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Assessing the Relationship Between Financial Literacy and Retirement Planning among Selected Nigerian Public Sector Employees

Dr Christopher Achinike Egbu
MBA, FIGM, CMC, FIMC, MITD, FCA, FCP, FICA, PhD
Director General
Centre for Public Service Productivity & Development, Lagos Nigeria
Email:Chrisegbu@centreforproductivity.org

Abstract

Financial literacy ensures that an individual can match his income with his expenditure, live within his means, and avoid going broke or bankrupt. Like general or health literacy, financial literacy could be viewed as having two aspects: understanding (personal finance knowledge) and use (personal finance application).

In this research, we review the literature on financial literacy, financial education, and consumer financial outcomes. We consider how financial literacy is measured in the current literature and examine how well the existing literature addresses whether financial literacy improves employees' retirement planning and life after retirement. We review the literature on alternative policies to improve financial outcomes and compare the evidence on whether financial literacy improves employees' retirement planning and standard of living after retirement

The sample size of this survey-based study consists of 110 working employees from the non-financial public sector in Nigeria. Data was analyzed using simple percentage and frequency distribution. Responses to the items in the questionnaire were summarized and translated into tables. The Pearson product-moment correlation was used to ascertain the association between the variables in the study, while the paired sample t-test was used to determine the difference between employee financial literacy and employees' financial satisfaction in the selected organization. The Statistical Package for Social Sciences (SPSS) was used in the analysis of the data.

The major challenge in financial education has been how to assess the impact of financial education on the recipient's standard of living. On the other hand, what is the influence of financial literacy on employees' financial outcomes? It can be observed that in some instances those who did not have formal financial education and those who are primary or secondary school dropouts have risen to own a successful business empire. However, some who have tertiary financial education are struggling to survive.

A large proportion of the sampled employees are deficient in financial literacy despite their receiving financial education. Contrary to popular perception this research shows that there is no significant relationship between financial literacy and education level inaddition there is no significant relationship between financial literacy and the retirement planning of Nigerian public sector employees. Finally, we discuss directions for future research.

Keywords: Financial behaviour, financial literacy, investments, retirement planning, savings.

1. Introduction

Financial literacy, like health or general literacy, can be thought of in terms of understanding (personal finance knowledge) and using (personal finance application). Although a number of definitions of financial literacy have been proposed, there is no universally accepted definition. Financial literacy, according to Huston (2010), is the capacity to comprehend and apply personal finance-related information. As we'll see in a moment, this definition is clear, does not contradict other definitions in the literature, and is in line with other standardized literacy constructs. Therefore, financial literacy includes the knowledge of making appropriate decisions regarding personal finance, such as investing, insurance, real estate, paying for college, credit management, budgeting, retirement, and retirement planning. It also focuses on the ability to manage personal finance matters in an efficient manner. The mastery of financial principles and concepts like compound interest, debt management, profitable savings strategies, and the time value of money are all components of financial literacy. Financial illiteracy can lead to poor financial decisions, which can have a negative impact on a person's financial situation, (Investopedia, 2016).

Wealth creation and financial stability in retirement will remain a distant dream for an employee unless they learn to be prudent with their savings and investments. Financial literacy is beneficial for people of all ages; the transition from general literacy to financial literacy is extremely important for men and women, households, and working-class people alike. According to Lusardi and Mitchell (2011) and Van Rooij et al. (2011), financial literacy plays a significant role in enabling individuals to achieve their long-term interests by making timely, informed, and profitable financial decisions.

To imbibe the culture of financial literacy in Nigeria, all courses at Nigeria's higher education institutions now include entrepreneurial education. It is hoped that this will assist retired public servants in becoming business owners. However, it is questioned whether or not entrepreneurship education has increased the number of business start-ups (Thompson and Kwong, 2015), as students frequently want to put off participating in entrepreneurial activities until they have more experience (Kwong and Thompson, 2016), which frequently sends them to the job market. According to Kwan et al. (2012), this delay can also result in the abandonment of entrepreneurial goals as other challenges take precedence.

In addition, the lack of prudence in Nigeria's public service caused public servants to lose their entrepreneurial skills during their careers. According to Oseifuah (2010), engagement without adequate skills, such as financial literacy, is also likely to have a negative impact on any business's performance or success. The question of whether inadequate financial literacy is one of the primary factors affecting Nigerian employees' pre- and post-retirement standard of living, as well as the extent to which current tertiary entrepreneurial courses enable students to overcome barriers to entrepreneurship or ensure that students are aware of the need for financial literacy skills, has not received sufficient attention up to this point.

