Factors Affecting Retirement Planning Of Gen-Y Workers In Klang Valley Private Sectors, Malaysia

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Abstract: Retirement planning is a strategic approach that must be considered very well by every working people in this world. It is because in this challenging world nowadays, it is hard for individual to step back and predict what will happen to their life in 10, 20 and 30 years down the road. Early retirement planning is important to individual because it take many years to accumulate required funds when they no longer getting a salary in their life. Therefore, this study aims to assess the retirement planning of Gen-Y working adults who also known as millennial workers in Klang Valley private sector, Malaysia. Survey by using questionnaires was use as the main method to collect primary data for this study. The data was collected using the Drop-off and Pick-up (DOPU) survey method and online survey method such as by using google docs and social media. The survey was distributed to the Gen-Y workers in private sector in Klang Valley area. Pearson correlation and multiple regression analysis were used to assess the relationship between retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia and four determinants, namely, personal saving behavior; financial education; inflation; and income tax. The findings revealed that financial education, and income tax also significantly influence the retirement planning of Gen-Y workers in private sector in Klang Valley. On the the other hands, inflation does not significantly affecting the retirement planning of Gen-Y workers in private sector. Findings in this study also has led to the action that must be taken by Gen-Y to improve their retirement planning as they already know what factors that should be taken into consideration when planning for their future retirement.

Keywords: retirement, retirement planning, gen-Y, private sector

1. Introduction

Each household in this world holds different amount of wealth in their life hence, they will have different expectation about what is going on in their future if they are not well prepared for their retirement (Van Rooij, M, Lusardi, A, & Alessie, R, 2012). Retirement planning can help an individual to enjoy quality life and provide them with long term care which refers to regular care for people with a chronic illness or disability (Gresham, 2016). However, an individual need significant savings to enjoy quality life after their retirement and thus, they need to properly plan for their retirement so that they do not need to worry about their available resources in future. For Gen-Y, they feel that the retirement still far away from them and it is very ambiguous to them. Thus, because of that Gen-Y have lack of strong relationship with their retirement planning (Palmer, 2014). This makes them do not worry or really care about their retirement planning for their future benefits as they thought that they still have a long journey ahead. Besides that, many people including Gen-Y still fail to realize the significance of retirement planning in their life. Most of them think that they can wait until they earn extra income and then they can save it for their retirement savings. Other than that, they also have thinking that they need to use all money that they earn for current spending patterns and with plans to live comfortably till they forget that they still need to save some for their retirement. But by the time an individual gets into 40s or 50s, an individual may not be better off because they still need to provide some of their earning to their parents and children and this will lead to a problem of lacking necessary money for retirement phases. However, when they start to discover that retirement planning is important, they will take further action so that they will have a stable financial structure in future. Planning for future retirement has never need a "good" time to start for. Hence, whenever they realized that they need a good retirement planning to have a good future when retired they can take immediate action and prepare for their future. But it gives a lot of advantages to an individual if they start to plan for their retirement early such as they will have longer time to grow their savings so that they can meet their future necessary. For instant, an individual can gain extra profit when then invest their money in any investment when they invest for a longer time compared to short term investment (Moneysense, 2016). But, if they start late for their retirement planning they may need to work harder to grow their retirement savings. In addition, if an individual is a risk-averse person, they may consider not to invest in investment that has higher risk and greater return and this may lead them to remain employable and delaying their retirement because they still do not meet the necessary amount of wealth for their retirement. Because of that they would not be able to retire even if it is the best time for them to retire as they think that they still not have enough money for future uses if they retire. First and foremost, when individuals are planning for their retirement, they need to understand their retirement planning very well first such as what type of retirement plan that they should involve in, what information they can get about their chosen plan, when and how they will receive the retirement benefits, what action must be taken when they have a question or find a mistake, the responsibilities of individual who manage the retirement planning and its investments, the responsibilities of an individual to understand and monitor their plan and specific conditions such as how change of employer

ownership or divorce may affect their retirement benefit (Dol, 2016). When an individual had understood all important aspect, responsibilities and right for their retirement planning, only then they can prepare their retirement planning properly. For example, retirement plans that are ruled by Federal laws and guidelines in the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code (Dol, 2016). ERISA is a Federal statute that sets standards for the employer that sponsored retirement plans in private industry and participants that get involved in this plan have some right and responsibilities. However, rules that apply under ERISA does not apply to all retirement plans and it may be different in some cases (Dol, 2016). For such cases, individuals that would like to retire under their retirement planning must be fully understood about the retirement planning as the different retirement planning has different pros and cons to them. Furthermore, most people from developed countries invested in IRAs and 401k for their retirement income. For instant, in United Stated (US) part of its total retirement assets are held in account such as 401k and IRAs (Ibrahim, Mohamed Isa and Ali, 2012). It is because majority of the workers in US has no financial management and doubtful about their ability in making a good investment decision. On the same issue, Malaysia government had also created retirement planning for all workers in Malaysia so that they will have enough savings for comfortable living after retirement. The current government policy that is compulsory for all workers in Malaysia is they must set a minimum amount of their income into the Employee Provident Fund (EPF) (Ibrahim, Mohamed Isa and Ali, 2012). In Malaysia, there are two types of retirement planning selected by the workers which is Government pension plan and EPF. For workers in public sectors usually they will choose for Government Pension plan and only some will go for EPF. It is because they do not need to worry anymore about their post retirement as Government pension will allocate them with monthly income which is half of their last salary before retirement as their monthly payment after they retired. However, for private workers in Malaysia they are required to save in the EPF where up to 11% to 8% is contributed to employees below age 60 while the rate is reduce from 5.5% to 4% is for employees of age 60 and above (Ibrahim, Mohamed Isa and Ali, 2012) (EPF, 2017). Yet, many people still fail to realize whether the amount saved in EPF will be enough for their retirement and hence they need to figure out an optional retirement planning so that they will have enough necessary fund for their future uses after retired. Because of lack of knowledge regarding the amount that they can accumulate for their future retirement, the private workers especially Gen-Y workers are really worried about it.

