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PRE-RETIREMENT ATTITUDES
AND FINANCIAL PREPAREDNESS:
A CROSS-CULTURAL AND GENDER ANALYSIS

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ABSTRACT

The purpose of this research was to examine the differences between males and females across three different cultures in terms of financial resources for retirement years and pre-retirement attitudes and intentions.

The study was carried out in three separate endeavors in one primary study and two replicatons. There was one study of white professional workers with a replication done on black professional workers and finally a replication study carried out on the island of Puerto Rico. A total of 913 persons were studied with equal proportions of female and males.

Findings suggest a lack of financial readiness, especially among puertoricans and women. Yet the group most ably prepared (white professionals) anticipated the least enjoyment of retirement. The need for pre-retirement planning, especially for women and ethic minorities is clear. Moreover, the documentation of the inequities between whites, blacks, and puertoricans should provide further impetus for the social welfare institutions to confront this discrepancy.

With the rise in life expectancy we can anticipate a corresponding increase in the number of years that one may spend being retired. Currently, retirement has been the subject of heated debate in regards to the social security system and mandatory retirement. At the same time, labor force participation rates have declined sharply for those over age 65.¹

While most people probably consider 65 to be the "age for retirement," the actual age is earlier for many workers, with a steady increase in the proportion of workers leaving the labor force from age 55 on.² A 65 year old male can now look forward to 14 more years, while a 65 year old female can anticipate another 18 years.³ Thus the term, "early retirement" now has even more salience. Although retirement encompasses many psychosocial changes and new definitions of the self, the pattern of financial preparedness may be one of the most important influencing factors affecting early retirement.⁴

The need for pre-retirement planning has been clearly linked to satisfaction in the retirement years.⁵ The consequences of inadequate and incomplete retirement preparation most certainly means, at worst, years of poverty level existence, and at best, surviving from month to month and financial crisis to financial crisis. In general, preparation for retirement is minimal; it is unorganized beyond the immediate, personal level.⁶

Sex, Race, Ethnicity and Retirement

Little is known about the female professional and the problems she may face during retirement years.⁷ The prevailing thought is that women are the least prepared. They have lower incomes than men, will have smaller pensions, and often may lack even social security coverage. Retirement, in fact, may pose more serious problems for women than for men.⁸

Similarly, there has been little systematic effort devoted to studying pre-retirement planning and attitudes among black persons. Because of the inequities in American society, for blacks, both early retirement and pre-retirement planning in many cases is more of a dream than reality. Kolodrubetz⁹ found that blacks were only half as likely to be receiving private pensions, and these were only half as large as among white recipients. Furthermore, Davis¹⁰ notes that, when we look at the high incidence of poverty among blacks, we find that, at the beginning of their working lives, over one-third of blacks between 18 and 24 are poor compared with less than one-tenth of

whites of the same age; one out of two blacks end their working lives in poverty, compared to one out of five whites. For both blacks and whites, the odds for poverty accelerate after age 65, yet for blacks, the odds are that in one out of two cases, living conditions will be catastrophic.

Now the island of Puerto Rico represents a special case for cross-cultural study. Its inhabitants are United States citizens (since 1917) as the island is under United States jurisdiction. However, it functions as a commonwealth and has had its own constitution and governor since 1952.¹¹ More importantly the inhabitants have their own culture and distinct identity.

Early studies of Puerto Rican culture suggest that there is very high morale in all segments of the community and that "people at all levels are relatively equipped for the future with the spirit required."¹² This is in spite of approximately 25% constant unemployment and lengthy periods of extremely high inflation.

Purpose

The purpose of this analysis is to consolidate and disseminate the results from three studies, each representing women and men from three distinct ethnic or cultural groups. The objective is to examine the financial resources of professional workers, and retirement attitudes and intentions, by gender, within white, black and puertorican populations.

