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ZAMBIAN CIVIL SERVANTS' PREFERRED RETIREMENT AGE OPTION

Nellie Phiri Mulilo

A research report to the Faculty of Management, University of the Witwatersrand, in 25% fulfilment of the requirements for the degree of Master of Management (in the field of social security, policy management and Administration).

February 2017

DEDICATION

To the memory of my late parents, Mr. John Teddie Phiri and Mrs. Priscilla N'goma Phiri for your lasting influence on my attitude towards my academic endeavors and life in general. Your confidence in me has kept me going.

ACKNOWLEDGEMENTS

To undertake such a demanding course on a part-time basis requires the sacrifice of a lot of people. I wish to express special gratitude to my loving husband, Julius Mulilo for supporting me and encouraging me throughout my studies. I would like to sincerely thank my children, Chilufya, Musa, Waza and Sipo for their indulgence and bearing with my absence for two years. I hope this master's degree will remain an inspiration to all of you. May God richly bless you as you pursue your education.

I would like to take this opportunity to thank my supervisor professor Alex Van Den Heever for his guidance and encouragement throughout the coursework and the research.

Last but not least, I would like to thank the Public Service Pensions Fund management for allowing me to undertake this study

DECLARATION

I **Nellie Phiri Mulilo,** declare that this research is my own, unaided work except where otherwise acknowledged. It is submitted in partial fulfillment of the requirements of the degree of master of management (in the field of social security, policy management and Administration) at the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree of examination in any other University.

Signature……

Date…….

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LIST OF ABBREVIATIONS AND ACRONYMS

DB	Defined Benefits
DC	Defined Contribution
GRZ:	Government of the Republic of Zambia
ILO:	International Labour Organisation
NRA:	Normal Retirement age
PAYGO:	Pay-As-You-Go
PSMD:	Public Service Management Division
PSPF:	Public Service Pensions Fund
UK:	United Kingdom
US:	Unites States of America

ABSTRACT

For many years the Public Service Pensions Fund (PSPF) has been experiencing severe and growing financial problems. These strains make it difficult to pay benefits when they fall due and to improve the welfare of pensioners.

The Government of the Republic of Zambia (GRZ) through the Ministry of Labour and Social Security, Ministry of Finance, Cabinet office and the Ministry of Justice have for the last five years been working on a package reforms. These are a response to the various challenges that the social security system and public pension schemes in particular are faced with.

In May, 2015, the Government revised the retirement age for public service workers under the Public Service Pensions Fund (PSPF) from 55 years to 60 years as normal retirement. The new policy also provides for optional early and late retirement at 55 and 65 years respectively. It has been argued that the amendment to the retirement age will improve the financial position of the pension system and increase benefits. Apart from the financial strain on the National Treasury, other justifications for increasing the normal retirement age include, first, a rise in life expectancy: it was reported that Zambians are living longer and spending more time in retirement. Life expectancy at 55 years is 23.6 years for females and 20 years for males. Secondly, it was observed that Zambia had the lowest retirement ages in the Southern African Development Community (SADC) region and therefore the normal retirement age had to be increased. Following the revision in retirement age, this study therefore, explores the preferred retirement and pension options for civil servants in Zambia and identifies factors that can be considered important in the retirement planning and retirement decision making process. A qualitative research approach was used in this study and it involved in-depth interviews of participants.

The findings show that the preferred retirement age for civil servants are early retirement at 55 years and normal retirement at 60 years. Reduced pension benefits for early retirement and higher benefits for late retirement was a novel idea to respondents and were not welcomed. Concern was raised about the impact of increasing the retirement age on youth employment.

The findings also reveal that the most important factors in the retirement planning decision making process are having shelter and financial stability.

CHAPTER 1: INTRODUCTION

1.1 CONTEXT

Social security programmes in most countries are financed on a pay-as-you-go basis. Gruber and Wise (2002) indicate that under this arrangement, most countries have accumulated large unfunded liabilities and many countries face looming financial burdens. The aging of the populations in almost all countries is often cited as the reason for the financial burdens faced by social security programmes (Gruber and Wise, 2002). Gruber and Wise (2002) further argue that defined benefit pay-as-you go pension schemes are very generous and increasingly costly as populations age, with a greater proportion of the population retired and collecting benefits relative to the fraction of the population in the labour force and paying for the benefits.

In most countries, the retirement ages in statutory pension schemes are set. Previously changes in retirement ages were not so common. The trend was more to offer pathways for early retirement besides the standard retirement age. Since the 1990s the trend has changed. Countries are looking for solutions to decrease the effect of increased longevity on pension costs (Uccello, 1998).

