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# **RETIREMENT PLANNING MODEL**

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## **ABSTRACT**

This is a disparage in retirement planning between theory and practice. If a systems model can be developed to incorporate a theoretical, as well as a practical perspective, then new hypotheses or models can be developed to better understand the retirement process.

There are a number of counseling models that have been developed. (2) One is based upon a medical perspective that recognizes capabilities first and differences second. Another is the cognitive model which also recognizes capabilities and differences but the focus is less upon physical capability and more upon mental capacity. A third type of counseling model is based upon motivation. Life experiences are related to developing a meaningful life style. (14)

## **INTRODUCTION**

Different theoretical models have been developed for retirement planning. One model has two axes. On the vertical axis is the individual at one end and the group at the other. On one end of the horizontal axis is a medical perspective and a psychological or a social/psychological perspective at the other end. The basis focus of this type of model is in the delivery of services to clients based upon need.

Another type of model is process and is based upon life span. This model relates change to adaptation and adjustment. (8) Capability is viewed in relation to physical and mental well being. The primary focus is upon prescription for the development of meaning of life.

Most of the models emphasize the following elements but in different orders: psychological and physical capability;

perceptions; motivation; and meaning of life. (9, 16)

Practitioners have had a different perspective from a theoretical approach to retirement programs. Retirees are primarily concerned about financial issues first, and other dimensions on a secondary basis. Traditionally, retirement planning has been synonymous with financial planning.

A secondary approach is based upon behavioral outcomes. These outcomes include satisfaction of life, quality in life, and productivity. These approaches are primarily client-based and focus upon life issues. (1, 9)

If a systems model is used to conceptualize the disparity between theory and practice, a model may be constructed in a manner that the input is the needs of the client, the process is the theories of aging, and the outcome is the critical issues of the client.

Utilizing the systems model, a number of approaches may be used to assess the needs of the client. (5) One type of approach which is most widely used to assess needs is a Maslowian model in which client needs are conceptualized based upon a hierarchal spectrum ranging from safety and security to the point of self-actualization. (11) The hierarchy enables the counselor to diagnose a client position in his/her personal development and prescription which enable the client to develop his/her higher self.

The process components of the model are the theories of aging. There are three successful theories of aging: disengagement, activity, and attribution. The disengagement theory regards aging as a progressive, gradual withdrawal from social roles. (15) Disengagement is mutually beneficial to both the individual

and the society. Disengagement is preparatory and allows both the society and the individual to adjust to the ultimate withdrawal of the individual, that is, death. (4) The activity theory is based upon the assumption that life satisfaction is dependent upon the senior's ability to remain active in society. (6) The third theory, attribution, explores how self-perception affects behavioral processes. (12) There are two main causalities--1) dispositional, that is, qualities inherent in the person themselves, and 2) environmental attribution, that is, factors that are beyond the control of the individual. When seniors are in a dispositional mode, they are empowered and adapt or adjust better to retirement. If they are influenced by environmental factors such as health, economic, or social, they feel victimized.

The output component consists of the concerns that face the client or retiree each day. (7) There is no definitive set of issues that have yet been identified, except that the financial is crucial in the minds of the client until they can achieve some financial stability. In fact, the issues that are salient to each new generation of retirees may be significantly different. A methodology needs to be developed so that each generation can be understood in relation to input and process. The purpose of this study is to determine present and future needs and theories of aging, and how these factors are related to the concerns of retirees.

## METHOD

A number of instruments were reviewed to determine an appropriate format to be used to explore basic relationships among input, process, and output. (1) Maslow was used to assess input and theories of aging were utilized to evaluate process. An adequate

format could be found for input and process, but output was the methodological problem.

Basic formats were explored in order to identify the issues and their importance to the current generation of retirees. (3) An adequate format was found in the Institutional Functional Inventory and Institutional Goal Inventory. (9, 10) This is a format that lends itself to the adaptation of basic content statements and the assessment of content in relation to relative importance now and in the future. This is also a format in which different levels of variables can be assessed in terms of their impact upon content as well as the change process.

