

# **FINANCIAL PLANNING FOR RETIREMENT OF PRIVATE EMPLOYEES IN THAILAND: A CASE STUDY OF TTW PUBLIC COMPANY LIMITED**

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## **Abstract**

The purpose of this research was to study the financial planning for retirement of private employees in Thailand, study the demographic factors including gender, age, education, marriage status, position and salary, and factors of information perception, understanding in financial planning, risk and return related to financial planning for retirement of private employees in Thailand. The samples were 302 employees of TTW Public Company Limited, aged 24-60 years old. The statistics used were frequency, percentage, mean, standard deviation and Chi-Square.

The study found that most employees were male aged between 25-34 years old, bachelor's degree and single with position as an officer/staff, salary between 15,001 – 25,000 Baht. Most employees received the information about financial retirement from advertising through various media, such as television, radio and online media. There was knowledge of financial planning in the moderate level and believed the investment in financial planning would help to ensure financial security at high level. The knowledge in financial planning and implementation methods were at a moderate level. The samples could accept risk and return at high level. Most employees agreed that the rate of return was the main reason to choose the investment model since most of them invested in long term financial, such as mutual funds. The purposes of investment was to improve the quality of life both before and after retirement. The proportion of investment was 11-25% of income.

**Keywords:** Financial Planning, Retirement Planning, Savings and Investment, Investment for Retirement

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## **Introduction**

The social structure of Thai people has been changed along with various good contributions that have made a lot of people live longer and have less changes for Thai society when it becomes an aging society with an increasing number of the people (Siriphanich,1998). Based on the information from the Thai Elderly Research and Development Institute Foundation, it is predicted that Thailand will be an elderly society by 2021 and will become an elite society in 2035. Thai population will consist of 65+ years or more, or 17 million approximately, which is 1/4 of the entire population (Phromphak, 2013). The changes that occur with the basic needs of the elderly lead to the problem whether the retired will have enough of money for their basic needs or not (Wongchan, 2010).

According to a survey conducted by the National Statistical Office in 2014, it was found that 36.7% of the primary source of income for the elderly was from the work of the elderly, 33.9% from the government pension, 4.9% from the spouse, 4.3% and from the investment. 3.9% from their savings and sales. It shows that the elderly still has to receive income from other people; the government and from their spouse and children, as high as 55.8% while 34% of the elderly still have to work to earn money. Social security, government pension fund, provident fund and financial management support the elderly with financial planning so that they can have stable retirement with enough money to spend and live happily without giving their children any financial issues (Poonsathiensub, 2016).

There are many types of financial planning with returns and assistance from various investments to support appropriate savings and investment planning (Naksueang, 2014). The best features in formulating financial planning patterns are financial knowledge and attitudes towards financial planning which are interesting to study and analyze the causes and factors related to the selection of financial planning and also other factors, such as demographic factors, behavior and motivation in order to prepare for retirement (Kaewsumalee, 2009; Suphatwatcharanon, 2010; Srinuan, 2016).

Based on the history and importance mentioned above, the researcher is interested in studying financial planning of private company employees in Thailand. The employees of TW Co., Ltd. (Thailand) were selected as a sample group since this company is registered in the Stock Exchange of Thailand and donates money for its employees and the general public who are interested in the importance of financial planning for their retirement. Moreover, other companies can use the information to develop their employees' knowledge in terms financial planning for their retirement in the future as well.