Owing to medical advancement, better standards of living and working conditions, people are expected to live longer. With a statutory age of retirement, many people are expected to have a longer retirement period than their working period. This means that pension schemes will have to support pensioners for longer periods during their retirement, raising sustainability considerations for schemes.

As a first step in tackling aging, many countries in the Organisation for Economic Co-operation and Development (OECD) have set about reforming public sector pensions to reduce their cost. Typical initiatives include changes in benefit formulas, changing the indexation of pensions in payment, linking pensions to life expectancy, increasing the role of private provision as well as reforms designed to increase incentives for later retirement (Whiteford and Whitehouse, 2006).

Sanyal (2013) observed that developing countries face a different kind of problem as they enjoy a demographic dividend, which refers to a low old age dependency ratio. Sanyal (2013) argues that pension systems in most developing countries are largely meant for the formal sector employees and financed from the current revenues. Thus reforms in pension payments relating

to a small section of the population tend to influence the rest of a country's population with respect to long term social policy changes, increasing fiscal costs and economic inefficiencies.

The rationale for increasing the retirement age, as one key reform measure, is to reduce the long term deficit in social security schemes. Increasing retirement ages increase the number of years a worker spends in the workforce, thereby increasing the contributions the worker makes to the scheme (Montalto, Yuh and Hanna, 2000). Montalto et al (2000) also noted that increasing the retirement age would decrease the number of years a retiree spent in retirement, thereby reducing the aggregate value of benefits paid out.

Montalto et al (2000) argue that raising the retirement age may improve the solvency of the social security pensions systems, but it can also affect the economic wellbeing of individuals. Implications for individual wellbeing depend on the importance of social security income, the impact of delayed receipt of social security income, the ability to continue working to the age of eligibility and individual preferences related to retirement age. Additionally, Bovbjerg (1998) notes that increasing the retirement age has possible spill-over effects to other programmes such as supplemental security income and disability insurance.

Globally increasing the retirement age normally brings about heady debate among different stakeholders. Many arguments cover demographic, economic and political points of view - both in favour of and against the change (Tung and Comeau, 2012).

Early retirement windows however are provided in most countries so that an increase in the statutory retirement age does not necessarily imply an equivalent postponement of actual retirement. Thus, in terms of the effectiveness of such a type of reform an important question is to what extent people adjust to it (Coppola and Wilke, 2014).

1.1.1 Types of Pension and Plan Structures

Barr and Diamond (2006) state that pensions can be arranged in different ways relating to:

1. The way they are organised

Pension schemes can be fully funded, partially funded or pay-as-you go. In a fully funded scheme, pensions are paid out of a fund built over a period of years from its members'

contributions. With pay-as you-go (PAYG) schemes, pensions are paid out of current income. Partial funding represents a continuum between them.

2. The relation between contributions and benefits

The Pension Review Board of Texas (2012) states that employer pension programs vary in design and the options include defined benefits plans and defined contribution plans.

A defined benefit plan is a retirement plan that promises the participant a specified benefit at retirement. Both the employer and employee contribute to the plan and the contributions are invested by the plan sponsor. The level of benefits an employee will receive at retirement is derived from a formula based on years of service, salary and a multiplier effect. In defined benefit plans, maintaining agreed upon benefit levels for plan participants at retirement is the obligation of the plan sponsor. The plan sponsor is also obligated to bear the cost of funding deficits (Pension Review Board of Texas, 2012). The Pension Review Board of Texas (2012) further states that when a financial deficit occurs it generates unfunded benefit obligations for the plan sponsor.

In defined contribution plans, the employee and/or employer contribute to the employee's individual account. The employees receive the benefits of these savings at retirement with no additional funding required from the plan sponsor. While this reduces the sponsoring entity's financial risk, it increases the responsibility placed on the plan participant. The amount in the account at distribution includes the contributions and investment gains or losses, minus any investment and administrative fees (Pension Review Board of Texas, 2012). Thus, for participants in defined contribution plan, the amount of the contribution is defined and the benefit at retirement is variable.