The format that was used is one in which content or variable areas were identified and a two-category level difference was recognized for content areas. These content areas or variables were then assessed in terms of their relevant importance now in terms of the "is condition" and their importance for influence in the future in terms of the "will be" position. A statement and an example was provided to indicate that the individual was to assess the importance for influence of the content area or variable upon retirement planning based upon their experience in retirement planning.

The population that was most appropriate to study in terms of content was retirement planners who have experience in working with clients of this generation. A random sample of individuals was selected from the International Association of Retirement Planners. Equal representation was selected from active corporate retirement planners as well as independent consultants who provide retirement planning services on a contractual basis. Of the 200 questionnaires sent out, 130 were returned. This is a response rate of 70 percent.

The data from the output portion were factor analyzed to isolate the basic dimensions in the output or issues for the current generation of retirees. Principal Component and Varimax methodologies were used in order to reduce the amount of interrelationships among the factors.

After the factor analysis was completed, a grid system was developed in which relationships were identified using Maslow's hierarchical stages and the three theories of aging. Content positions were related to the factors by content experts. (3) The content experts were academicians with a theoretical perspective on Retirement Planning. Relationships (among three content experts) were discussed and a majority criteria was used to grid relationships. Based upon this grid system or profiling, base relationships among input, process and output could be identified in order to develop a better understanding of retirement models and trying to develop an eclectic approach in order to understand the relationship between theory and practice.

## RESULTS

When the factor analysis was completed of the "is" and "will be" statements in order to isolate the basic issues related to the current generations of retirees through retirement planners, it was found that there were four primary factors. (The principal component of the Varimax methodology was used as the factor analysis methodology.) The four factors identified were: 1) analytical/cognitive, 2) socialization, 3) security, and 4) adaptation. (The statements used to form these factors were ones that had a factor-loading score over a 0.4. No items were used in forming the factor that double loads.) (Tables 1-4.) Factor 1, analytical/cognitive, represents a dimension

that focuses upon scrutiny and examination as its underlying dimension. This is an information-based category that suggests a critical examination of issues. Factor 2, socialization, depends upon the interaction and relationships among seniors as well as relationships with their families. The primary focus of this factor is interaction especially related to quality and has very little to do with content or condition. Factor 3, security, and its primary underlying thread is safety or a feel of a particular comfort zone based upon condition. The environment is the primary factor that influences the nature of this category. Factor 4, adaptation, is based upon the underlying element of change. Change, in this context, is an element of flexibility. Flexibility is a condition that seeks newness or diversity in experiences. The "is" and "should be" conditions were factor analyzed and it was found that all of the factors were present in both which indicates a high degree of internal consistency.

When the content experts did a conceptual cross tabulation of the input factors, that is, Maslow's four levels of his hierarchy, they are, security, social, self-esteem, and actualization. The process categories were disengagement, activity, and attributes. The output or issues were analytical, socialization, security, and adaptation. (Table 5) These categories were cross-tabulated by the researchers and it was found that the output issue of analytical/cognitive was related to the social, self-esteem, and actualization categories of the disengagement period of aging. In the activity theory of aging, the analytical/cognitive was related to self-esteem and actualization categories. In the analysis of the attribution theory, the analytical/cognitive was related to the security, social, self-esteem, and actualization categories.

When the socialization output factor was analyzed, it was found that the disengagement theory was primarily related to the social aspect of the Maslow hierarchy. When the activity theory was examined in relation to the socialization output factor, it was related to the social, self-esteem, and actualization categories of the Maslow hierarchy. The socialization output factor, when examined in relation to the attribution theory, was only related to the security level of the Maslow hierarchy.

When the security output factor was examined in relation to disengagement theory, it was related to the security, self-esteem, and actualization categories of the Maslow hierarchy. When the activity theory of aging was examined in relation to the security output factor, it was related to the security, self-esteem and actualization categories of the Maslow hierarchy. The security output factor in relation to the attribution theory related to security, social, self-esteem, and actualization categories of the Maslow hierarchy.