The key to making sound financial decisions is having financial knowledge. Financial literacy promotes growth and contributes to the growth of the economy (Worthington, 2006). In a similar vein, proper financial management and growth are aided by financial literacy. Because it not only helps people improve their well-being but also helps them become financially independent, financial literacy should never be underestimated.

1.2 Objectives of the Research

The specific objectives of this study include determining the extent to which financial literacy and education have affected the standard of living of selected Nigerian employees before and after retirement.

i) Examine the relationship between selected Nigerian workers' education levels and financial literacy.

ii) Investigate the role of financial literacy in selected Nigerian workers' retirement planning.

1.3 Research Questions

The following research questions were developed in accordance with the objectives:

a) Is there a correlation between certain Nigerian workers' financial literacy and their level of education?

b) How does certain Nigerian employees' retirement planning relate to their financial literacy?

1.4 Research Hypotheses

The following hypotheses are intended to test the connection between a variety of Nigerian employees' financial outcomes and financial literacy:

Ho1: Nigerian workers' education levels and financial literacy do not significantly correlate.

Ho2: Nigerian workers' retirement planning and financial literacy do not significantly correlate.

1.5 Statement of the Problem

The majority of workers are too focused on finding financial solutions for their organization to consider their own personal financial objectives. When their monthly income ceases after retirement, they most frequently discover that they are insolvent. They don't notice this problem until they are out of work or retired. Will retired public servants have enough savings to be at the forefront of entrepreneurship and job creation if they have adequate financial literacy? Is low financial literacy affecting Nigerian workers' productivity after retirement?

2. The Comprehensive Theoretical Basis

The terms "financial literacy," "financial knowledge," and "financial education" are frequently used interchangeably. These terms are hard to be clearly distinguished by scholars. There are currently no standardized instruments for measuring financial literacy, in contrast to health literacy, which is typically assessed by standardized tests.

According to Marcolin and Abraham (2006), there is a need for research that specifically measures financial literacy. In order to model the need for financial education and explain variations in financial outcomes like saving, investing, and debt behaviour, indicators of financial literacy or knowledge are used as inputs. There are significantly fewer studies that focus on the objective of measuring financial literacy.

A growing body of research has found a link between financial literacy and a variety of different financial behaviours and outcomes, which is consistent with the idea that financial literacy is important for optimizing one's finances. In one of the first studies of this kind, Hilgert et al. (2003) show that financial knowledge strongly correlates with the likelihood of engaging in a number of financial practices, including paying bills on time, tracking expenses, budgeting, paying credit card bills in full each month, saving from each paycheck, maintaining an emergency fund, diversifying investments, and establishing financial objectives. Ameriks et al. (2003), Lusardi (2004), Lusardi & Mitchell (2006), 2007; Stango & Zinman (2008), Hung et al. (2009), and Van Rooijet et al. (2011) found a positive correlation between financial literacy and planning for retirement, saving, and wealth accumulation. Stock market participation (Van Rooij et al., 2011; Kimball &

Shumway, 2006; Christelis et al., 2006), selecting a low-fee investment portfolio (Choi et al., 2011; Hastings, 2012), better diversification, and more frequent stock trading (Graham et al., 2009) are all predicted by financial literacy. Finally, negative credit behaviours like debt accumulation (Stango & Zinman, 2008; Lusardi & Tufano, 2009), high-cost borrowing (Lusardi & Tufano, 2009), poor mortgage selection (Moore, 2003), mortgage delinquency, and home foreclosure (Gerardi et al, 2010) are linked to low financial literacy (Stango & Zinman, 2008; Lusardi & Tufano, 2009).

Other related research demonstrates a connection between financial outcomes and either numeracy or more general cognitive abilities. Despite the fact that these ideas are distinct from financial literacy, there is typically a positive correlation between the two: people tend to have higher levels of financial literacy when they have better general cognitive abilities or a greater facility with numbers and numerical calculations (Banks & Oldfield, 2007; Gerardi et al., 2010). Stock ownership (Banks & Oldfield, 2007; Christeliset al., 2010), wealth accumulation (Banks & Oldfield, 2007), and portfolio allocation (Grinblatt et al., 2009) are predicted by numeracy and more general cognitive ability.