Method

All three studies utilized a cross-sectional survey method and controlled for three factors: sex, age, and profession. This was to insure equal proportions of females and males in addition to persons from age 25 to 64 years. Professionals represent the group with the best opportunities for pre-retirement planning and both high and lower status professions were equally represented. Within these strata, random sampling was utilized. Complete details regarding sampling procedures may be found in Kilty

and Behling, (1980). White and black respondents were sampled in a large midwestern city (population 596,000) and puertorican respondents from the metropolitan area of San Juan, (population 500,000). Sample size included: 519 whites, 234 blacks, and 160 puertoricans for a total of 913.

All three studies utilized the same instruments with the puertorican schedules translated to Spanish. The data were collected as part of a larger effort to determine how retirement attitudes and intentions were influenced by: the cultural forces of race, ethnicity, gender, age, and professional status; alienation from work and everyday life; orderliness of career or work history; life-long habits of using free time constructively; extensiveness of pre-retirement financial planning; and choice of retirement life styles.

Of particular concern here are gender, race/ethnicity, and financial planning variables, along with retirement attitudes and intentions. Respondents were asked to indicate whether or not they had 17 various kinds of financial arrangements as possible sources of retirement income. Examples of such sources included health insurance, bank accounts and certificates, stocks, annuities, and pensions.

Two measures were concerned with retirement intentions: the age at which the respondents personally planned to retire, and whether they had considered early retirement. Two additional scales were used to measure retirement attitudes (Goudy, et. al., 1975).¹³ The first scale was, "Anticipated Enjoyment of Retirement," while the other scale was entitled, "Avoidance of Retirement." Each scale consisted of four items which employed a seven point continuum.

Respondent Characteristics

Since this study was concerned with retirement planning some background is in order regarding the current situation of these professionals.

The majority of the professionals (78%) were lawyers, social workers, high school teachers and

college professors, with equal numbers of women and men in each category. Once again, this was primarily by design since these professionals were easily accessible and represented both high and low status as accorded by our society. Other occupations represented included nurses, physicians, accountants, and various administrators. Professional status scores were assigned and ranged from a low of 49 to a high of 99.¹⁴ The mean was 88.62 with a standard deviation of 8.78. Twenty-two percent (22%) of the sample were at the mode of 82. Thus the respondents in this sample held higher status positions than most in our society. Indeed, 17.2% held doctoral degrees, 17.1% law degrees, 39.3% master's, and 23% held bachelors.

The majority, 85%, were salaried professionals, while 13% were self-employed. About one-third (34.6%) had held three or four work positions at the time of the study while 41% had only held one or two work positions in their career histories. Forty-four percent had been in their current position for four years or less, while 10.2% had spent at least twenty years in their current position.

The majority were married (68%) and those never married (17.5) and divorced (11.4%) were overwhelming (over 80%) female. Thirty-one percent (288) of the sample were childless, and of those with children, 67% (424) had children under the age of eighteen.

Age was controlled for by the study design and 25% of the sample were in each ten year age group: 25 to 34 years, 35 to 44 years, 45 to 54, and 55 to 64 years. The mean was 43.02 while the median was 42.19 years. As mentioned earlier, 50% of the sample were female.

Not surprisingly, their current salaries reflect our stratified society. As Tables 1 and 2 reveal, the discrepancies are greatest between whites and blacks on the one hand and puertoricans on the other, as well as the glaring inequity between women and men, regardless of ethnicity. The discrepancy between males and females however is not as great with the puertorican professionals. It is important to note that these inequities between females and males remain

at least constant or were even more discrepant within all occupational groupings.¹⁵

Table 1. Current Salary by Sex Within Ethnic Groups
(Reported in Percent)

Salary Dollars (Gross p/yr)	WHITE*		BLACK*		PUERTORICAN*		Total
	Female	Male	Female	Male	Female	Male	
Below 10,000	1.4	1.3	4.8	1.1	24.1	10.1	4.9
10-14999	27.8	8.4	24.1	8.6	34.2	26.6	19.8
15-19999	31.9	20.3	31.3	19.4	20.3	29.1	25.8
20-24999	19.0	17.2	22.9	18.3	8.9	16.5	17.6
25 & above	19.9	52.9	16.9	52.7	12.7	17.7	31.9
TOTAL	(216) 100%	(227) 100%	(83) 100%	(93) 100%	(79) 100%	(79) 100%	(783) 100%

Raw frequencies in parenthesis.
*All associations significant at the .05 level.