1.1.2 Pension Schemes in Zambia

Zambia has a long history of social security provision dating back to the early 1900s and this has shaped the current institutional and benefit structure (Hantuba, 2005). The pattern of social security provision in Africa reflects colonial preferences and considerations. During the colonial era, social security schemes were introduced in Africa as a response to the social security needs of expatriate white workers. Chingezhi (2008) states that the first social security to be introduced were workers compensation schemes, which are based on the principle of

employer liability and consequently the schemes provide protection against injuries and death occurring at the workplace. Chingezhi(2008) further point out that another form of social security that was introduced during the colonial era was provident fund schemes which were limited to workers in the civil or public service. Bailey and Turner (2002) argue that the provident funds were seen as simple to operate and also consistent with the future needs of the African workers who were expected to return to their villages after retirement where they would benefit more from a lump sum than a pension. These were later (in the 1980s and 90s) transformed into full pension schemes and made mandatory for workers in the formal private sector as well. Most of the schemes that currently exist in countries are contributory earnings-related defined benefit schemes.

Zambia's mandatory contributory schemes consist of the Public Service Pensions Fund (PSPF), the Local Authorities Pension Fund (LASF) and the National pension Scheme (NAPSA). According to the Republic of Zambia Technical Committee report (2012) on the plight of Pensioners, Retirees and Beneficiaries in Zambia, with about 12% of the labour force contributing to one of the three mandatory schemes, Zambia has very low levels of old age income protection.

1.2 BACKGROUND

The Public Service Pensions Fund Board (PSPFB) is a statutory pension scheme that was established under Act No. 35 of 1996 to manage the pension scheme for public servants. The Public Service Pensions Fund (PSPF) is a partially funded defined benefit pension scheme, which provides retirement pensions to permanently employed civil servants and dependent survivor. It is a contributory scheme whereby the employer (Government) and employee each contributes 7.25% of the basic salary.

Prior to 14 November 2014, public servants who contribute to the PSPF had a statutory retirement age pegged at 55 years while early retirement (subject to approval after application) was 45 years or 20 years of continuous service. In 2014, a law was passed which changed the statutory retirement age to 65 years. However, as this would contravene article 124 of the constitution of Zambia for those employees who were employed before the law was issued, the President directed the Ministry of Justice to immediately revise the law on retirement age to provide for three options an employee can exercise to retire.

In May 2015, the Government of Zambia revised the retirement age for public service workers under the PSPF from 55 years to 60 years as normal retirement. The new policy also provide for optional early and late retirements at 55 and 65 years, respectively. This implies that those employees who wish to retire early at 55 years may proceed to do so while those who elect to continue in employment are also free to do so up to the normal retirement age of 60 years. Upon mutual consent between an employee and employer, an employee may continue in employment until late retirement at the age of 65 years (Public Service Pensions Fund Second Quarter Report, 2015). The amendments to the retirement age are argued to improve the financial position of the pension system and result in increased pension benefits while providing an option for those who wish to retire based on the old system to do so (Ministry of Labour and Social Security Report, 2014). According to the Ministry of Labour and Social Security report (2014), the rationale underpinning the policy change included: addressing increased longevity; and removing the financing gap.

1.2.1 Life Expectancy

The International Labour Organisation (ILO) Actuarial Report on Zambia indicated that Zambians are generally living longer and spending more time in retirement. Life expectancy at the current retirement age of 55 is 23.6 years for females and 20 years males and is expected to increase to 26.4 and 22.3 by 2030 for women and men respectively (ILO, 2012). If the retirement age was to remain at 55 years, the pensions scheme would be financially unsustainable as liabilities would exceed assets.

Table 1.1: Life Expectancy at Different Ages

	Age	2013	2020	2030
Males				
	55	20.0	21.1	22.3
	60	16.5	17.0	18.3
	65	13.3	13.4	14.4
Females				
	55	23.6	24.9	26.4
	60	19.8	20.4	21.9
	65	16.2	16.3	17.5

Source: ILO Actuarial Assessment of Zambia Social Security System, 2012

1.2.2 Minimum Retirement Ages in the SADC

Zambia had one of the lowest retirement ages in the SADC region. The table below shows some countries in the region and their respective retirement ages.

Table 1.2: Retirement Age in the SADC Region

Country	Retirement Age	% of population 65yrs or older	Life Expectancy at Birth	
			Male	Female
Botswana	65	4	53	51
Congo DR	65	2.7	47.3	51
Zimbabwe	60	4.2	54	53
Tanzania	60	3.1	58.2	60
Zambia	55	3.1	50	50
Mauritius	60	6.9	70	77

Source: ISSA, 2011

1.2.3 Unsustainable fiscal Pressure on the National Treasury (Financing Gap)

Over the long term, the financing gap was going to continue widening given the declining membership base as PSPF is partially closed to new entrants. The pressure on the National Treasury would have been increasing given the fact that the pensions benefits are guaranteed by the state and the government is obliged to meet its employer pension contributions, financing gap, fund the actuarial deficit and meet the pension payments for deceased members and early retirements. The total financing gap during the next 3 years is K10, 605,601,164 ($1,072,302.87). (Check the table below):-