Despite the fact that this evidence may lead one to the conclusion that financial education ought to be an efficient method for enhancing financial outcomes, it is inherently difficult to establish causality in these relationships. Is it true that financial literacy improves economic outcomes? Or does participating in specific economic behaviours increase one's level of financial literacy? Or is there a third underlying factor that contributes to both improved financial outcomes and higher levels of financial literacy, such as numerical ability, general intelligence, financial interest, or patience? To provide a more concrete illustration, individuals with higher levels of financial literacy may be more likely to enrol in their employer's savings plan and recognize the financial advantages. However, if employees are automatically enrolled in the company's savings plan, they may acquire some level of financial literacy simply by participating in the plan.

According to Hilgert et al. (2003), the majority of people cite personal experience as the most important source of their financial education. This suggests that some form of reverse causality is likely. Although this endogeneity does not rule out the possibility that financial literacy improves financial outcomes, it does make it difficult to interpret the estimates of the magnitudes of the effects because they almost certainly have an upward bias. In addition, both improved financial outcomes and increased financial literacy may be influenced by unobserved characteristics like a propensity for patience or forward-looking behaviour. According to Meier &Sprenger (2010), individuals who participate voluntarily in financial education opportunities are more optimistic about the future. According to Hastings & Mitchell (2011), people who are patient during a field experiment are also more likely to invest in health care and choose to save more money for retirement in their mandatory pension accounts. In non-experimental research, other unobserved factors, such as personality (Borgans et al., 2008) or family history (Cunha & Heckman, 2007; Cunha et al., 2010), may bias the observed relationship between financial education and financial behaviour in an upward direction.

We need to know how individuals acquire financial literacy if the policy objective is to increase financial literacy. How essential is financial instruction? How significant is personal experience, too? And how are their interactions? If, on the other hand, the objective is to improve employees' financial outcomes, it is necessary to determine whether financial education improves financial outcomes (assuming that it increases literacy) and to evaluate the cost-effectiveness of financial education in comparison to other policy options that also affect financial outcomes.

What evidence do you have to suggest that financial education actually improves financial literacy? There is less evidence, and it is not as encouraging as one might think. Exploiting cross-sectional variation in the number of people who receive financial education has been used as an empirical strategy.

Financial education and economic outcomes have been found to have much fewer connections in numerous studies. This may also help to explain why some finance and accounting graduates are unable to manage their personal finances. The course's structure emphasizes maximizing a company's wealth over individual wealth accumulation. Some employees who rose to become their company's chief financial officer have retired poor. In their evaluation of a randomized credit education plan for first-year college students, Gartner and Todd (2005) discovered that there are no statistically significant differences in credit balances or payment punctuality between the control and treatment groups. Using random variation, Servon and Kastner (2008) conducted a financial literacy training and technology assistance program. They found that the control and treatment groups had virtually no differences in a variety of financial behaviours, including having investments, having a credit card, banking online, saving money, financial planning, and timely bill payment, among others.

Collins, (2010) evaluates in a brief randomized field experiment. improvements in self-reported knowledge and behaviours (increased savings and small improvements in credit scores twelve months later) are found in a financial education program for families with low or moderate incomes; however, the sample being studied is subject to non-random attrition.

(Collins et et al., 2009; Gale & Levine, 2011) suggest that financial literacy can improve financial behaviour, these reviews do not appear to completely discount the limitations of non-experimental research for causal inference. There is, at best, mixed evidence that financial education improves financial outcomes from the few studies that use randomization or natural experiments. The current body of research is insufficient to determine whether and under what circumstances financial education is effective. According to Coussens (2006), there are almost no studies describing the costs of financial education programs on a small or large scale and few that causally identify their benefits to improved financial outcomes, despite the fact that financial education does not appear to have any negative effects other than an increase in expenditures. The literature requires additional large-scale randomized interventions designed to effectively identify causal effects in order to support policy discussion.

3. Research Method

The major instrument used by the researcher to gather quantitative data needed for the study is the questionnaire.

The questionnaire was structured as follows: Section A (Introduction: Demographic Information), Section B (Test of Financial Literacy Questions), and Section C (Financial Outcome Tests). Needless to say, the questions asked reflected the variables under investigation. All the questions used were closed questions. Closed questions are useful in that they make analysis simple and uncomplicated (Guerini, 2006). A total of one hundred and twenty (120) questionnaires were administered while 110 questionnaires were properly filled and returned representing a return rate of 91.2%. The following steps were taken to improve return rates for distributed questionnaires:

• The questionnaire length was very limited to elicit ease of response.