## **Research Objective**

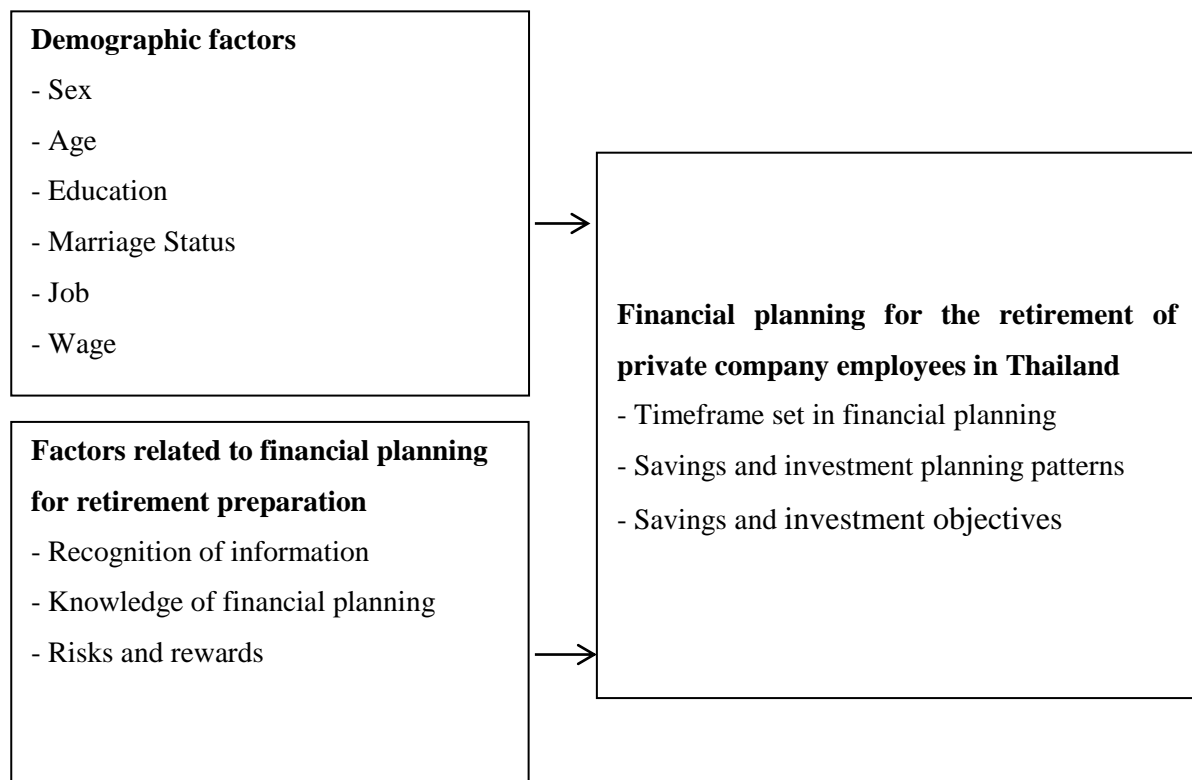
1. To study the financial planning for the retirement of private company employees in Thailand.
2. To study demographic factors related to financial planning for the retirement of private company employees in Thailand.

3. To study the factors that are related to financial planning for the retirement of private company employees in Thailand, such as information recognition, understanding of financial planning, and risks and rewards.

4. To study the financial planning recommendations for preparing the retirement of private company employees in Thailand.

### Conceptual framework

In this research, the researchers studied, reviewed relevant research literature and defined the research conceptual framework as follows.



### Expected Benefits

This research study can expectedly contribute as follows:

1. To know the financial planning for the retirement of employees of private companies in Thailand.

2. To know the demographic factors that are related to financial planning for the retirement of private company employees in Thailand.

3. To know the factors, such as awareness of information, understanding financial planning, risks and rewards, which are related to financial planning in order to prepare for retirement of private company employees in Thailand.

4. To know the recommendations for financial planning to prepare for retirement of private company employees in Thailand.

### **Research Methodology**

In the study of Financial Planning for Retirement of Private Employees in Thailand: A Case Study of TTW Public Company Limited, the researchers set the research methodology as follows (Wanichbancha, 2002; Sincharu, 2017).

1. The population of this study is TTW Public Company Limited employees, whose age were between 24-60 years (TTW Public Company Limited, 2017). Based on the calculation of sample size, 302 employees were studied.

2. In terms of research tool design, the researchers studied the related theories and concepts to design the questionnaires. The question in the questionnaires were inspected and recommended by experts to check the validity. In order to check the reliability, the researchers employed Cronbach's alpha which must be higher than 0.80.

3. In terms of data collection, the researchers used personal data to collect questionnaires from all employees of TTW Public Company Limited at various positions. There were 302 questionnaires collected during the month of April, 2018.

4. In terms of data analysis, the data were analyzed by both descriptive and inferential statistics, such as frequency, percentage, mean, standard deviation, Chi-Square, independent sample T-test and One-way ANOVA.

### **Research result**

The study of Financial Planning for Retirement of Private Employees in Thailand: A Case Study of TTW Public Company Limited revealed the result as follows.

#### **Personal factor analysis results**

According to the study, it was found that most employees were male accounted for 54.6 %, aged between 25-34 years accounted for 45.4 %, holding bachelor's degree accounted for 62.6 %, having a single status accounted for 49.3 %, having a position as an officer / employee accounted for 75.2 %, with monthly income between 15,001 - 25,000 baht accounted for 35.4 %.

#### **Analysis of employees' opinion towards the information recognition**

Based on the analysis of the level of overall information and perceptions, it was found that the sample group had opinions on factors that were related to financial planning in terms of perceived information at a moderate level. When considering each item, it was found that most of the sample groups received information from public relations via various medias, such as television, radio and online media at a high level

#### **Analysis of employees' opinion towards knowledge of financial planning**

From the analysis of the overall financial planning knowledge and the list of findings, it was found that the samples had knowledge and understanding of financial planning at a moderate level. When considering each item, it was found that most of the sample believed that the knowledge of saving and investment would help create financial stability at a high level. The knowledge and

understanding of saving and investment and planning and implementation methods were at a moderate level.