Table 2. Current Salary by Sex and by Ethnicity
(Reported in Percent)

Salary Dollars (Gross p/yr)*	WHITE	BLACK	PUERTORICAN	FEMALE *	MALE
Below 10,000	1.4	2.8	17.1	6.8	3.0
10-14999	17.8	15.9	30.4	28.0	12.0
15-19999	26.0	25.0	24.7	29.6	22.2
20-24999	18.1	20.5	12.7	18.1	17.2
25 & above	36.8	35.8	15.2	17.5	45.6
TOTAL	(443) 100%	(176) 100%	(158) 100%	(382) 100%	(401) 100%

*All associations significant at the .05 level.

Table 3. Extensiveness of Pre-Retirement Planning: Financial Variables by Sex, and Race/Ethnicity
(Reported by the proportion who have any of the type of coverage)

Resources	SEX		RACE/ETHNICITY**			TOTAL
	Female	Male	White	Black	P.R.	
1 Health Insurance	67.5	71.1	67.1	78.6	63.1	69.3
2 Social Security	65.3 *	73.7	68.4	76.1	64.4	69.5
3 Bank Account	37.4 *	46.3	37.8	46.2	48.8	41.9
4 Bank Certificate	33.4	34.9	41.0	28.2	18.8	34.2
5 Stocks & Bonds	35.8	36.9	46.8	32.1	8.8	36.3
6 Mutual Funds	14.9	14.0	18.1	13.2	3.8	14.5
7 Annuity	31.0	32.1	36.0	35.5	10.6	31.6
8 Endowments	11.4	13.4	8.3	19.7	15.6	12.4
9 Income from current prof.	61.1 *	70.9	67.8	71.4	53.1	66.1
10 Income from other prof.	24.0 *	44.2	33.3	39.7	28.8	34.2
11 Private Pension	20.7 *	30.8	29.9	24.8	14.4	25.8
12 Public Pension	65.9	61.2	60.7	61.5	75.0	63.5
13 Spouse Income	48.1	48.9	48.7	54.7	38.1	48.5
14 Real Estate	39.8	42.7	42.2	45.3	33.1	41.2
15 Business Venture	12.5 *	27.6	22.4	21.4	11.3	20.1
16 Other	15.4 *	19.6	18.9	19.7	10.6	17.5
17 Will	51.4 *	61.6	72.6	47.9	16.3	56.6

*Significantly associated at $p < .05$.

**All 17 measures were significantly associated with race/ethnicity

Given their salaries as a starting point, let us now turn to the central focus of the analysis, the financial preparedness for retirement and pre-retirement attitudes and intentions.

Financial Preparedness

As Table 3 indicates, the most popular methods for financial retirement planning are social security, and public pensions. Interestingly, 66% indicated that they will still have income from their current profession as a resource which indicates that many are not planning for full retirement, nor even planning for that possibility. Having health insurance and having made a will are not financial planning per se.

Indeed, the data revealed a general lack of financial planning as the average number of traditional types of plans (bank certificates, stocks, mutual funds, annuities) that respondents had was 1.17. The average number of pensions was 1.59 and the average number of venturesome types of plans (e.g.: business investments) was 1.38.

Once again, we find large gaps in financial preparedness particularly among puertoricans, and women regardless of ethnicity. While Table 3 reveals the overall effects of sex and ethnicity some interactions between sex and ethnicity were found. These, as well as areas where the differences are more accentuated within one particular ethnic group will be discussed next.

Social Security

The main effects of sex, of women having less than men within ethnic groups was the least for blacks, followed by puertoricans. That is, the discrepancy between males and females was the highest within the white professionals, 62% for females and 75% for males, a 13% difference. The difference was 9% and 6% for puertoricans and blacks, respectively.