• cover letters were used to dispatch the questionnaires. It is considered a logical vehicle for persuading individuals to respond.

• repeated visits and phone calls to the respondents though costly, assisted in ensuring good response.

3.1. Data and model specification

We collected data from a sample size of 110 public servants chosen from 13 public sector organizations covering the 6 geographical regions of Nigeria namely North East, North West, North Central, South West, South East and South-South.

The study made use of questions on financial literacy adapted from a set of "Financial IQ" questions included in the University of Michigan's monthly Surveys of Consumers in November and December 2001.Lusardi& Mitchell, (2006) added a set of financial literacy questions to the 2004 Health and Retirement Study (HRS, a survey of U.S. households aged 50 and older) that have, in the past decade, served as the foundational questions in several surveys designed to measure financial literacy in the U.S. and other countries. The three core questions in the original 2004 HRS financial literacy module were designed to assess understanding of three core financial concepts: compound interest, real rates of return, and risk diversification (see Table 1). Because these questions are parsimonious and have been widely replicated and adapted, they have come to be known as the "Big Three" questions. These questions were incorporated into the 2009 National Financial Capability Study (NFCS) in the U.S., a large national survey of the financial capabilities of the adult population. The NFCS asked two additional financial literacy questions which, together with the "Big Three" have collectively come to be known as the "Big Five" questions.

These two additional questions test knowledge about mortgage interest and bond prices.

Table 1 lists the "Big Five" questions as asked with their potential answers (the correct answers are italicised). Because the "Big Three" questions have been more widely adopted in this survey, we focus here on the answers to these three questions, although we also used the "Big Five" to assess the level of financial literacy.

Table 1. Financial literacy questions in the 2004 Health and Retirement Study and the 2009 National Financial Capability Study (NFCS)

Concept	Question	Answer options
Interest rates and compounding	Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?	*More than $102* Exactly $102 Less than $102 Don't know Refused
Inflation	Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account?	More than today Exactly the same as today *Less than today* Don't know Refused
Risk diversification	Do you think that the following statement is true or false: Buying a single company stock usually provides a safer return than a stock mutual fund?	True *False* Don't know Refused
Additional financial literacy questions in the 2009 NFCS		
Mortgages	Do you think that the following statement is true or false: A 15-year mortgage typically requires higher monthly payments than a 30-year mortgage, but the total interest over the life of the loan will be less?	*True* False Don't know Refused
Bond pricing	Ifi nterest rates rise, what will typically happen to bond prices?	They will rise *They will fall* They will stay the same There is no relationship Don't know Refused

The answer categorized as correct is italicized in the last column.

The survey was made up of three sections. The first part covered the personal characteristics of respondents. The second section addressed the participants' understanding of fundamental issues in financial literacy. Section three looked at the impact of their financial literacy level on their savings culture, investments and retirement planning and standard of living

4. RESULTS AND DISCUSSION

The analysis of data collected is based on questionnaires administered to respondents in the study area. The responses were presented using a frequency distribution table and percentage. **A major challenge in financial literacy has been how to measure the impact of financial education on the recipient's standard of living. On the other hand, what is the influence of financial literacy on employees' retirement plans? It can be observed that in some instances those who did not have formal financial education and those who are primary or secondary school dropouts have risen to own a successful business empire. However, some who have tertiary financial education are struggling to survive.**This situation is a tangle of paradoxes.It is therefore important at this point in time to obtain answers to pertinent questions inassessing the impact of financial literacy on Nigerian employees' financial outcomes.The questions include but are not limited to the following:

a. What is thepre and post-retirement difference in the standard of living of employees with little or no higher financial education?
b. Why do employees of the public sector in Nigeria have a reversal of personal finance after employment?
c. Do most public servants have personal financial retirement plans?
d. Do most public servants possess financial literacy to derive their desired life after retirement?
e. How does the missing personal financial literacy impact their present/future economic well-being?
f. Does financial education affect the standard of living of Nigerian employees pre and post-retirement?
g. Will adequate financial literacy while in employment prevent a life of penury and hardship depending only on a little irregular monthly pension?