Table 1.3: Financing Gap (K'million)

	2014	2015	2016	TOTAL

Employer Pension Contribution	375,762,461	400,903,689	436,521,398	1,213,187,548
Grants	898,895,250	1,310,135,481	1,480,614,476	3,389,645,208
Financing Gap	1,939,224,098	1,891,806,313	1,875,159,437	5,705,469,847
Total	3,213,881,809	3,601,151,735	3,790,025,620	10,605,061,164

Source: PSPF Report, 2013

1.3 RESEARCH PROBLEM

The GRZ, through the Ministry of Labour and Social Security, Ministry of Finance, Cabinet Office and Ministry of Justice, has been working on a package of pension reforms since 2011. These are a response to various challenges faced by the social security system in Zambia generally, and public pension schemes in particular. One of the key policy options that the government has adopted to resolve the challenges is to increase retirement age from 55 to 60, with options for early and late retirement as mentioned above through the statutory instrument as provided for under the PSPF Act. However, it was unclear how civil servants would respond to the increase in retirement age and which retirement age option they would select. Montalto el at (2000) observed that although previous studies on retirement behaviour have analysed and the observed age of retirement among retirees ex-post, little research has focused on the planned retirement age of pre-retired workers ex-ante. This study therefore explores these issues with a specific focus on civil servants based in Lusaka district. Understanding the determinants of the age of when existing civil servants plan to retire was important because the planned retirement age of pre-retirees is a crucial factor affecting saving and investment decisions during the working years. Therefore, planned retirement age is an important variable in developing rational savings plans for retirement (Montalto et al, 2000).

1.4 PURPOSE STATEMENT

The purpose of this research is to explore the Zambian Civil Servants' preferred retirement age. This study evaluates: (i) the preferred retirement age option; and (ii) the factors that influence civil servants' retirement age intentions and preferences.

1.5 RESEARCH QUESTIONS

The primary research question of the study is "what is the preferred retirement age option for civil servants in the Lusaka District?" Secondary questions are:

i. What is the preferred retirement age for civil servants in the Lusaka district?
ii. What factors influence the retirement decision for civil servants in Lusaka district?

1.6 SIGNIFICANCE OF THE STUDY

Findings of this study will enable Public Service Pension Fund (PSPF) and the Government to adequately plan for the retirements of the members and meet all pension obligations when they become due. Michael and Van Soest (2007) highlighted the point that there is general consensus that expectations have predicative power over realizations and effect actual behavior. Further, this study will aid informed decision making and will enable PSPF to derive informed internal policies.

1.7 LIMITATION OF THE STUDY

This study engaged staff from the Ministry of Education headquarters. A total of 17 members of staff of staff were engaged through in-depth interviews and the information that was provided was sufficient to address the research questions. This study has limitations in terms of the generalisability of the findings. The findings of this study are specific to a small number of individuals from a particular environment, i.e. Civil Servants employed at the Ministry of Education Head Quarters in Lusaka, and as such it will be impossible to demonstrate that the findings are applicable to other situations and populations.

1.8 ORGANISATION OF THE REPORT

The research report is structured as follows: Chapter one gives the background to the factors that led to the increase in retirement age in Zambia. Chapter two reviews existing literature relating to the history of the retirement age policy, reactions to raising retirement ages and factors that influence retirement planning and decision-making. Chapter three outlines the methodology adopted in answering the research questions. Chapter four presents the findings from the information collected and transcribed. The data is presented in the form of themes. Chapter five discusses the findings with reference to the literature reviewed. Lastly Chapter six gives the conclusions of the study and recommendations.

CHAPTER 2: LITERATURE REVIEW

This chapter reviews literature on retirement age, reactions to increasing the retirement age, implementation of retirement policy and factors that influence retirement planning and the retirement decision making process.

2.1 DEFINITION OF RETIREMENT AGE

According to Turner (2005), normal retirement age refers to the age at which workers can receive full social security benefits. Vermeer, Van Rooij and Van Vuuren (2014) define normal retirement age (NRA) as the age at which individuals are entitled to full retirement benefits. Sykes, Coleman and Groom (2010) referred to NRA as the age over which it is normal to retire, which may be determined by an employer's policy or may just be a cultural norm in an organisation or at national level. It is generally linked to employer pension arrangements or to the state pension age. It may or may not be the same as the compulsory retirement age.