Interestingly, although puertoricans were associated ($p < .05$) with the lowest proportion, social

security represents the most significant economic security measure on the island.

Bank Accounts

Blacks and puertoricans were more likely to use conventional bank accounts for retirement saving. Within the white sample there was no difference between females and males, however there were major gender gaps within the other two groups. For blacks there was a 17.9% difference and for puertoricans the difference was 20%. Over half (55.2%) of the black male professionals compared to 37.3% of the females had a bank account for retirement purposes. Almost 60% of the puertorican males did, compared to 40% of the females.

Income From Another Profession

Males were more likely to expect to have retirement income from another profession, perhaps a second career or other types of employment. Although it appears that a low proportion of puertoricans expect this, when broken down by sex, the proportions were 38% for males compared to 20% for the females. For the puertorican sample, the gender difference took precedence over the ethnic difference. However, 33% of the black females expect this as compared to 20% and 21% of the puertorican and white females.

Pensions

While private pensions are low for women and puertorican professionals, the gap is the smallest within the puertorican group. Only sixteen percent (16%) of the males and 12% of the female professionals in Puerto Rico have private pension coverage.

As for public pension coverage, more white females (65.2%) than white males (56.4%) have this as a resource. Puertorican women lag by 8% behind their male counterparts (71.3% for women and 78.8% for men), while black women are only 4% behind black males (63.6% and 59.5%, respectively).

Summary of Financial Preparedness

The data revealed a general lack of financial planning and resources among all three groups and particularly among puertoricans and women regardless of ethnicity or race. White professionals had the most resources, sometimes three times as much as puertoricans, especially in the areas of bank certificates, stocks and bonds, and annuities. Often perhaps because of stronger gender norms, puertorican women do the least planning. Although because of the relatively few resources available to puertoricans, the gender gap was closed in some areas, and was glaring in the case of blacks and whites living in the continental United States. Black professionals however are not an accurate representation of all black workers in America. The black professional has nominally "succeeded" in a white world and in many instances closely approximates white professionals, except in the areas of bank certificates, stocks and bonds, which still reflect a racial gap in important economic measures. Yet, compared to the puertorican professionals the black professionals seem more ably prepared.

Preretirement Attitudes and Intentions

Our focus here is to examine the variability among females and males across different cultural and ethnic milieus in their attitudes and intentions and assess its meaning in relation to the findings presented above.

The two scales that were utilized to measure attitudes, "anticipated enjoyment" and "avoidance of retirement" have theoretical low and high points of 4 and 28. The means for the total study population were 18.35 and 11.93, respectively, with standard deviations of 4.59 and 4.80. This represents a somewhat positive attitude toward retirement as high scores are in agreement with the scale title.

Using analysis of variance techniques no interactions were found nor any significant difference between females and males. On both scales, however there was a significant ($p < .05$) main effect for ethnicity. Puertorican professionals held the most

positive attitude toward retirement, followed by black professionals. White professionals scored the lowest on anticipated enjoyment ($M=17.68$), while the means for puertoricans and blacks were 19.92 and 18.74, respectively.

On the avoidance of retirement scale, the same pattern ensued, only blacks were slightly lower than puertoricans on avoidance. The means were 12.37 for white professionals, 11.30 for blacks, and 11.40 for puertoricans.

Thus, although puertoricans are the least prepared financially, their opinions on retirement suggest a strong cultural difference. This interpretation was further supported by the data on retirement intentions.

The mean age intended for retirement was 60.91 years; for women it was 60.81 and for men 61.02. This difference was not significant; however, the main effect for ethnicity was. The mean for puertoricans was 58.46 years, while the mean for whites was 61.84 and the mean for blacks was 60.79 years ($p<.05$). There was no significant interaction, thus the main contrast is between puertoricans on one hand and blacks and whites on the other. Interestingly, 153 respondents did not wish to answer this question.