2. Problem Statement

Most of the workers and employees that are going to retire has lack of preparation for themselves after the retirement and they only save one-third of their needs to retire happily. In a study done by Warshawsky and Ameriks (2000), they found out that half of the individuals between 25 to 71 years will have insufficient savings for their lives after retirement. Most of the developing country including Malaysia are not properly informed and educated about the importance of early retirement planning for their future uses. A lot of household are not aware about the basic economic concepts

required to do the decisions for investment and make savings for their future (Lusardi & Mitchell, 2007). Gen-Y workings adult in Malaysia have lack of understanding and education about many financial areas especially about the implications of savings in their lives, importance of early retirement planning for their future and other decisions. Due to these problems, almost all Malaysian working adults has improper savings planning for their future uses after retirement. Nowadays, the Gen-Y working adults think that early retirement planning is a burden and problem for them because it involves long term and continuous planning (Moorthy et al., 2012). According to Life Insurance Association of Malaysia, most of the younger generation think that it is still early for them to consider about retirement because they are still too young and still have enough time to save some money for their retirement later (Moorthy et al., 2012). While working individuals aging from 30 to 40 thinks that they are really prepare for their retirement because they have enough savings in their Employee Provident Fund (EPF) meanwhile the truth is individuals at age of 55 are still not afford to retire because of late and lacking preparation for their future retirement. Other than that, Malaysians have set their mind that their savings in Employee Provident Fund (EPF) is enough for them throughout their golden retirement years. However, only little number of people that really know that most of the individuals has insufficient savings in their EPF account for their future uses (Editorial, 2014). According to EPF 2014 annual report, it shows that 68% of its member only can accumulate savings of RM50,000 and below due to the reasonable withdrawals that they had made earlier (Zulaikha Arfudi, 2015). EPF statement also shows that about 80% workers that going to turn 55 are having insufficient savings in their fund to meet the necessary needs after their retirement (Zulaikha Arfudi, 2015). This show that Malaysians have problems with savings after their retirement to sustain their basic needs in their retirement years and it show that Malaysians working individuals need to start thinking earlier the strategy for having a proper retirement planning so that they will have enough fund for their retirement years and necessary actions should be taken so that they will have enough time to meet their need for retirement. As EPF may not be enough for them to sustain their needs at retirement age, the Gen-Y working adults in private sectors need to have a few options in their life in preparing the amount needed for their future retirement. Besides, Malaysians working individuals has a mindset that their children will always take care of their welfare after they retired but the truth is not all children are able to fully take care of their parents when they had retired because of the cost of livings is increasing and the economy is not stable and easily to fluctuate (Zulaikha Arfudi, 2015). The children may not even be able to provide enough money for their family and hence they would not be able to take care of their own old folks when their parents had retired. Because of that, individuals must have precaution steps so that they are able to survive when retired. Furthermore, some peoples have a thinking that it is still early for them to start saving for their retirement and some thinks that they cannot save more for their retirement because it is already too late for them to plan for their retirement. However, most of the individuals are not educated that retirement has no exact time for them to start with and it is better for them to start planning for their retirement late than never planning for it. It is because they

can still invest some of their money in property or unit trust when they realized about the importance of proper retirement planning so that they will have enough and sufficient fund for their future. Hence, whenever they realized that they need to save for their retirement they can find a few ways and option that are available for them according to their needs before their retirement age.

3. Research Objectives

The primary objective of this study is to determine the factors that affect retirement planning among Gen-Y working adult in Klang Valley private sector, Malaysia. The specific objectives are as follows:

- To investigate whether personal saving behavior affects the retirement planning of Gen-Y workers in Klang Valley private sector, Malaysia
- To assess whether financial education influences the retirement planning of Gen-Y workers in Klang Valley private sector, Malaysia
- To examine whether inflation factor influences the retirement planning of Gen-Y workers in Klang Valley private sector, Malaysia
- To examine whether income tax factor affects the retirement planning of Gen-Y workers in Klang Valley private sector, Malaysia

4. Literature Reviews

4.1 Underpinning Theories

The theory that was been applied in this research is symbolic interaction theory which is a theory that addressing the subjective meaning individual impose on events, objects and behaviors. So, this theory is being used in this research since this research target is Gen-Y workers in private sector and thus this theory can help researcher in finding the data based on the perspective of Gen-Y workers in private sector towards the proximity of retirement planning of Gen-Y (Aksan, Kisac, Aydin & Demirbuken, 2009). Other than that, the theories that is being used in this research is life cycle model theory. This theory is about the saving decisions and consumption of individual or households at each point of time reflect less or more a conscious attempt at achieving the preferred supply of consumption over the cycle and subject to the limitation imposed by an individual over its life time (Pal, 2016). Since this research are researching about individual consumption and their saving decision, this theory is good to be applied in this research.

4.2 Retirement and Retirement Planning

Nowadays, the concept of retirement is different from the past. The previous concept of life was divided into three different phases which is education, working years and retirement. However, nowadays individual may choose either to continue working at different or same place when they retired or just sit freely when retired. For some retirees, retirement means that they are taking part-time job after retired as many retired workers are continuing their work after retirement (Kock, 2015). In a research done in US, almost 70% of workers are expected to continue working after retirement phases (AARP,2002; 2003). Retirement also is commonly explained as the ending of full-time employment and Feldman (1994) has defined retirement as ending the position of workers itself from their current job

with the intention to have less commitment for their work and an individual take their decision after they reached their middle age (Kock, 2015). Retirement also meant that it is when workers and employee chooses to leave their work permanently (Heathfield, 2016). Generally, retirement can be concluded as when the employees could gain enough saving from different resources such as a company pension, social security, investment from 401(k) or any other retirement plan (Heathfield, 2016). Other than that, retirement also has been defined as when an individual is no longer capable anymore to do their work at their workplace and this definition commonly used among the older folks, and the silent generation. Besides, Earlyretirementextreme (2016) also defined retirement as a period of fun where an individual start doing all the things that they were not affordable to do when they were working because of a few constraints during their working years. However, pensioner has different kind of eligibility for private and public retirement resources and according to the retirement age as it is always depending on the country itself. For instance, the retirement age in the United States is increasing where the employees can receive full benefit when they retired at age 67, for workers born in 1960 and afterward (Heathfield, 2016). In UK, there are no default retirement ages anymore for the employees as they can still work if they want. However, in some cases and condition employer at UK can still force their workers to retire at a certain age or also known as compulsory retirement age but with the conditions that the employer must have a good reason of why they are forcing their worker to retire such as they require certain physical abilities to complete the work and the age limit for the job has been limit by the law (GOV.UK, 2016). The state pension age also is increasing in UK where men employees can claim their state pension benefits at age 65 while women employees can claim their pension benefit at age 60. However, the age of which employees can claim their state pension benefits will be different according to the country and it may rise after a few years depending on the country decision. In Singapore, the government has set their own minimum retirement age which is at 62 years as stated in the Retirement and Re-Employment Act (RRA) and the company in Singapore cannot ask their employee to retire before that age. However, employees in Singapore can continue their work when they turn 62 if they are able to meet the criteria for re-employment. In addition, workers in Singapore can only get the protection of retirement if they are the citizen or permanent citizen of Singapore and they had join the company or organization before they turned 55 (Ministry of Manpower Singapore, 2016). In Malaysia, the minimum retirement age has increases from 55 to 60 as the new law which is the Minimum Retirement Age Act 2012 has been enacted (Towers Watson, 2013). This means that the employer cannot force their employee to retire before the minimum retirement age of 60 as they might be fined up if they do so. This new enactment has affecting the retirement planning of individuals in Malaysia as they think that they still have a lot of time for their retirement. However, with the proper education and pinformation from the government, an individual still can have a better retirement planning if they realized about the important of early retirement planning and hence they will make further action to make sure they can meet their financial needs after retirement. Retirement planning varies according to the individual itself and the factors that affecting their decision in making the planning.