Turner (2005) argues that the statutory retirement age is important for retirement behaviour because it serves as a focal point when individuals consider their planned retirement age. Vermeer, Van Rooij and Van Vuuren (2014) support this position by stating that workers can perceive the statutory retirement age as implicit advice to retire at that specific age or they may take this age as a point of reference when starting to think and plan for retirement.

2.2 THE EVOLUTION OF RETIREMENT IN BRITAIN

Thane (2006) argues that retirement and income have always been closely linked. He argued that throughout history those with access to sufficient resources have been able to choose when to give up working for an income. For instance, in medieval Europe Thane (2006) notes that ageing people with sufficient resources could buy rest and care (through servants) in old age. Monarchs, bishops and aristocrats provided pensions and perhaps a retirement home in a monastery for favoured retainers too old for service. The not so wealthy, with some land or goods to trade, made agreements, sometimes formal contracts, with younger people, or might or might not be relatives, to provide them with house, room, food and other necessities until death in return for guaranteed inheritance of their property, an early form of equity release (Thane, 2006). The rest, who are the great majority in all populations in all recorded time until the very recent past, worked for as long as they were physical able, although often in

increasingly irregular, low skilled and low paid work as their abilities declined. Wickham (2007) points out that the pre 1890s era was known as the "work till you drop" period. During this period there was no prescribed retirement age. This period was characterised by gradual withdrawal from the workforce based on disability. Workers generally had a negative attitude towards retirement. This was compounded by the fact that there was no government support in the form of social security. The prevailing belief was that individuals should provide for themselves. This period however, saw the birth of some discretionary occupational pensions.

2.2.1 The emergence of occupational pensions

Thane (2006) notes that with the growing scale of governments and much later of private businesses, employers sought to control when an employee should retire, generally prioritising the needs of the organisation over those of the worker. Pensions were established, initially on a discretionary basis, sometimes as an act of paternalistic generosity, sometimes as a convenient management tool for removing someone became unfit for work, sometimes both (Thane, 2006). However, at a later stage, according to Russell (1991), pensions and fixed retirement ages were introduced as a technique to manage the invidious task of telling an employee he was past work and of overcoming the inequity between those who did and did not receive pensions. Thane (2006) observes that the efficiency of the state machine took precedence over the needs and wants of the worker. Pensions for civil servants were established and systematised in all developed countries over the course of the nineteenth century, gradually overcoming the resistance of state employees in most countries to fixed retirement ages normally 60 or 65.

2.2.2 The spread of retirement

Retirement at around the state pension age increased dramatically in developed countries after World War 2 (Thane, 2006). The main reason for the spread of retirement in the second half of the twentieth century was higher retirement incomes, mainly from pensions. Thane (2006) further states that the British government sought, unsuccessfully to encourage workers to stay on at work past the pensionable age. The government was eager to keep older people at work because of the warnings issued by politicians and economists of the impending costs on a shrinking younger workforce. The financial report of 1942 recommended that to help remedy the looming crisis, incentives should be built into the social security system to keep people at

work past the minimum pension age which included the rate of pension rising with every year worked past the minimum pension age.

2.2.3 Retirement becomes the norm

According to Bagrit (1965), the belief that it was no longer necessary to keep older people in the workforce was reinforced by the fashionable expectation of the nineteen sixties that modern technology would soon reduce the demand for labour of all ages, creating a future problem of surplus leisure rather than surplus of work. According to the World Bank (1994), retirement at age 65, 60 or earlier became an unquestioned normal fact of life in developed countries and an aspiration elsewhere.

In the nineteen eighties the issue of aging began to emerge in industrialised countries. However, Kohli et al (1991) reports that despite this development, through the nineteen eighties and nineties the trend continued towards even earlier retirement. By the mid nineteen nineties almost one third of west European workers had retired permanently by the age of 60 (Kohli et al, 1991). Wickham (2007) pointed out that it was believed that individuals had an entitlement to income from the state and the period was marked by increasingly generous social security schemes which were mostly defined benefits in nature and gave incentives for early retirement.

Kohli *et al* (1991) further observe that some left the workforce willingly on comfortable pensions, to enjoy relaxation, travel and consumption, while others left reluctantly, feeling forced out when they still had much to contribute to the economy. There were occasional moves against the grain: retirement ages were abolished for academic faculty in the United States (US) and public servants in New South Wales, but these were rare before 2000.