When the adaptation output factor was examined in relation to disengagement theory, it was related to security and actualization of the Maslow hierarchy. The activity theory of aging in relation to the output of adaptation was related to the security, social, self-esteem, and actualization categories of the Maslow hierarchy. When the attribution theory of aging was examined in relation to the output of adaptation, it was related to the social, self-esteem, and actualization categories of the Maslow hierarchy.

## IMPLICATIONS

The output and the process factors are categories and the Maslow system relating

to input is a hierarchy. Therefore, the cross-tabulation must be simplified in terms of the high-low in continuity of the categories must be used to characterize relationships. If the highest category is used to characterize the conceptual cross-tabs several models become intuitive. The following hypothesis can be generated from the simplification of the conceptual cross-tabs: Model 1 is that actualization is directly related to activities which is related to cognitive/analysis. The model suggested here is one in which activities are participated in on a very high plane in order to challenge and accomplish through cognitive processes. Model 2 with self-actualization is related to change which is related to relationships. This particular model suggests that individual achieves change and essentially achieves through other individuals as the primary operative element here is relationships which is the motivational factor to achievement. Model 3 is that security is related to forced change which is related to essentials. This model suggests that the individual resists change out of fear and the only way that change will occur in the individual's life is by crisis or by some type of forced compliance. Model 4 is that self-actualization is related to activities which is related to adaptation.

This suggests that the individual is constantly changing and using activities for achievement as an adaptation process to something that is elusive. Activities in this particular case are a means to an end that is never achieved. Model 5 is that security is related to forced change which is related to adjustment. In this particular model, security is an element that causes a shift in the tolerance level and rationalizes change as something that is not needed. The best process described this type of modeling is rationalization as individuals rationalize until change is the last resort. Crises are even rationalized and change is put off until the last possible minute. Model 6 is the individual who is constantly changing for the sake of change. Variety and curiosity are the primary factors that drive the change. This change is justified to find what is over the next mountain.

This has been an exploratory study in which basic relationships in an input, process and an output model are correlated to help reconcile differences between theory and practice. It is possible to reconcile these differences and use the strength of both approaches to develop a better understanding of the retirement process.

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Table 1

Is Low\*

	Socialization Factor 1	Analytical/ Cognitive Factor 2	Adaptation Factor 3	Security Factor 4
Educational Background	0.06	<u>0.51</u>	0.06	-0.13
Financial Status	-0.34	0.14	-0.28	0.53
Religion	-0.01	0.07	<u>0.93</u>	-0.01
Health Status	0.16	<u>0.70</u>	0.02	0.12
Reasons for Retirement	0.11	<u>0.49</u>	-0.21	0.20
Expectations for Retirement	0.23	<u>0.78</u>	-0.10	0.02
Attitudes Toward Work	0.47	0.18	0.18	<u>0.70</u>
Attitudes Toward Retirement	0.76	0.02	-0.19	0.45
Aging	<u>0.81</u>	-0.10	-0.14	0.04
Flexibility	<u>0.79</u>	-0.13	0.01	0.30
Chronological Age	0.06	-0.04	-0.05	0.50
Level of Activity	<u>0.79</u>	0.26	0.16	0.22
Leisure Opportunities	<u>0.72</u>	0.27	0.08	0.23
Relationships with Family	<u>0.89</u>	0.28	-0.14	0.00
Relationships with Friends	<u>0.90</u>	0.27	-0.10	0.01
Social Support	<u>0.85</u>	0.39	0.00	-0.13
Life Satisfaction	<u>0.85</u>	0.33	-0.07	-0.02