Retirement planning is not a one-time set-and-forget event as it is one of the ongoing process in individual life (Tannahill,2014). An individual should start planning for their retirement early when they had entering their working career because of the sooner they start to save for their retirement, the more they can have after they had retired because they have more time for their investment to grow (Electrical Industry Service Bureau, 2016). After an individual has set their plan for retirement, they may have not review their planning frequently. However, client will receive some important information about their investment and retirement account including the year-end statements for the previous year during the tax seasons. This can be the best time for the professional's financial advisor to meet their clients to review the retirement planning that had been set up or make a schedule for retirement planning review for their clients as retirement planning review is important so that it can be beneficial for both the client and financial professional and it also can make sure that the clients' retirement planning is going well and are on the right track. The subject that need to be covered in a review for retirement planning is different according to the client's situation but there are some topics that still need to be addressed in every review, regardless of the financial situation and age of clients. For instance, the retirement planning review for an individual in his 30s will be significantly unalike from a review in his early 60s because of the situation and age of the clients is different (Tannahill, 2014). The most important topic that should be covered during every review are the important method for the client to achieve his retirement needs and goals. Based on the research done in UK, the researcher found out that age is significant to the retirement planning among the UK residents as the older the individual, they will believe more that retirement planning is important in their life (Clark, Knox-Hayes and Strauss, 2009). Besides that, gender and income also are significant to the retirement planning among the UK citizens as men believe that retirement planning is important compared to women and when the income of individual increasing, retirement planning will become more important to them (Clark, Knox-Hayes and Strauss, 2009). In a research done in Netherlands about the financial literacy and retirement planning, the researchers found out that the households in Dutch do not properly plan for their retirement as they do not have a specific and clear long-term financial plan. Other than that, from the study also the researchers found out that the household in Dutch have limited financial knowledge about their retirement and lack of interest in retirement issues. Besides, the researcher found out that there is significant positive relationship between financial difficulty and planning for retirement among the citizens in Dutch (van Rooij, Lusardi and Alessie, 2011). Based on the research done in Malaysia about the financial planning in Malaysia, the researcher found out that the current financial resources have a positive impact toward the retirement planning in Malaysia (Kock and Yoong, 2011). In another research done about the retirement planning in Malaysia, the researcher found out that female academics and individuals from public universities has positive outlooks toward retirement as they considered the availability of income after retirement and the payment for their children's education as the important key for them to properly plan their retirement (Lai, Lai and Lau, 2009). However, there are few important key areas that must be considered and discussed very well by the Malaysian

citizen especially in Klang Valley areas as these factors may contribute and give huge influences and impact toward the retirement planning among the young working adults. The important key areas that will be highlighted and reviewed in this study is personal saving behavior, financial education, inflation, and income tax as these factors can really influence the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia.

4.3 Personal Saving Behavior

Personal saving is the amount of money that a person or an individual, rather than an organization or business keeps in an account in a bank or financial institutions (McCracken, 2015). How did the personal saving behavior of an individual can affect the retirement planning? Personal saving is important for an individual to build a stronger and stable foundation for their future retirement savings and it can help an individual to meet their retirement planning goals. When an individual put more money in their personal savings so that they can properly meet their financial planning, they can still use the savings when they need it during emergencies because it is usually being very liquid. When an individual increases their personal savings to meet their retirement saving goals, they can easily meet their retirement planning and do not need to worry anymore after they retire (Unionplus, 2016). According to research done by Ervin, D, Faulk, G, & Smolira, J (2009), they found that if individual saves 15% of pre-retirement salary for 30 years before their retirement and invest in 100% equity, their withdrawals for 20 years after retirement will be successful at 94.95% of the time. Based on research about the dynamic work life saving percentage, the researcher has using benchmark of 30 savings horizon such as an individual will save 10% from their income at initial and then 15%, 20% and 25% correspondingly according to the certain duration and they found that by increasing the savings amount an individual has greater than 90% chances of success to meet their needs after retirement for 20 to 30 years even their portfolio consisting of only 25% equity (Ervin, D, Faulk, G, & Smolira, J 2009) . This study shows that personal saving behavior of an individual really impacting the retirement and retirement planning of an individual as when they save more money into their personal saving account and invest that money in a well-diversified portfolio, they can meet what they need after they had retired. After they had calculated the retirement needs of an individual, it will navigate a person for a proper personal saving for retirement and hence influence an individual's retirement planning as they already know how much they need to save to meet with sufficient fund after they had retired (Mayer, Zick and Marsden, 2011). A research also shows that American are putting enough money in their personal savings account so that they can maintain their living standard in their retirement years (Scholz and Seshadri, 2014). This research explained that to maintain the living standard after retired, an individual must save as much as he can in their personal saving so that they are able to meet their future needs. Hence, the retirement planning will be affected as an individual change their planning for personal savings. In a research done by Millar and Devonish (2009), they found that employees need to pay greater attention and consideration to their level of personal savings to ensure that they will have a comfortable life after retirement by determining and estimating how much money they need to save for their future retirement years. This study

has found that the level of income is important to calculate the amount of savings needed for retirement as the individual with higher income are most likely to calculate their required savings level compared to lower income earner. Thus, when an individual knows about their required savings level for future retirement, they will put aside more money from their salary into their personal savings so that they can live comfortably after retirement. Retirement savings issue is one of the biggest problem in Malaysia as the initiatives to saves for retirement are put aside by most people in Malaysia even though a lot of retirement product has been introduced (Ibrahim, Mohamed Isa and Ali, 2012). It is because they do not fully understand about the importance of retirement planning and financial literacy for their future after retirement. In Malaysia, commonly people will spend their salary first and only then they will save the balance from their salary and this means that they are not properly allocate the needed amount of money in their personal saving account. However, when an individual allocates some money into their personal saving account first and only then they spend the balance, it will help them saving for their future as well as helping them to properly plan their retirement (NST Online, 2016). There are also studies shows that money save in government and companies pension fund is not enough to support and individual for their retirement years and hence they need to have their personal saving account to support their life after they retire (Ibrahim, Mohamed Isa and Ali, 2012). In addition, many studies have shown that young adult workers in Malaysia that properly plan for their retirement usually are highly educated and come from the high-income earner as they can save more in their personal saving compared to lower income earner. Furthermore, from a research done by Ibrahim, Mohamed Isa and Ali (2012), they found out that the retirement savings has become a big concern among the Malaysian since majority of the population still holding on the same behavior of "wait and see" which shows that it is the saving behavior of an individual that make them decided whether to save or not for their future retirement. If the individual especially Gen-Y workers in private sectors have positive attitude towards their personal saving behavior, they may achieve their targeted amount needed after they retired.