The answers to these questions are only obtainable from an impact assessment study. The wide scope and disclosure/supply of informed responses from employees in selected public sector organisations is a constraint but to the extent that responders did not have to write their names, the respondents participated willingly and very positively. The quality of data would be regarded as genuine and authentic. The knowledge gained from this impact study will provide critical inputs and guide the employee's financial literacy training. The data is presented below and analyzed.

Table 2
List of Organizations Surveyed and the Distribution of sectors covered

No	Organisations	Sectors	Respondents	% Response
1	Nigeria Export Processing Zones, Abuja	Export	5	100
2	Orile / Agege Local Government, Lagos	Local Govt	26	100
3	Alimosho Local Government, Lagos	Local Govt	15	100
4	Nigeria Institute of Medical Research, Lagos	Medical	6	100
5	Alimosho General Hospital, Lagos	Medical	7	100
6	National Orthopaedic Hospital, Lagos	Medical	15	100
7	University of Maiduguri, Bornu State	Education	5	100
8	Federal Polytechnic, Owerri	Education	5	100
9	University of Nigeria, Nsukka	Education	5	100
10	Nigeria Police Academy, Wudil, Kano	Education	6	100
11	Zamfra State College of Education, Maru	Education	5	100
12	Federal University, Otuoke, Bayelsa State	Education	5	100
13	Federal Polytechnic, Oko, Anambra State	Education	5	100
			110	

Source: Field Survey

Sample Profile (N=110)
Sample Categories Frequency Percentage

Table 3Frequency Distribution of Respondents' Opinion

		BIG 3 Questions			BIG 5 Questions		
		CORRECT	INCORRECT	TOTAL	CORRECT	INCORRECT	TOTAL
Age	20- 30years	5%	14%	19%	2%	16%	18%
	31-40years	5%	34%	39%	1%	39%	40%
	41-50years	4%	25%	29%	2%	27%	29%
	Above 50 years	2%	11%	13%	0%	13%	13%
	TOTAL	16%	84%	100%	5%	95%	100%
Gender	Male	7%	36%	43%	2%	40%	42%
	Female	9%	48%	57%	3%	55%	57%
	TOTAL	16%	84%	100%	5%	95%	100%
Education	WAEC/SSCE	1%	11%	12%	1%	11%	12%
	OND/NCE	0%	21%	21%	0%	21%	21%
	HND/BSC	7%	35%	42%	2%	40%	42%
	MSC	6%	11%	17%	2%	15%	17%
	PROFESSIONAL	1%	4%	5%	0%	5%	5%
	OTHERS	1%	3%	4%	0%	4%	4%
	TOTAL	16%	84%	100%	5%	95%	100%
Monthly income	Less than 25,000	0%	12%	12%	0%	12%	12%
	25,000 - 50,000	5%	21%	25%	2%	24%	25%
	51,000 - 100,000	6%	30%	36%	2%	35%	36%
	101,000 - 200,000	5%	18%	24%	1%	23%	24%
	More than 200,000	0%	3%	3%	0%	3%	3%
	TOTAL	16%	84%	100%	5%	95%	100%
Work sector	Education sector	5%	27%	33%	0%	33%	33%
	Medical sector	7%	17%	25%	1%	24%	25%
	Export sector	0%	5%	5%	0%	5%	5%
	LGA	4%	34%	37%	4%	34%	37%
	TOTAL	16%	84%	100%	5%	95%	100%
Marital status	Married	15%	67%	82%	4%	78%	82%
	Single	2%	8%	10%	1%	9%	10%
	Separated/divorced	0%	5%	5%	0%	5%	5%
	Widowed	0%	3%	3%	0%	3%	3%
	TOTAL	16%	84%	100%	5%	95%	100%
Number of earning hands	Only myself	7%	25%	33%	3%	30%	33%
	Myself and spouse	6%	25%	31%	2%	29%	31%
	Myself and father/mother	2%	14%	15%	0%	15%	15%
	Three or more	1%	20%	21%	0%	21%	21%
	TOTAL	16%	84%	100%	5%	95%	100%

Source: Field Survey

Table 4: Did you ever make a plan for retirement savings?

		BIG 3 Questions			BIG 5 Questions		
		CORRECT	INCORRECT	TOTAL	CORRECT	INCORRECT	TOTAL
Did you ever make a plan for retirement savings?	Yes	10%	72%	82%	5%	77%	82%
	NO	6%	12%	18%	0%	18%	18%
	TOTAL	16%	84%	100%	5%	95%	100%

Big Three Questions

From Table 4. above, 82% of respondents affirmed that they made retirement plans, while 18% did not. 10% of respondents who correctly attempted the big three questions have made plans for retirement, while 72% who made retirement plans incorrectly answered the three big questions. 6% of respondents who incorrectly attempted the big three questions have not made plans for retirement, while 12% who have not made retirement plans incorrectly answered the three big questions.