#### **Analysis of employees' opinion towards risk and reward**

From the analysis of knowledge and understanding of risks and returns, the sample group had opinions on risks and returns at a high level. When considering each item, it was found that most of the sample groups considered that the rate of return was the main reason for choosing a saving and investment model at a high level. They could accept the risk of financial investment planning at a moderate level and the loss from investment at a moderate level.

#### **The analysis results of the timeframe set in financial planning**

According to the study, it was found that most of the sample groups had long-term financial planning (5 years or more) which is accounted for 65.2 %, followed by medium-term (1-5 years) accounted for 29.5 and short-term (not more than 1 year) accounted for 5.3 % respectively.

#### **Analysis of financial and investment planning patterns**

According to the study, it was found that most of the sample group had the most investment choices in mutual funds which is accounted for 62.3 %, followed by deposits with commercial banks accounted for 56.3 % and investing in life insurance accounted for 40.1 % and invested in equity instruments, real estate, debt instruments and gold market accounted for 86, 69, 48 and 24 % respectively.

#### **Analysis of savings and investment objectives**

According to the study, it was found that most of the sample group had the objective of saving and investing in order to have a better quality of life before and after retirement which is accounted for 72.8 %, followed by to prepare for unexpected events that bring costs accounted for 57.9% and to prepare for retirement, to control financial status and to obtain tax benefits accounted for 49.0%, 42.4% and 34.8% respectively.

#### **Analysis of proportion of savings and investments per income.**

According to the study, it was found that most of the respondents had a saving and investment ratio of 11-25% accounted for 43.0%, followed by savings and investment per income less than 10% accounted for 39.4%. Investment per income 26-50%, equivalent to 11.9% and there are groups that do not save and do not invest at all. However, the respondents who had savings and investment per income more than 50%, equivalent to 3% and 2.6% respectively.

### **Discussions**

From the study of Financial Planning for Retirement of Private Employees in Thailand: A Case Study of TTW Public Company Limited, the researchers can discuss the results as follows.

#### **Analysis of demographic factors**

It was found that 167 of the employees were male, single, age between 25-34 year old, holding a bachelor's degree, working as an officer / staff with monthly income between 15,001 - 25,000 baht which is in accordance with Sittiphan's research (2010) that studied on "Factors affecting

personal financial planning of people in Bangkok" and found that the samples were both male and female, holding a bachelor's degree, with a single status and working as a private company employee.

**Analysis of employees' opinion towards factors affecting financial planning for retirement of private employees in Thailand: a case study of TTW Public Company Limited**

It was found that the sample group had opinions on factors related to financial planning for the retirement of private company employees in Thailand at a high level. When considering each item, it was found that, in terms of information recognition, the sample group had opinions on factors related to financial planning for the retirement of private company employees in Thailand at a moderate level. In terms of information recognition, the sample group had an opinion on factors related to financial planning for retirement preparation of private company employees in Thailand in the medium level. In terms of perception of information regarding risks and returns, the sample group has an opinion on the factors related to financial planning for the retirement of private company employees in Thailand at a high level which is in accordance with Sittiphan's research (2010) that studied on "Factors affecting personal financial planning of people in Bangkok" and found that the sample group had information, information recognition, knowledge and understanding of financial planning for the retirement of private company employees in Bangkok with statistical significance.

**Analysis of employees' opinion towards financial planning for retirement of private employees in Thailand: a case study of TTW Public Company Limited**

It was found that most of the sample group had financial planning to prepare for their retirement with the objective of investment and savings for a better quality of life before and after retirement and to prepare for unforeseen events which leads to financial planning for long-term retirement (5 years or more) with a focus on financial security. The result corresponds to Hongthong (2008) that discusses debt management plan to liberate debt by controlling unnecessary expenses and prioritizing the debt that must be paid.

**Hypothesis testing about demographic factors affecting financial planning for retirement of private employees in Thailand: a case study of TTW Public Company Limited**

1) Gender does not affect financial planning in order to prepare for the retirement of private employees in the time frame specified in financial planning and the proportion in the financial planning. However, gender is associated in the form of savings and investment in real estate only. The purpose of saving and investing is only for tax benefits at the significant level of 0.05 which is in accordance with Sittiphan's research (2010) on "Factors affecting personal financial planning of people in Bangkok" which found that personal factors including education, occupation, income, information perception, knowledge and understanding of financial planning influenced personal financial planning of people in Bangkok with statistical significance.