4.4 Financial Education

Financial education or financial literacy can be defined as a program that aims to equip young people especially Gen-Y individual or millennials with skills, knowledge and confidence to manage their money well (PFEGORG, 2016). Financial education is important to the Gen-Y nowadays so that they can have a better planning for their future retirement. Besides that, to keep increasing the wealth of an individual it is important for them to have the skills to manage his financial decision which means that an individual really need the financial education so that they can understand better about their financial planning and thus can lead them to have a better decision regarding their retirement planning. Other than that, financial education as defined by OECD (2005) is a process where financial services users improve and enhance their understanding for financial products, risks concepts and from the information and skills that they had learned they can make a better decision and take effective action to improve their wealth as well as their planning for future retirement. Most of the Gen-Y said that they have learned good and right financial lessons from

watching their older generation struggling with the significances of bad money management during recession, but it shows that Gen-Y is not doing enough and they just saying about it (MSOLARI, 2014). This shows that even though Gen-Y had been exposed and educated about the bad consequences when not properly planning for their retirement, they barely take any corrective action to make sure that they would not suffer like older generation. A survey done in Canadians also shows that thirds of millennials in Canada between the ages of 18 and 33 admit that they are not all knowledgeable about retirement planning and become ignorance about it as 40% respondent in the survey admitted that they refused to learn about investing because they feel that it contributes lesser to their future retirement while another 28% of the respondent said that they were saving for another purpose (Bosanac, 2016). These show that they did not really understand the important of personal savings for their future retirement and why did they need to properly plan for their retirement ages as they are not exposed too much about the benefit of retirement planning and why they must ensure that they are planning their retirement early. According to a survey by The Guardian Life Insurance Company of America, they found out that 95% of the respondents are confident in their financial decision making where 52% of Gen-Y said that they do not know where to begin when it comes to retirement planning. These survey shows that large percentage of Gen-Y really need the financial education as they do not even know how to plan for their retirement (Barney, 2011). In addition, according to a survey done by Asian Institute of Finance (AIF) (2015) on Gen-Y in Malaysia, they found out that millennials in Malaysia have poor financial education as 58% from the surveys said that they are having average financial knowledge while 28% saying that they are confident in handling their financial activities (Chie Tie, 2015). Furthermore, this survey is supported by The Star (2015) which found that millennials in Malaysia are being declared as bankrupt as they are unable to payback their loan when they had working. These surveys also show that the financial important is important to the Gen-Y workers especially who are working in private sectors as they really do not know where to start their retirement planning and what option that they should choose so that they can retire happily in the future. A good financial education also can help them to expose themselves to retirement planning as well as helping them out from bankruptcy when they are still young. Apart from that, proper financial education should be given to the millennials as managing personal financial planning can be quite complicated if they do not even know about the things that they are dealing with.

4.5 Inflation

Inflation is another factor that can influence the retirement planning among the Gen-Y working adults in Klang Valley, Malaysia. Inflation is the long-term increase in the prices of goods and services caused by the weakening of currency (Moneycrashers, 2016). Other than that, inflation also is defined as an increase in the overall price level in the economy (Federal Reserve Bank of San Francisco, 2016). Common type of measurement practices to measure inflation is the consumer price index (CPI) which refer to the average living cost or spending of a person (Stanlib, 2016). There are few factors affecting the inflation rate in a country which is demand pull inflation, cost push inflation, profit push

inflation, declining productivity, and higher taxes (Economicshelp, 2016). This study will not focus on factors affecting inflation, but will focus on how does inflation affecting retirement planning of Gen-Y working adults in private sector in Klang Valley. Firstly, inflation can eat away an individual savings which means that it can reduce the purchasing power of an individual. It is because the interest rate in our savings account or personal savings is paying below the rate of inflation which means that the price of goods and services increasing faster than the value of our money in our savings account. For instance, we assume that our purchasing budget for 2013 is $50,000 and hence we can expect that the purchasing of the same goods will cost more because of the inflation. Besides that, inflation can reduce an individual budget as during retirement an individual are no longer having monthly income and because of that budgeting is important for the retirees. However, because of the inflation, an individual need to revise their budgeting every couple of years as the cost of product and services rises by the influence of inflation and thus it will be affecting the retirement planning of individual too (Holsopple, 2013). Other than that, inflation makes retirement planning harder as it makes retirement as a moving target. It is because the amount of spending like our current spending would not be the same as the value of currency as it is going to be affected by the inflation. A research done in United States regarding the inflation, pension benefits and retirement and they found that there is large effect on pension wealth if benefits are not adjusted with inflation. In addition, the researcher found out that the increases in inflation will lower the total compensation and this problem is quite serious and dangerous as it will reduce working hours and encourage employee to retire earlier and thus affecting their retirement planning for future retirement (Clark and McDermed, 1982). Other research show that when inflation rises, income will fall and hence inflation should be really taken into the consideration when planning for the retirement. Other than that, inflation can adversely affect the economy of a country and the uncertainty about future inflation may discourage an individual from doing any investment and saving their money (Blau, J, & Paprocki, R 2009). Thus, we can really see that inflation can really affect the retirement planning of an individual as the purchasing power decreases and the value of money increases and individual may have less amount of fund when they retired. Besides from that, inflation can give negative impact towards retirement planning of Gen-Y as they are not aware too much and did not understand that inflation can give a big and negative impact to their personal saving and hence can affecting their retirement planning.

4.6 Income Tax

Income tax was first imposed by the government in 1860s when the government are desperate to get money to fund the Civil War. Income tax is generally the taxation charge of employee based on their earning per year (TurboTax&Taxes, 2015). Income tax has become the biggest source of revenue for the government in United States as well as others country including Malaysia. In Malaysia, there are tax for individual which is known as individual income taxes which must be paid by employees and people that have income. Income tax can really affect the retirement planning decision of an individual because the money that will be take out from any of the retirement plan such as a 403(b) or a 401(k) is subject

to the ordinary income tax as same as stocks dividends or CD interest (Nextavenue, 2011). So, if there are no proper taxation planning due to many tax that are applicable to the workers especially Gen-Y workers in private sector, it can have a negative impact towards their personal savings as well as their retirement planning. In addition, when an individual know that their retirement plans are all subjected to the taxation, they will be discouraging to do any savings and investment anymore and hence it will affect their planning for future retirement. Based on the research of Retirement Plans Can Provide Last-Minute Income Tax Deductions, the researcher highlighted that clients especially individuals and small-business owners are often trying to manage their income tax liabilities as they do not regularly consult with the financial professional. The researcher found that clients who's establishing, qualify and funding a SEP or an IRA may be the best way for them to reduce their taxation payment (Tannahill, BA 2013). Other than that, the plan of profit-sharing can be another option but it must be established by the end of the previous year and they must get consultation from tax advisor before implementing any strategy to make sure they are choosing the right strategy. From here, we can see that income tax can really affect the retirement planning of an individual as the retirement planning must be change accordingly so that they can still maintain a higher fund and still can meet their financial need for their retirement years (Tannahill, BA 2013). In a research done by Heim, B, & Lurie, I (2014), they found that both transitorily higher income and higher permanent income are associated with the higher probability to contribute for a large amount of taxation. Besides, the researcher also found that when the income increases the tax benefit for retirement savings increases when taxpayers are ranked by their permanent income rather than their current income. In addition, they found that the Saver's Credit and the EITC policy change provide benefit to lower earner taxpayers and it also encourage the lower income earner that qualify to contribute to tax preferred accounts (Heim, B, & Lurie, I 2014). Another study which is about "Mitigating the Impact of Personal Income Taxes on Retirements Savings Distributions", the researcher found out that minimizing the payment of taxes is just part of the schedule as the spending is reduced by lower account compounding when higher taxes are paid earlier (Welch Jr., JS 2015).