Big Five Questions

Table 4. also indicates that 5% of respondents who correctly attempted the Big Five questions have made plans for retirement, while 77% who made plans for retirement incorrectly answered the five big questions. 0% of respondents who correctly attempted the big five questions have not made plans for retirement, while 18% who have not made plans for retirement incorrectly answered the five big questions.

Table 5: Are you able to implement your retirement savings plan?

		BIG 3 Questions			BIG 5 Questions		
		CORRECT	INCORRECT	TOTAL	CORRECT	INCORRECT	TOTAL
Are you able to implement your retirement savings plan?	YES	9%	58%	67%	5%	63%	67%
	NO	7%	25%	33%	0%	33%	33%
	TOTAL	16%	84%	100%	5%	95%	100%

Big Three Questions

From Table5 above, 67% of respondents affirmed that they were able to implement a retirement savings plan, while 33% did not. 9% of respondents who correctly attempted the big three questions affirmed that they were able to implement a retirement savings plan, while 58% affirmed that they were able to implement a retirement savings plan and incorrectly answered the three big questions. 7% of respondents who incorrectly attempted the big three questions reported that they were not able to implement retirement savings plans, while 25% who affirmed that they were not able to implement retirement savings plans incorrectly answered the three big questions.

Big Five Questions

It is shown that 5% of respondents who correctly attempted the Big Five questions affirmed that they were able to implement a retirement savings plan, while 63% who affirmed that they were able to implement a retirement savings plan incorrectly answered the five big questions. 0% of respondents who incorrectly attempted the Big Five question reported that they were not able to implement a retirement savings plan, while 33% who affirmed that they were not able to implement a retirement savings plan incorrectly answered the five big questions.

Table 6: How often were you able to stick to your retirement plan?

		BIG 3 Questions			BIG 5 Questions		
		CORRECT	INCORRECT	TOTAL	CORRECT	INCORRECT	TOTAL
How often were you able to stick to your retirement plan?	Always	5%	33%	37%	1%	36%	37%
	Mostly	3%	26%	29%	2%	27%	29%
	Rarely	6%	18%	25%	2%	23%	25%
	Never	3%	6%	9%	0%	9%	9%
	TOTAL	16%	84%	100%	5%	95%	100%

Big Three Questions

From Table6 above, 37% of respondents affirmed that they always stick to their retirement plan. 29% mostly stick to their retirement plan, and 25% rarely stick to their retirement plan, while the remaining 9% never stick to their retirement plan. 5% of respondents who correctly attempted the big three questions affirmed that they always stick to their retirement plan. 3% mostly stick to their retirement plan, and 6% rarely stick to their retirement plan, while the remaining 3% never stick to their retirement plan. 33% of respondents who incorrectly attempted the big three questions affirmed that they always stick to their retirement plan. 26% mostly stick to their retirement plan, and 18% rarely stick to their retirement plan, while the remaining 6% never stick to their retirement plan.

Big Five Questions

It is indicated that 1% of respondents who correctly attempted the Big Five questions affirmed that they always stick to their retirement plan. 2% mostly stick to their retirement plan, and 2% rarely stick to their retirement plan, while the remaining 0% never stick to their retirement plan. 36% of respondents who incorrectly attempted the Big Five questions affirmed that they always stick to their retirement plan. 27% mostly stick to their retirement plan, 23% rarely stick to their retirement plan, and the remaining 9% never stick to their retirement plan.

Table 7 Hypothesis

Ho: There is no significant relationship between financial literacy and retirement planning of Nigerian employees.

