an initiative by the Local Government of Cervantes, Ilocos Sur to improve the financial literacy of the employees through Employees Financial Wellness Programs (EFWP). This includes inviting financial advisors to conduct financial education on saving, cash and credit management, spending behaviors, investing, and preparing for retirement in terms of finance, and accumulation and management of pre-calculated retirement needs. The LGU can collaborate with financial institutions to introduce financial products and encourage employees to invest and accumulate wealth. Knowing will boost confidence in these products. The outcome that shows low levels of financial literacy in this study is not isolated from results worldwide. Therefore, suggested EFWP can be implemented nation-wide to introduce and strengthen financial literacy.

A revision in the measurement of financial literacy and financial behaviors can be carried out such as the inclusion of investment properties and commodities in addition to financial instruments to better measure financial literacy. Individuals in the provinces don't have access to the financial market and banks but have other means of increasing their wealth and securing their future. Not being knowledgeable in the stock and bond market may not be indicative of financial illiteracy as these people may be knowledgeable in investment properties and commodities such as gold.

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