4.7 Hypothesis development

Based on literature reviews done, the following hypothesis are developed:

H_1: There is a positive relationship between personal saving behavior and the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia.

H_2: There is a positive relationship between financial education and the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia.

H_3: There is a positive relationship between inflation and the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia.

H_4: There is a positive relationship between income tax and the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia

5. Methodology

The area that are being covered in this research is Gen-Y working adult in Klang Valley area. This is because Klang

Valley is the most strategic places that centered in Kuala Lumpur, where it also includes both cities and town areas of Selangor. 30% population of Malaysian people which is 7.5 million people is the total population in Klang Valley area. In addition, most of Gen-Y workers are working in Klang Valley since there are a lot of works opportunities for them in Klang Valley. Besides that, there are a lot of private company in Klang Valley where the researcher can find the suitable target respondent for this research. Therefore, Klang Valley is the most suitable places to conduct this research to have a better result. Respondents for this research consist of both male and female Gen-Y working adults and this study cover from year 2006 till 2017. This study uses quantitative methods in measuring the four main independent variables. Descriptive and casual research design is used in determining the relationship between retirement planning of Gen-Y workers in Klang Valley, Malaysia and four independent variables in this research. The study used only questionnaires method to obtain primary data needed in this research. Sets of questionnaires are returned from the respondents and the data is processed via google docs and manually since this study use both online questionnaires and face to face distribution to obtain the data needed.

6. Data Analysis
Data in this research is analyze using the statistical program SPSS version 22.0. Data collected from this research are being tested using Pearson correlation and multi-regression analysis as it can measure of how well the collected data in this research are being related to each other. Besides that, validity data analysis is also being applied in this research to measure the reliability of the data obtain from this research. The reliability of data in this research are being done by using the reliability test.

6.1 Pre-test
Initially, a pre-test was conducted by the researcher to validate whether the instructions of the questionnaire are can be understood clearly and whether the questions were properly designed. In addition, pre-test was run by the researcher to identify problems with the data collection instrument of the questionnaire and find its solutions before questionnaire will be fully distributed to the other respondents. Firstly, 10 questionnaires were distributed to students, academician and employed people. It was found that the questions for the retirement planning among Gen-Y were wrongly structured. The instructions were misunderstood by the sample respondents as it is not so clear for them. Therefore, the questionnaire was restructured and the questions for the retirement planning among gen-Y workers portion were reformed.

6.2 Pilot Test
After the questionnaires was restructured and the problem with the questionnaire had been solved, a pilot test was carried out before the questionnaires will be fully distributed. The pilot test was completed to evaluate whether the instructions of the questionnaire are clear, suitable and easily understood by the sample respondents in this research. Therefore, 20 questionnaires were distributed to random people in Klang Valley. All the 20 questionnaires were collected for the pilot test purposes and the researcher had found that the instructions were proper and easily understood

by the sample respondents and can be fully distributed. After that, all questionnaires were distributed to the target customers and were answered. Subsequently, the reliability test was conducted on the SPSS software to test all answer for the questionnaires.

6.3 Reliability Test
The reliability test was conducted using the questionnaires distributed for the pilot test. The reliability test was done using SPSS software and it will be interpreted by using the Cronbach's α coefficient from the result of the test. The Cronbach's α coefficient generally lies between 0 and 1. According to Dr. Field (2006), the reliability coefficient of Cronbach's alpha must be more than 0.7 for the questions to be reliable and acceptable in most research. It was found that the reliability coefficients for retirement and retirement planning, personal saving behavior, financial education, inflation, and income tax are 0.905, 0.842, 0.767, 0.764 and 0.887 respectively. It is interesting to note that retirement and retirement planning has the highest reliability coefficient of 0.905. This implies that 90.5% of the sample was reliable for the dependent variable in this research. Besides that, inflation has the lowest reliability coefficient of 0.764 and it is still more than 0.7 which means that the sample was reliable for the independent variable as well. In addition, it can be said that apart from the retirement and retirement planning, the level of reliability for personal saving behavior, financial education and inflation also is high which means that the samples are also reliable for this independent variable. Thus, researcher has found out that the sample was reliable for all the independent variable and dependent variable in the questionnaire. Finally, the reliability coefficient for all the 20 items was found to be 0.966. Accordingly, overall the questionnaire for this research is reliable.

6.4 Pearson Correlation
In this study Pearson correlation will be used to measure the relationship between the dependent and independent variables. Frequently, Pearson correlation will be used when the distribution of the variable is normal while spearman correlation will be used when there is no normal distribution of the data. From the frequency analysis above, most of the variables do not follow a normal distribution. Thus, according to Penn State Eberly College of Science (2016), researcher should use spearman correlation to measure the relationship between independent and dependent variable. However, spearman correlation cannot be used because the variable in this research does not involve a rank. Therefore, Pearson correlation will be used in this case although the distribution is not normal. This represents a violation of the Pearson correlation.

6.4.1 Relationship between personal saving behavior (PSB) and retirement planning of Gen-Y workers in private sector (RRP)
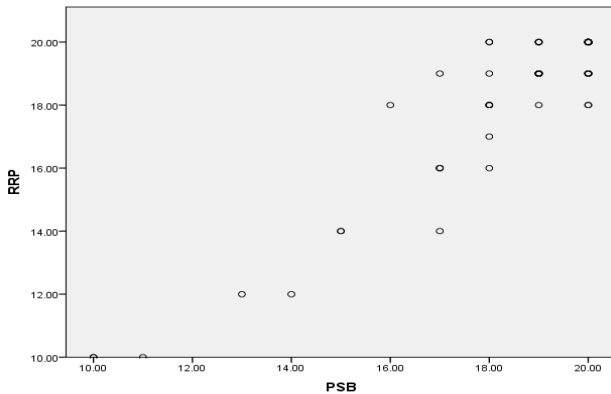
Correlations

		RRP	PSB
RRP	Pearson Correlation	1	.934**
	Sig. (1-tailed)		.000
	N	74	74
PSB	Pearson Correlation	.934**	1
	Sig. (1-tailed)	.000	
	N	74	74

**. Correlation is significant at the 0.01 level (1-tailed).

Table 1: *Correlation between personal saving behavior and retirement planning of Gen-Y workers in private sector*

The correlation coefficient (r) is 0.934. This indicates a strong positive relationship between personal saving behavior and retirement planning of Gen-Y workers in private sector. R^2 is 0.8724 which implies that 87.24% variability in the retirement planning of Gen-Y workers in private sector is influenced by personal saving behavior. The p-value < 0.05. The relationship between personal saving behavior and retirement planning of Gen-Y workers in private sector can be diagrammatically depicted below:

Figure 1: *Scatterplot Diagram of Personal saving behavior*

From the above figure, majority of the points are scattered mostly in the middle and to the right. This affirms that there is a strong positive relationship between personal saving behavior and the retirement planning of Gen-Y workers in private sector.