Correlations			
		Financial literacy	Did you ever make a plan for retirement savings?
Financial literacy	Pearson Correlation	1	.094
	Sig. (2-tailed)		.326
	N	110	110
Did you ever make a plan for retirement savings?	Pearson Correlation	.094	1
	Sig. (2-tailed)	.326	
	N	110	110

The table above shows the correlation between financial literacy and retirement planning of Nigerian employees. The result revealed that: a positive correlation exists between financial literacy and retirement planning of Nigerian employees. This was affirmed by the correlation coefficient of 0.094. The result further affirms that the correlation is not statistically significant at a 5% level of significance. Decision Rule: since the probability value (*Sig. (2-tailed) = 0.326)* is greater than 5% (0.05), there is no evidence against the null hypothesis. Therefore, the null hypothesis will be accepted at a 5% level of significance. Conclusion: It is therefore concluded that there is no significant relationship between financial literacy and retirement planning of Nigerian employees

5. CONCLUSIONS

1. Financial literacy has a positive relationship with wealth accumulation and economic growth (Bhushan & Medury, 2013; Arrondel et al., 2013; Beckmann, 2013), according to the literature (Bhushan & Medury, 2013; Arrondel et al., 2013). However, Fernandes et al. (2014) compiled a summary of several studies that linked financial and educational measures to behaviour. They concluded that financial literacy could only partially account for the variation in financial behaviour, particularly among low-income individuals. This is true because Nigerian public servants are among the population with low incomes, according to the research.

2. In the quest to determine how employees' retirement plans are affected by financial literacy. It may be seen that in certain cases the people who didn't have formal financial training and the people who are essential or optional school dropouts have ascended to top wealthy entrepreneurs. On the other hand, some with tertiary financialeducation are struggling to survive after retirement in public service.

3. Nigerian higher education institutions have also included entrepreneurial education in all courses in an effort to ensure that everyone can start a profitable business. It is hoped that this will assist retired public servants in becoming successful business owners. However, it is questioned whether or not entrepreneurship education has increased the number of business start-ups (Thompson and Kwong, 2015), as students frequently wish to put off engaging in entrepreneurial activities until they have more experience (Kwong and Thompson, 2016). This frequently sends students into the job market or into low-paying public service positions. According to Kwan et al. (2012), this delay causes entrepreneurial intentions to fade as other challenges in life take precedence. Furthermore, it alsoleadspublic sector workers to forgettheirentrepreneurial skills during their work public service career due to lazy work attitudes, poor customer service, absence of prudency and corruption as common in Nigeria's public sector.

4. This examination has subsequently addressed some research questions
a. The level of financial literacy of selected of Nigerian public servants is unaffected by their level of education.
b. There is no critical connection between financial literacy and the retirement planning of selected Nigerian public sector workers

5. This research explains why most retirees from the public sector struggle financially when their monthly salary stops. They don't notice this problem until they are out of work or retired. Their ability to create, innovate, and succeed in entrepreneurship is hampered by the low pay in the public sector as well as the culture of corruption and inefficiency.

6. We also considered during the research such questions as
   a. If retired public servants had adequate financial literacywould they have accumulated savings, to be at the forefront of entrepreneurship and job creation?
   b. Is poor financial literacy affecting the productivity of Nigerian workers after retirement?

   This research has shown that personal financial education has no meaningful impact on the standard of living and welfare of Nigerian employees after retirement due to poor salary, poor customer service learnt during service, poor work ethics and corruption which are inimical to financial literacy and entrepreneurship.
7. This study has shown that those who engage in enterprise early in life do better with their knowledge of financial literacy than those who wait till retirement in public service. The reason is that the vigour to work has reduced due to age, Again the poor work ethics and corruption have affected them greatly, Therefore whatever they save without continuous trade on the investment is withered by inflation.

8. Conclusion: It is therefore concluded that there is no significant relationship between financial literacy and retirement planning of Nigerian employees

LIMITATIONS AND DIRECTIONS OF FUTURE RESEARCH

This study is limited to public sector employees in Nigeria and does not include employers of labour and private sector employees. In other words, the study is focused on public sector workers who receive salaries from their employers, and not private sector employees or entrepreneurs who establish and run their own businesses. The reason for limiting the study to public sector employees is essentially because they constitute a majority of the workforce in Nigeria who struggle after retirement. Additionally, public sector employees in Nigeria belong to the middle class and have acquired, at least, a basic education which puts them in a high position to be knowledgeable about financial matters.

Future studies may also look at the impact of financial literacy on retirement planning of private sector employees and self-employed, In addition, a wider population can be taken than the present study population of one hundred and ten public sector employees from the six geopolitical zones of Nigeria, If the larger fund is available a higher population from each of the 36 states of Nigeria including Federal Capital Territory can be included in the research.

Another area of research can be the influence of Pre-Retirement Training on the Financial Outcome of Public Service Retirees. What type of training, coaching and mentoring can assist public service retirees in improving their standard of living post-retirement?

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