The later period of the nineteenth century was characterised by ever earlier retirement and it was argued that this was the unavoidable consequence of changing technology (Thane, 2006). For example Gendron (as cited by Cheng, 2013) reports that in France the legal retirement age was lowered from 60 years with the introduction of solidarity contracts of early retirement offered to workers aged 55 years. This was done in order to give way to younger workers. As a result of an economic recession, the policies did not last long and were abandoned at the end of the 1980s. In the mid-1990s, the French government introduced a scheme that offered a replacement allowance or job substitution allowance for older workers who had the possibility to receive to receive full unemployment insurance benefits until the age of 60, in exchange for

hiring a young unemployed worker. Again the scheme did not last long as the costs of early retirement were too high. Studies showed that the program was not sufficient to protect or induce the employment of younger people. In summing up, Cheng (2013) argued that using an early exit policy strategy policy for older workers is not effective for younger workers in to the workforce and comes with high societal costs.. But evidence also pointed in the opposite direction. Older workers suffered from the belief of employers and others that their capacities were limited and they were not adaptable. But wherever it was put to the test, older people proved highly adaptable and capable of learning new skills in their seventies and beyond (Thane, 2006). Kirkwood (2002) observed that there was strong and growing evidence that people were not only living longer but were remaining fit to later ages. Older people were being rejected mostly because they were more costly than younger people for firms that were downsizing (Thane, 2006). By the end of the century, it was increasingly recognised that when older people left an organisation, their experience went too and also their often greater reliability compared with younger workers. Further, organisations and governments became concerned about the growing costs of pensions. Their first moves were to cut back their pension schemes.

2.2.4 Retirement policies in the 21st century

According to Wickham (2007), the period 2000 onwards saw the emergence of the concept of later retirement in industrialised countries. The phenomenon of demographic shifts which were as a result of advancements in healthcare and decreases in fertility dramatically affected retirement policies. Periodic withdrawal from and re-entry to the workforce has become common. Even in old age, people are expected to work. For instance, according to Cheng (2013), Japan was the first to legislate re-employment in 2006 and it has among the highest labour force participation of older workers in Asia. Cheng (2013) further reports that in order to deal with the increasing life expectancy, the Singaporean government took a pro-active step of introducing the Retirement and Re-employment Act (RRA) alongside raising the retirement age to 62. The government believed that merely raising retirement age would not be effective in reducing retirement costs. The RRA bill provided Singaporean employers and employees the flexibility to make necessary adjustments to employment terms and conditions to allow older workers work beyond retirement.

This period is also characterised by some social security systems being hit hard by the financial crisis like in the US, the United Kingdom and Australia, leading to the emerging belief that state assistance will not be available. There has been a widespread closure of defined benefit schemes and less protective defined contribution schemes.

In Zambia's case, retirement benefits are provided by statutory pension funds which mandatorily cover all formal sector workers and by voluntary occupational pension funds set up by individual employers. Stewart and Yermo (2009) point out that with about 12% of the labour force contributing to the three mandatory schemes, Zambia has very low levels of old age income security. Beyond contributory pension schemes, social safety nets to support the population, including the elderly, tend to be limited and fragmented. Pension reforms in Zambia were initiated in the 1990s and transformed the social security schemes into a pension system consisting of three mandatory contributory defined benefit schemes namely, the Public Service Pensions Fund, the Local Authorities Superannuation Pension Fund and the National Pension Scheme (Stewart and Yermo, 2009). Stewart and Yermo (2009) further stress that alternative pillars to provide greater diversity in pensions saving options have been proposed.

2.3 WHY RETIREMENT

Literature shows that the four main reasons justifying retirement are as follows:

1. Disability

Disability is one of the fundamental reasons why retirement exists. The wear and tear resulting from the aging process often means a person is no longer able to work (Wickham, 2007). This is also the fundamental reason why aged poverty exists as people were not able to derive the same level of income as when they were younger due to incapacity.

2. Preference for leisure over work

Wickham (2007) argues that people prefer leisure to work if they can afford it. Rising societal wealth has enable people to act on their preferences. It is generally agreed that the main reason for the spread of retirement provision after World War 2 is increase in economic security in old age allowing people to withdraw from employment. This has resulted from rising real wages, government provided old age pensions and occupational retirement savings.

3. Government policies

Thane (2006) argues that while social security emerged as a reaction to old age poverty, old age poverty is not the reason why retirement provision has emerged. However, the increased generosity of social security is a major factor in allowing people to retire. At different times governments have had a mixed role in encouraging older employees into and out of the workforce (Thane, 2006). Freedman (2005) notes that there is a view that governments have used social security as a mechanism to lure older workers out of the labour market in order to make room for unemployed young people. On the other hand, governments in the UK during the 1940s and 1950s tried to encourage older people to remain in the workforce, changing the pension system to provide higher payments to late retirees and funding campaigns to persuade employers to retain older workers (Harper, 2006).