6.4.2 Relationship between Financial Education (FE) and retirement planning of Gen-Y workers in private sector (RRP)
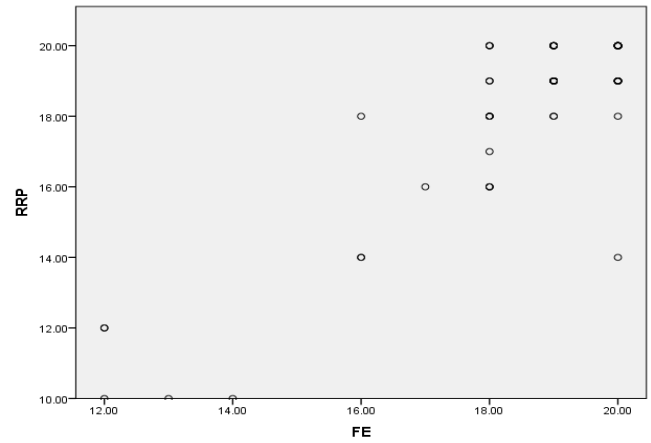
Correlations

		RRP	FE
RRP	Pearson Correlation	1	.868**
	Sig. (1-tailed)		.000
	N	74	74
FE	Pearson Correlation	.868**	1
	Sig. (1-tailed)	.000	
	N	74	74

**. Correlation is significant at the 0.01 level (1-tailed).

Table 2: *Correlation between financial education and retirement planning of Gen-Y workers in private sector*

The correlation coefficient (r) is 0.868. This indicates a strong positive relationship between financial education and retirement planning of Gen-Y workers in private sector. R^2 is 0.7534. This implies that 75.34% variability in the retirement planning of Gen-Y workers in private sector is influenced by financial education. The p-value < 0.05. The relationship between financial education and retirement planning of Gen-Y workers in private sector can be diagrammatically depicted below:

Figure 2: *Scatterplot Diagram of Financial Education*

From the above figure, majority of the points are scattered mostly in the middle and to the right. This affirms that there is a strong positive relationship between financial education and the retirement planning of Gen-Y workers in private sector.
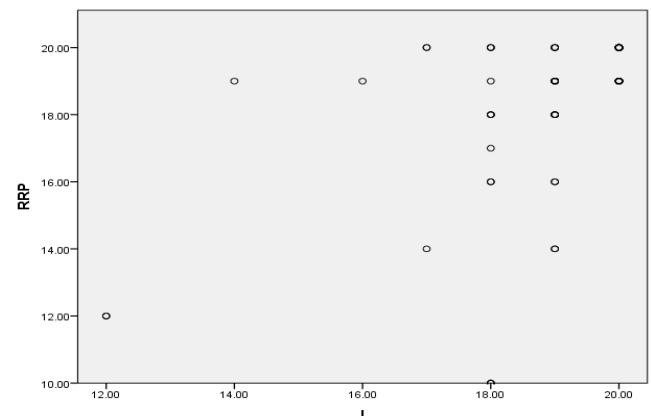
6.4.3 Relationship between Inflation (I) and retirement planning of Gen-Y workers in private sector (RRP)

Correlations

		RRP	I
RRP	Pearson Correlation	1	.528**
	Sig. (1-tailed)		.000
	N	74	74
I	Pearson Correlation	.528**	1
	Sig. (1-tailed)	.000	
	N	74	74

**. Correlation is significant at the 0.01 level (1-tailed).

Table 3: *Correlation between inflation and retirement planning of Gen-Y workers in private sector*

The correlation coefficient (r) is 0.528. This indicates a moderate positive relationship between inflation and retirement planning of Gen-Y workers in private sector. R^2 is 0.2788. This implies that 27.88% variability in the retirement planning of Gen-Y workers in private sector is influenced by Inflation. The p-value < 0.05. The relationship between inflation and retirement planning of Gen-Y workers in private sector can be diagrammatically depicted below:

Figure 3: *Scatterplot Diagram of Inflation*

From the above figure, majority of the points are scattered to the right side. This confirms that inflation has a moderate positive influence on the retirement planning of Gen-Y workers in private sector.

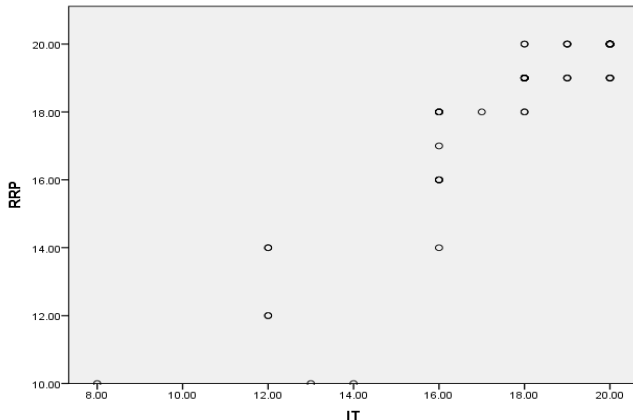## 6.4.4 Relationship between Income Tax (IT) and retirement planning of Gen-Y workers in private sector (RRP)

Correlations

		RRP	IT
RRP	Pearson Correlation	1	.910**
	Sig. (1-tailed)		.000
	N	74	74
IT	Pearson Correlation	.910**	1
	Sig. (1-tailed)	.000	
	N	74	74

**. Correlation is significant at the 0.01 level (1-tailed).

Table 4: Correlation between income tax and retirement planning of Gen-Y workers in private sector

The correlation coefficient (r) is 0.910. This indicates a strong positive relationship between financial education and retirement planning of Gen-Y workers in private sector. R^2 is 0.8281. This implies that 82.81% variability in the retirement planning of Gen-Y workers in private sector is influenced by income tax. The p-value < 0.05. The relationship between financial education and retirement planning of Gen-Y workers in private sector can be diagrammatically depicted below:

Figure 4: Scatterplot Diagram of Income Tax

From the above figure, majority of the points are scattered mostly in the middle and to the right. This affirms that there is a strong positive relationship between income tax and the retirement planning of Gen-Y workers in private sector.

6.5 Multi Regression Analysis

According to correlation analysis above, it is already shown that there are significant or insignificant relationship between the dependent and independent variables for this research. However, since there is some variable that show a moderate positive correlation, the multiple regression analysis is needed to support the relationship above and will be used to determine there is a significant relationship between the dependent and independent variable. In addition, the significance level of 5% will be used to test the hypotheses in this study.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.957[a]	.916	.911	.75371

a. Predictors: (Constant), IT, I, PSB, FE

b. Dependent Variable: RRP

Table 5: Model Summary.