Finally, the last measure considered in this analysis, whether the respondent had considered, or would consider early retirement, was once again a confirmation of the established contrast between the ethnic groups. Respondents could indicate that they definitely have considered early retirement, or possibly, on the affirmative side. On the negative side they could indicate that they doubt it, or definitely not. The association of puertoricans affirming and whites and blacks disaffirming was strong ($p<.001$). Over half (54.1%) of the puertoricans have considered early retirement compared to 25.6% of the blacks and 25.8% of the whites. Almost half (46.0%) of the whites and a little more than a third (37.2%) of the blacks had definitely not considered early retirement, compared to only 19.5% of the puertorican group. Combining the affirmative and

negative responses, 40.8% of the white professionals, 45.7% of the blacks, and 69.0% of the puertoricans had either possibly or definitely considered early retirement. Thus, 60% of the whites and 20% of the puertoricans and 54% of blacks had not wanted to consider it. There were no gender differences except within the puertorican sample. Women were more likely to have possibly considered it, while men were more likely to have definitely considered it.

Discussion

The pattern that can be discerned is that white professionals may be more prepared financially for retirement although this is not reflected in attitudes nor intentions. Regardless of culture, women had fewer resources for retirement. Men had more pension coverage and were more likely to be involved in venturesome investments which are the kinds of financial activities that have the greatest potential return. Women did not differ from men on retirement attitudes nor intentions, which suggests that they have the same expectations; yet for women resources are scarce.

There are still major economic gaps between blacks and whites, but mostly the inequity is between those Americans living in the continental United States and those Americans living on one of its colonies. Despite the vast development of private enterprises (mostly North American), few provide retirement benefits to their puertorican employees.

Yet, the puertoricans enjoy a more positive and open attitude towards retirement. We can learn from the cultural diversity exemplified here.

The social need both at individual and institutional levels for pre-retirement planning to help individuals adjust to retirement and live full lives should be a high priority. Many investment firms are offering special programs for women in response to this need. However, until a more equitable distribution of income and pension systems are realized, this objective will be difficult to achieve. As for the American citizens who are puertoricans, many questions

still remain unanswered. It must be re-emphasized that puertorican samples are professional workers, who have the same training and credentials as their mainland counterparts. Puerto Rico is a strategic island in the Caribbean in terms of United States military policy. Perhaps the economic well-being of its citizens should be of equal importance.

Conclusion

Although retirement can be conceptualized as an event, or status, what was germane to this research effort was retirement as a planning process. Some of the major questions were how and when do professionals prepare for retirement? Are there any discernable stages in the planning process? Our results were consistent with previous findings that most people do not prepare for retirement. With regard to financial preparation over data suggested that it is not so much a question of "planning" as of "growing" into financial preparedness. Since resources are scarce, women and puertoricans cannot financially plan a decade or two before retirement, as white male professionals can.

Yet puertoricans may be said to be more prepared socially and emotionally as evidenced by their attitudes and intentions. Anticipatory socialization not only in terms of finances but in terms of roles and activities is crucial to a satisfying transition. What is to account for this difference?

Although this presents ground for further research we would like to begin to offer a basic sociological thesis as a starting point. That is, that the cultural meaning of retirement will influence the behavior patterns exemplified. The Blumerian premise of symbolic interactionism is that people act on the basis of meaning. Just what does retirement mean to puertorican professionals? We can suggest as others have found that the perception of the importance of income to satisfy life's wants may be a critical factor.¹⁶ In other words, those with higher incomes and higher status continue to work longer. How important is making money? What is an adequate retirement income? Those are questions that must be

faced in the consumer (e.g.: buying and selling) culture we live in.

Our data did not support gender differences in attitudes and intentions, only in financial resources and planning. This is discrepant from other findings, however the differences in financial resources may summarize what's most important in regards to gender and retirement. Not only do women have less resources due to discrimination in income, but since their work pattern is often different than men (child bearing and rearing) they have fewer years in employment. Thus many women will have to work longer than their male counterparts in order to provide for themselves in retirement.

In sum then we would like to emphasize the response needed from social welfare institutions, both in terms of direct services to all individuals and especially to minority groups, and in terms of policy at state and federal levels.

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