4. Employers did not want older workers

Employers have historically had a preference for younger workers instead of older workers based on the latter's perceived lower productivity and perceived lack of adaptability to new technology (Thane, 2006). Thane (2006) further argues that retirement provided employers with a benevolent mechanism to remove older workers to replace them with younger workers. Further, the introduction of more rigid retirement ages in the 1950s and 1960s provided employers with an administratively efficient and equitable way to do this (Harper, 2006).

2.4 ARGUMENTS FOR AND AGAINST INCREASING THE RETIREMENT AGE

Proponents for increasing the retirement age make the following arguments to justify the reforms (Parlevliet, 2015):

1. Longer life expectancies are putting a burden on the financing system because benefits are being paid out for a longer period than in the past. Increasing the retirement age will reduce the aggregate amount of benefits paid out, thereby easing stress in the system.
2. Increasing the retirement age will encourage people to stay in the workforce longer and this will result in greater net inflows through payroll taxes, thereby also improving solvency.
3. Working longer will improve retirement savings of individuals, reducing the possibility of exhausting their resources in old age.

4. Health is better among the elderly than in previous generations thereby allowing a longer work life.
5. Education levels have improved and a correlation exists between higher education and the ability to work longer.
6. Increasing the number of people in the labour force will also increase the gross domestic product thereby creating more resources that could be split between workers and retirees.

The opposing views against increasing the retirement age are (Parlevliet, 2015):

1. The reduced benefits will increase the poverty rate because many of those at risk, the poor, the less educated, those with health problems and those who work in physically demanding jobs have no choice but to retire early.
2. Not all groups have seen the same increase in life expectancy so those with historically shorter life expectancies, the poor, the less educated and blue collar workers are affected disproportionally by an increase in the retirement age because they stand to reap fewer benefits.
3. Older workers have more difficulty finding new employment and when they do often earn less than they did in previous jobs.

2.5 REACTIONS TO RAISING THE RETIREMENT AGE

Brugiavini (1999) investigated how Italians responded to the 1992 pension age reform by comparing retirement expectations in 1991 and 1993. The findings show that Italians decreased their expected retirement age despite the reform increasing the mandatory retirement age. Brugiavini (1999) argued that the debate on early retirement initiated by the reform shifted the attention of the Italian workers on the issue of early rather than normal retirement, so that after 1992 they started to think of their retirement age as the early retirement age and not any more as the as the normal retirement age. However, Mastrogiacomo (2004) found that over the time span between 1989 and 2000, the reforms had induced Italians to increase their expected retirement age by more than two years.

Bottazzi, Jappelli and Padula (2006) in their investigation of the effect of the Italian reforms on household retirement expectations compared the expectations before and after the whole

reform process and similarly found that both Italian men and women altered their expected retirement age in response to the reforms by two years and three years respectively.

In Germany Coppola and Wilke (2010) studied the effects of the increase in state pension age from 65 to 67 introduced by the 2007 reform. Results revealed that the reform had clearly shifted retirement expectations of the younger cohorts. Results also showed that the better educated had revised their expectations to a greater extent while weaker results were found for the less educated (Coppola and Wilke, 2010).

In March 2010, the Irish government announced that the age at which the state pension is paid would be increased to 66 in 2014, 67 in 2021 and 68 in 2028 (Barret and Mosca, 2012). Barret and Mosca (2012) stated that one goal of this policy was to contain spending on social welfare pensions in the coming years and another was to provide an incentive for employees to remain in the labour force beyond the age of 65. The reason for pre-announcing the policy was to provide people with time to adjust their expected paths of work and retirement. An investigation of individuals aged 50 years and over showed that the announcement of raising of the state retirement age did not seem to result in a move away from early and standard retirement ages (Barret and Mosca, 2012).

In a study by Tung and Comeau (2012) conducted to determine perceived benefits and drawbacks of increasing the retirement age in Malaysia, about 86% of respondents agreed to the proposed change in increasing the retirement age from 55 to 60 years. 14% of the respondents reacted differently and were against the change. Detailed findings indicated that all respondents over 50 years old agreed with the increase in retirement age. Nearly 73% of the mid age groups, from 31 to 49 years, agreed with the retirement age change. Young respondents, aged 21 to 30, who were either in school or in their early career thought the move to increase the retirement age was not a good idea. Although the majority agreed to raise the retirement age, there were some reservations about the effects of implementing the policy. The study revealed that among the top reasons people were in favour of the new proposal were: feeling they required more retirement savings; and that it allows retention of talent especially in professions that required massive experience (Tung and Comeau, 2012). On the other hand, the top reasons from respondents who disagreed with the raised retirement age were that older workers might be less productive, feeling that older workers should be enjoying their golden years and that there would be fewer job openings for graduates in the market if the older

workers were still on the job (Tung and Comeau, 2012). According to the results reported by jobstreet.com (as cited in Tung and Comeau, 2012) 34% of respondents preferred the ideal retirement age to be set at 60 years, 15% preferred 65 years or over and 24% preferred the status quo of 55 years of age.