The above table, R is the correlation coefficient and it shows the strength of the relationship between the dependent and independent variables for this research. In this study, R is 0.957. This shows that there is a strong relationship between the dependent and independent variables. R square shows how much variability in the dependent variable can be explained by the independent variables. R^2 is 0.916 which means that 91.60% of the variability in the retirement planning of Gen-Y workers in private sector can be explained by the independent variables. On the other side, 8.40% of the variation in retirement planning of Gen-Y workers in private sector is influenced by other factors not included in the model. R square is also a method to measure the "goodness of fit" which means to check whether the model is reliable. According to Doreswamy and M.Vastrad, (2013), the minimum benchmark for R square is 0.6 which means that 60% of the changes in the dependent variable should be explained by the independent variables. In this research, the R square is 0.916 which is greater than the benchmark of 0.6 and therefore the regression model is more effective since the R^2 is higher. Therefore, researcher has concluded that regression model is suitable to analysis the relationship between the dependent variable and independent variables in this study and find out whether there are significant or insignificant relationship between the variables.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	428.207	4	107.052	188.443	.000[b]
	Residual	39.198	69	.568		
	Total	467.405	73			

a. Dependent Variable: RRP

b. Predictors: (Constant), IT, I, PSB, FE

Table 6: ANOVA table

From the ANOVA table, researcher can identify whether the regression model reflects a "statistically significant proportion of the variance". The p-value (Significance) is 0.000 which is less than 0.05 and this suggests that the model use in this analysis is "statistically significant".

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			p- value
1 (Constant)	-.916	1.117		-.820	.415	
PSB	.944	.125	.845	7.559	.000	<0.05 (Significant)
FE	-.460	.153	-.351	-3.012	.004	<0.05 (Significant)
I	.142	.074	.090	1.926	.058	>0.05 (Insignificant)
IT	.427	.082	.422	5.204	.000	<0.05 (Significant)

Table 6: Coefficient table

The coefficient table above helps to build the regression line for this research. Beta is the regression coefficient and it is the gradient/slope of the regression line. From the above table, the coefficient (beta) for personal saving behavior, financial education, inflation and income tax are 0.944, -0.460, 0.142, and 0.427 respectively. It is interesting to note that personal saving behavior has the highest beta value of 0.944. It can be said that personal saving behavior is the most significant factor affecting the retirement planning of Gen-Y working adult in private sector compared to the other independent variables in this research. Therefore, the regression equation for this research will be:

$$Y = -0.916 + 0.944\, X_1 + (-0.460)\, X_2 + 0.142\, X_3 + 0.427\, X_4 + e,\ \text{whereby}$$

Elements of regression line	Independent and dependent variables	Beta coefficient
Y	Retirement planning of Gen-Y working adult in private sector	
X_1	Personal saving behavior	0.944
X_2	Financial education	-0.460
X_3	Inflation	0.142
X_4	Income tax	0.427
e	Error	

Table 7: *Components of the regression equation.*

The decision rule that is used in this research to accept or reject the null hypotheses is as follows:
If p-value ≤ 0.05, the null hypothesis, H_0 rejected, accept alternative hypothesis, H_1.
If p-value > 0.05, the null hypothesis is accepted, H_0, reject alternative hypothesis, H_1.

7. Discussion of Findings

7.1 Personal Saving Behavior
The coefficient of personal saving behavior is 0.944 which means that when personal saving behavior increases by 1 unit, the retirement planning of Gen-Y workers in private sector will increase by 94.40%. The standardized coefficient of personal saving behavior is 0.845. This concludes that when the standard deviation of personal saving behavior increases by 1 unit, the standard deviation of the dependent variable, the retirement planning of Gen-Y workers in private sector, will increase by 0.845 units. Concerning the independent variable, personal saving behavior, the p-value is 0.000, which is less than α value of 0.05 (P-value < 0.05). It shows that personal saving behavior is a significant factor and affects the retirement planning of Gen-Y workers in private sector. Therefore, the null hypothesis (H_0), is rejected and it can be concluded that personal saving behavior positively affects the retirement planning of Gen-Y workers in private sector. The above result is consistent with the findings of Ervin, D, Faulk, G, & Smolira, J (2009) where this researcher has conducted a research regarding the static work life saving percentage, and they found that if individual saves 15% of pre-retirement salary for 30 years before their retirement and invest in 100% equity, their withdrawals for 20 years after retirement will be successful at 94.95% of the

time. This show that, personal saving behavior of an individual can affect their retirement planning significantly. Besides that, a research done by Mayer, Zick and Marsden (2011) also support the finding for this variable where they had found out that after individuals had calculated their retirement needs, it will navigate them for a proper personal saving for retirement and hence influence an individual's retirement planning as they already know how much they need to save to meet with sufficient fund after they had retired. This research show that personal savings behavior of an individual significantly affect their retirement planning decision. In addition, according to a research done by Scholz and Seshadri, (2014), they had found that to maintain the living standard after retired, an individual must save as much as he can in their personal saving so that they are able to meet their future needs. This research is also supported by a statement from NST Online, (2016) where when an individual allocates some money into their personal saving account first and only then they spend the balance, it will help them saving for their future as well as helping them to properly plan their retirement. It shows that when individuals are concerning about their future retirement, they will be more concern about their personal saving behavior and consequently it will affect their retirement planning decision. In this current research, the finding that there is a positive relationship between personal saving behavior and retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia is like most researches. It has been found that, personal saving behavior can affect the retirement planning of Gen-Y workers in private sector in Klang Valley as when individual have different personal saving behavior, they will have different retirement planning decision as the decision are based on how good an individual is for his personal saving behavior.

7.2 Financial Education
The coefficient of financial education is -0.460 which means that when financial education increases by 1 unit, the retirement planning of Gen-Y workers in private sector will decrease by 46.00%. The standardized coefficient of financial education is -0.351. This concludes that when the standard deviation of financial education increases by 1 unit, the standard deviation of the dependent variable, the retirement planning of Gen-Y workers in private sector, will decrease by 0.351 units. Concerning the independent variable, financial education, the p-value is 0.004, which is less than α value of 0.05 (P-value < 0.05). It shows that financial education is a significant factor and affects the retirement planning of Gen-Y workers in private sector. Therefore, the null hypothesis (H_0), is rejected and it can be concluded that financial education negatively affects the retirement planning of Gen-Y workers in private sector. The above result is consistent with the findings of Msolari, (2014) where the researcher found that most of the Gen-Y said that they have learned good and right financial lessons from watching their older generation struggling with the significances of bad money management during recession, however it shows that Gen-Y is not doing enough and they just saying about it as they still did not properly plan for their retirement planning. This shows that, even though they had learned some financial lessons, they still did not take any action since they do not have fully learn about the financial education and hence they did know about the benefit of retirement planning for their future retirement. Besides that,

a research done by Bosanac, (2016) shows that thirds of millennials in Canada between the ages of 18 and 33 admit that they are not all knowledgeable about retirement planning and become ignorance about it as 40% respondent in a survey admitted that they refused to learn about investing because they feel that it contributes lesser to their future retirement. This shows that, they did not learn about financial education as they think that it would not affect their future retirement. In addition, according to a survey done by Asian Institute of Finance (AIF) (2015) on Gen-Y in Malaysia, they found that millennials in Malaysia have poor financial education as 58% from the surveys said that they are having average financial knowledge while 28% saying that they are confident in handling their financial activities (Chie Tie, 2015). Furthermore, this survey is supported by The Star (2015) which found that millennials in Malaysia are being declared as bankrupt as they are unable to payback their loan when they had working. These surveys also show that the financial important is important to the Gen-Y workers especially who are working in private sectors as they really do not know where to start their retirement planning and what option that they should choose so that they can retire happily in the future. It can be concluded that good knowledge of financial education can really help individual in decision for their retirement planning. In this current research, the finding that there is a positive relationship between financial education and retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia is like most researches. It has been found that, financial education can affect the retirement planning of Gen-Y workers in private sector in Klang Valley as when individual have good knowledge regarding financial education, they can easily be planning for their future retirement as they are able to differentiate between a good and bad consequences for any planning that they will make.