2) Age does not affect financial planning in order to prepare for the retirement of private employees in the time frame specified in financial planning. However, age affects the form of savings and investment in mutual funds only and life insurance policies. The objective of the investment in

order to prepare for retirement and for tax benefits is at the significance level 0.05 which is in accordance with Kowakun's research (2015) on "Personal financial management affecting the saving behavior of the population in Bangkok and suburbs" which found that personal factors including education, education and income were related to saving behavior in all aspects while age, status, and expenses are not related to saving behavior, the proportion of savings and those who decide to save.

3) Education level affects financial planning to prepare for the retirement of private employees in terms of time frame for financial planning, the proportion of savings and investments which is at a significant level of 0.05, except for equity investment, investing in real estate and life insurance policies and savings. The objectives of investment are for financial control and for tax benefits, except for better quality of life, which is in accordance with Kowakun's research (2015) on "Personal financial management affecting the saving behavior of the population in Bangkok and suburbs" which found that personal factors in education and income were related to saving behavior in all aspects while age, status, and expenses are not related to saving behavior, the proportion of savings and those who decide to save.

4) Status does not affect financial planning to prepare for the retirement of private employees in the specified time frame. The form of savings and investment, the proportion of savings and investments and the objectives of saving and investment are at the significance level 0.05 which is in accordance with Kowakun's research (2015) on "Personal financial management affecting the saving behavior of the population in Bangkok and suburbs" which found that personal factors including occupation, education and income were related to saving behavior in all aspects while age, status, and expenditure do not correlate with saving behavior in proportion to savings and those who make decisions in saving.

5) Position level does not affect financial planning to prepare for the retirement of private employees in the specified time frame. The form of saving and investment is specified, except for the investment model depositing with commercial banks, equity securities, real estate investments and life insurance policies, at a significant level of 0.05. However, the position level is related to the objectives of saving and investment. The proportion of financial planning is at the significant level of 0.05 which is consistent with Thongchai's research (2013) on "Personal Financial Planning for Retirement: a case study on school teachers in Bangkok" which found that factors affecting personal financial planning for retirement are, based on the priority, income, family status, job, position and pension respectively.

6) Monthly income does not affect financial planning to prepare for the retirement of private employees in the specified time frame. Savings and investment objectives are, except for preparing for retirement and for tax benefits, at the significant level 0.05. However, the monthly income is related to the proportion of saving and investment and the form of saving and investment specified, except for the type of investment in mutual funds and gold market, which corresponds to Hongthong's

research (2008) that discussed the debt management plan to liberate the debt by controlling unnecessary expenses and prioritizing the debt that must be paid.

**Hypothesis testing regarding information recognition factors, understanding risks and rewards and other factors influencing financial planning for the retirement of private employees**

1) Recognition of information has an effect on financial planning to prepare for the retirement of private employees in the specified time frame. However, the perception of information is not related to the proportion of savings and investment. The form of savings and investment, except for equity securities, and the objectives of saving and investment, except for retirement purposes, are determined in order to have a good quality of life before and after retirement. The result is in accordance with ABAC Poll Research Center (2009) that conducted a survey on the behavior of new generation in terms of money, life and financial planning in a recession by surveying samples from those who had monthly income over 75,000, aged between 30-49 years. The information helps new generation build confidence in financial planning.

2) Understanding has an effect on financial planning to prepare for the retirement of private employees in a specified period of time. The proportion of savings and investments per the specified income, but knowledge and understanding, does not affect the form of saving and investment choices except for equity securities. The objectives of saving and investment, except for retirement purposes, are determined in order to have a good quality of life before and after retirement. The result is consistent with Sittiphan's research (2010) on "Factors affecting personal financial planning of people in Bangkok" which found that personal factors in education, occupation, income, information, knowledge, understanding financial planning influenced people's personal financial planning.

3) Risks and rewards have an effect on financial planning, and savings and investment patterns. It is found that factors regarding personal financial planning of people in Bangkok are personal factors which are education, occupation, income, information perception, financial planning.

4) Other factors which are related to financial planning and also consistent with the hypothesis and ABAC Poll (2009) are ages between 30-49 years, current domestic political situation (2009) and the global economic crisis, such as hamburger crisis that made people become more concerned about their finances.

**Suggestions from the research**

From the study related the factors affecting financial planning for retirement of private employees in Thailand, the results can be applied as the guideline for the employees who are interested in preparing useful financial plan for their retirement. Also, the company should provide information and knowledge related to the financial planning, risk and its returns for the employees to make a decision in planning the finance for the retirement life. Lastly, the company should provide the packages concerning the better life after retirement according to individual needs.



### **Suggestions for future research**

From the research, it was found that the economic, political and social conditions are related to financial planning in order to prepare for the retirement of private employees in Thailand. Therefore, there should also be a study about economic, political and social conditions in order to understand the related factors and to make efficient financial plan for retirement. In addition, the next study should also focus on studying about the proper programs in order to respond the individual needs.

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