	Socialization Factor 1	Analytical/ Cognitive Factor 2	Adaptation Factor 3	Security Factor 4
Self Confidence	0.73	0.43	-0.38	-0.20
Number of Lifestyle Changes	<u>0.61</u>	-0.15	-0.08	0.36
Sense of Control Over One's Life	<u>0.80</u>	-0.28	-0.13	-0.13
Degree of Continuity of Lifestyle	0.28	0.40	-0.72	0.25
Amount of Planning/ Preparation for Retirement	<u>0.78</u>	0.35	0.32	0.02
Variance Explained by Each Factor	Factor 1 8.72	Factor 2 2.81	Factor 3 1.94	Factor 4 1.76

\*The following variables were deleted from the analysis: marital status, living arrangement, retirement style, manner of retirement because of a lack of ordinal relationships among the subcategories.

Table 2

Will be Low\*

	Socialization Factor 1	Adaptation Factor 2	Analytical/ Cognitive Factor 3	Security Factor 4
Educational Background	-0.01	0.02	<u>0.80</u>	0.02
Financial Status	-0.09	-0.02	-0.11	<u>0.52</u>
Religion	-0.26	<u>0.83</u>	0.14	0.00
Health Status	0.36	<u>0.57</u>	-0.32	-0.38
Reasons for Retirement	0.40	0.16	0.46	-0.34
Expectations for Retirement	0.18	-0.39	0.00	0.42
Attitudes Toward Work	0.23	<u>0.66</u>	-0.09	0.21
Attitudes Toward Retirement	0.82	0.14	-0.09	0.17
Aging	<u>0.72</u>	0.12	-0.03	0.07
Flexibility	<u>0.83</u>	0.17	0.01	-0.02
Chronological Age	0.04	0.23	0.14	<u>0.76</u>
Level of Activity	<u>0.83</u>	0.15	-0.09	-0.06
Leisure Opportunities	<u>0.73</u>	-0.13	0.01	0.03
Relationships with Family	<u>0.84</u>	-0.03	0.26	0.03
Relationships with Friends	<u>0.87</u>	-0.11	0.26	0.08
Social Support	<u>0.84</u>	-0.14	0.26	-0.24
Life Satisfaction	<u>0.84</u>	-0.09	0.35	-0.08

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	Socialization Factor 1	Adaptation Factor 2	Analytical/ Cognitive Factor 3	Security Factor 4
Self Confidence	<u>0.64</u>	-0.15	0.53	-0.05
Number of Lifestyle Changes	0.46	0.37	0.20	0.05
Sense of Control Over Ones Life	0.67	-0.35	0.46	-0.25
Degree of Continuity of Lifestyle	0.50	0.03	0.47	0.37
Amount of Preparation for Retirement	<u>0.66</u>	0.15	0.10	-0.26
Variance Explained by Each Factor	Factor 1 8.19	Factor 2 2.13	Factor 3 2.13	Factor 4 1.70

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\*The following variables were deleted from the analysis: marital status, living arrangements, retirement style, manner of retirement because of a lack of ordinal relationships among the subcategories.

Table 3  
Is High\*

	Analytical/ Cognitive Factor 1	Socialization Factor 2	Security Factor 3	Adaptation Factor 4
Educational Background	-0.14	0.32	<u>0.53</u>	-0.07
Financial Status	-0.15	-0.15	<u>0.76</u>	0.16
Religion	0.12	0.16	-0.02	<u>-0.53</u>
Health Status	0.19	0.02	<u>0.74</u>	-0.18
Reasons for Retirement	<u>0.74</u>	-0.08	0.37	0.23
Expectations for Retirement	0.38	0.10	<u>0.57</u>	0.06
Attitudes Toward Work	<u>0.56</u>	0.27	0.25	0.24
Attitudes Toward Retirement	0.64	0.43	0.04	-0.08
Aging	<u>0.58</u>	0.34	0.09	-0.36
Flexibility	0.27	0.60	0.46	-0.48
Chronological Age	0.20	0.20	-0.03	<u>0.60</u>
Level of Activity	<u>0.64</u>	0.24	0.01	-0.38
Leisure Opportunities	<u>0.73</u>	0.23	-0.25	0.06
Relationships with Family	0.00	<u>0.78</u>	0.08	-0.04
Relationships with Friends	0.27	<u>0.73</u>	-0.03	0.03
Social Support	0.23	<u>0.79</u>	0.11	-0.05
Life Satisfaction	0.46	<u>0.52</u>	0.26	0.06