7.3 Inflation

The coefficient of inflation is 0.142 which means that when inflation increases by 1 unit, the retirement planning of Gen-Y workers in private sector will increase by 14.20%. The standardized coefficient of financial education is 0.090. This concludes that when the standard deviation of inflation increases by 1 unit, the standard deviation of the dependent variable, the retirement planning of Gen-Y workers in private sector, will increase by 0.090 units. Concerning the independent variable, inflation, the p-value is 0.058, which is more than α value of 0.05 (P-value < 0.05). This suggests that the null hypothesis (H_0) is accepted. Then, it can be concluded that inflation does not affect the retirement planning of Gen-Y workers in private sector. The above result can be explained with the findings of Blau, J, & Paprocki, R (2009) where they found that when inflation rises, income will fall and individual will start to save less for their future retirement. Other than that, inflation can adversely affect the economy of a country and the uncertainty about future inflation may discourage an individual from doing any investment and saving their money for their future uses when they had retired. However, these findings are contradicted with Miller (2016) where he found that there is no agreement as to the relationship between inflation and savings since inflation has both positive and negative effect towards saving. This means that inflation does not really affect the retirement planning of Gen-Y and that is why the p-value of inflation is only

slightly higher than 0.05. Therefore, it can be concluded that even though inflation has positive impact towards retirement planning, it also has negative impact towards retirement planning and thus it does not significantly affect the retirement planning of Gen-Y.

7.4 Income Tax

The coefficient of income tax is 0.427 which means that when income tax increases by 1 unit, the retirement planning of Gen-Y workers in private sector will increase by 42.70%. The standardized coefficient of income tax is 0.422. This concludes that when the standard deviation of income tax increases by 1 unit, the standard deviation of the dependent variable, the retirement planning of Gen-Y workers in private sector, will increase by 0.422 units. Concerning the independent variable, income tax, the p-value is 0.000, which is less than α value of 0.05 (P-value < 0.05). It shows that income tax is a significant factor and affects the retirement planning of Gen-Y workers in private sector. Hence, the null hypothesis (H_0), is rejected and it can be concluded that income tax positively affects the retirement planning of Gen-Y workers in private sector. The above result is consistent with the findings of Nextavenue (2011) as income tax can really affect the retirement planning decision of an individual because the money that will be take out from any of the retirement plan such as a 403(b) or a 401(k) is subject to the ordinary income tax as same as stocks dividends or CD interest. Thus, individual will tend to save less in their retirement plans as they will need to pay more tax when they want to take out their money. Other than that, Tannahill, BA (2013) found that clients whose establishing, qualify and funding a SEP or an IRA, it may be the best way for them to reduce their taxation payment. Consequently, people will start to have a further look regarding their retirement planning as they can avoid more taxes payment from it. Besides that, Heim, B, & Lurie, I (2014) found that the Saver's Credit and the EITC policy change provide benefit to lower earner taxpayers and it also encourage the lower income earner that qualify to contribute to tax preferred accounts so that they can reduce their tax payment. Therefore, the lower income earner will have started to think about retirement planning as there are plans that can help them in reducing their tax payment. In addition, Welch Jr., JS (2015) found that minimizing the payment of taxes is just part of the schedule as the spending is reduced by lower account compounding when higher taxes are paid earlier and later it can affect the retirement planning of an individual. In this current research, the finding that there is a positive relationship between income tax and retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia is like many researches. It has been found that, income tax can affect the retirement planning of Gen-Y workers in private sector in Klang Valley as when there are different benefit or pros from income tax, it will significantly affect the retirement planning of Gen-Y workers in private sector in Klang Valley, Malaysia.

8. Recommendation

Gen-Y workers should take additional effort and methods to improve the retirement planning of Gen-Y in private sector. In the first place, since financial saving behavior is the most significant factor affecting retirement planning of Gen-Y, government or responsible body must create awareness among the Gen-Y workers so that they are able to improve

their saving behavior and thus improving their retirement planning. Gen-Y workers also should take more proactive action to improve their personal saving behavior. They should properly plan for their spending and saving so that they are able to save more for their retirement. Besides that, financial education should be thought to the Gen-Y workers since most of them have low knowledge regarding it and regarding the retirement and retirement planning. Therefore, when Gen-Y are more exposed to the financial education, they will be more aware regarding the importance of retirement planning and thus they will immediately start to plan for their retirement so that they can retire happily afterwards. Government also can take further action in educating them with financial education as government can create a free seminar regarding the importance of financial education and attract Gen-Y to know more about financial education by a various ways and methods. Universities also should specialize one subject for financial education so that Gen-Y are able to learn about it properly. In addition, inflation and income tax also are important that should be exposed to the Gen-Y. It is because Gen-Y are not really concern about inflation and income tax and therefore they will not properly plan for their retirement. Government can help them by exposing the pros and cons of inflation and income tax so that Gen-Y are able to overcome any problem related to the inflation and income tax when they are planning for their future retirement.

9.Future Research

Firstly, future researchers can conduct research about retirement planning of Gen-Y workers in private sector in different areas and not only in Klang Valley. They can collect a sample from different areas like KL, Kedah, Selangor, Perlis, Johor, and Putrajaya. Then, they can analyze the data collected from the different areas and this will allow the future researchers to get a better interpretation about the retirement planning of Gen-Y workers in Malaysia. Besides that, this will allow them to precisely determine the factors of retirement planning of Gen-Y workers in different regions. Next, future researchers can increase the sample size of the research. A larger sample size will allow them to get a better understanding about the factors affecting retirement planning of Gen-Y workers in private sector. This will also allow future researcher to do better data cleaning and improve their analysis. Besides that, the researchers should interpret the questionnaires into various languages. Malaysia is a multi-cultural country with varied languages. Therefore, in the future to improve the comfort of the respondents, the researcher can interpret the questionnaire in English, Tamil and Malay as well as Chinese language. Moreover, researchers should also perform other test such as normality tests in determining whether the data is normally distributed or not. If the data is not normally distributed, then they should use non-parametric testing methods such as Mann-Whitney test, Friedman test and Kruskal-Wallis, among others. Additionally, the Spearman or Partial Correlation should be used to generate more accurate findings rather than Pearson Correlation when the data is not normal.

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