	Analytical/ Cognitive Factor 1	Socialization Factor 2	Security Factor 3	Adaptation Factor 4
Self Confidence	0.13	0.79	-0.13	-0.04
Number of Lifestyle Changes	0.20	0.52	0.31	0.18
Sense of Control Over One's Life	0.20	0.36	0.42	0.18
Degree of Continuity of Lifestyle	0.22	0.39	0.27	<u>0.50</u>
Amount of Planning/ Preparation for Retirement	<u>0.78</u>	0.05	0.10	0.01
Variance Explained by Each Factor	Factor 1 3.98	Factor 2 3.91	Factor 3 2.69	Factor 4 1.66

\*The following variables were deleted from the analysis: marital status, living arrangement, retirement style, manner of retirement because of a lack of ordinal relationships among the subcategories.

Table 4  
Will be High\*

	Socialization Factor 1	Analytical Cognitive Factor 2	Adaptation Factor 3	Security Factor 4
Educational Background	-0.12	0.21	-0.40	0.49
Financial Status	0.17	-0.12	-0.07	0.81
Religion	0.58	-0.42	0.38	-0.18
Health Status	0.16	-0.29	0.14	0.19
Reasons for Retirement	0.09	-0.09	0.58	0.49
Expectations for Retirement	<u>0.42</u>	0.24	0.22	0.26
Attitudes Toward Work	0.05	<u>0.69</u>	0.21	-0.10
Attitudes Toward Retirement	0.17	0.43	0.59	0.35
Aging	0.04	0.15	<u>0.64</u>	-0.04
Flexibility	<u>0.43</u>	0.03	0.19	-0.08
Chronological Age	0.30	0.19	0.01	<u>-0.53</u>
Level of Activity	0.24	0.18	<u>0.72</u>	-0.07
Leisure Opportunities	0.38	-0.19	<u>0.56</u>	-0.09
Relationships with Family	<u>0.79</u>	0.04	-0.03	-0.13
Relationships with Friends	<u>0.86</u>	0.17	0.08	0.16
Social Support	<u>0.73</u>	0.35	-0.13	0.07
Life Satisfaction	0.00	0.78	0.40	0.02

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	Socialization Factor 1	Analytical Cognitive Factor 2	Adaptation Factor 3	Security Factor 4
Self Confidence	0.25	<u>0.64</u>	-0.20	-0.01
Number of Lifestyle Changes	0.60	0.41	-0.08	-0.03
Sense of Control Over One's Life	0.19	0.53	0.03	-0.16
Degree of Continuity of Lifestyle	0.37	0.20	0.23	0.26
Amount of Planning/ Preparation for Retirement	-0.22	0.17	0.41	-0.09
Variance Explained by Each Factor	Factor 1 3.65	Factor 2 2.86	Factor 3 2.83	Factor 4 1.86

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\*The following variables were deleted from the analysis: marital status, living arrangement, retirement style, manner of retirement because of a lack of ordinal relationships among the subcategories.

Table 5

Conceptual Cross Tabulation

Legend: SC = Security  
 SO = Social  
 SE = Self-esteem  
 AC = Actualization

Issues (Output)	Theories of Aging (Process)											
	Disengagement				Activities				Attributes			
	Needs (Input)				Needs (Input)				Needs (Input)			
	SC	SO	SE	AC	SC	SO	SE	AC	SC	SO	SE	AC
Analytical/ Cognitive		✓	✓	✓			✓	✓	✓	✓	✓	✓
Socialization		✓				✓	✓	✓			✓	
Security	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓
Adaptation	✓			✓	✓	✓	✓	✓		✓	✓	✓