In their concluding remarks, Tung and Comeau (2012) note that the change in retirement policy in other countries, particularly France, were driven by two main factors, namely, the financial cost of early retirement and the shrinking pool of new workers who would replace them. They argued that the demographics in Malaysia did not reflect the same reality. Malaysia had a pool of younger people who were ready to enter the workforce. Late retirement would mean less existing job openings for them which would bring new challenges. Tung and Comeau (2012) argue that competition for available jobs would be more intense. They add that the results suggest a potential conflict between older and younger workers.

2.6 FACTORS AFFECTING THE DECISION TO RETIRE

2.6.1 Beliefs and attitudes about retirement

Silver (2008) identified that belief about retirement, belief about the work itself, the age of the retiree, self-concept and self-esteem are major factors affecting attitudes towards retirement. For instance, a study of attitudes of 55 to 64 year olds found that they often questioned their physical ability to continue work and also to cope with technology and other changes at the work, including stress associated with work (Wickham, 2007).

2.6.2 Age at which social security benefits are first available

Wise and Gruber (1997), in a multi-country study found a strong correlation between the age at which social security benefits are available and the age of retirement from the labour force. In Germany a reduction in the official age to receive early retirement benefits in 1972 from 65 to 60 corresponded with a reduction in the average age of white collar workers by 5.5 years (Davis, 2013). Davis (2013) further observes that in 1961, a similar revision to the allowable age for early retirement was implemented in the US. While this led to a reduction in the average age of early retirement, significant incentives for continued work meant that the reduction was not as pronounced as that of Germany.

Gruber and Wise (2002) therefore argued that the financial pressure of social security systems is compounded by younger and younger withdrawal from the labour force as a result of the incentives they provide for early retirement. Ironically in many countries social security provisions themselves provide enormous incentives to leave the labour force early, thus by their very structure exacerbating the financial problems they face.

Kotlikoff and Wise (1998) argue that powerful economic incentives induce many workers to retire earlier than they might have otherwise. Most defined benefit pension plan financially penalised those who worked past the plan's normal retirement age. Additionally, Steuerle and Bakija (1994) note that social security also provided an incentive to retire early. It was observed that persons tended to receive higher net benefits from social security before the normal retirement age

Samwick (1998) investigated the incentive effects of social security and pension benefits on retirement. The results suggest that the retirement decision was much more sensitive to changes in retirement wealth than to the level of retirement wealth. Further, changes in retirement wealth were primarily determined by pensions, and not social security.

2.6.2.1 Removing disincentives to work longer

According to Gruber and Wise (2002), reducing the penalty on continued work at older ages could substantially improve the long run fiscal balance of social security systems in many countries. The authors further argued that this aspect of social security provisions is important under all reform proposals that maintain a defined benefits component. Davis (2013) further observed that in 1961, a similar revision to the allowable age for early retirement was implemented in the US. While this led to a reduction in the average age of early retirement, significant incentives for continued work meant that the reduction was not as pronounced as that of Germany. Benefits at the early retirement age of 62 are only 80% of the normal retirement age of 65. The early retirement reduction is actuarially fair, that is the present discounted value of benefits began at the early retirement age is roughly equal to the present discounted value began at the normal retirement age or at any age in between. Similar incentives pertain to work beyond the normal retirement age. Benefits increase should be actuarially fair to offset their receipt for fewer years when retirement is delayed (Gruber and Wise, 2002).Templin (2010) on the other hand argued that the decision on whether to retire or to stay in the labour force is likely the result of many factors, including some that are not

affected by the economic incentives built into the social security system. He argued that it may be that people start claiming early because they expect the system to collapse in their near future. For instance a Gallup poll in the US reported that 60% of non- retirees believed that they will get no social security benefits when they retired and 56% of retirees believed that their benefits will be cut (Templin, 2010). Templin (2010) further argue that a natural response to the fear over social security financing would be a "run on the bank" mentality, to start claiming benefits early in order to get what one can get out of the system while there is still money in the trust to pay benefits.

2.6.3 Financial, Health, family and demographic factors

Diamond and Hausman (1984) examined factors that affect the actual retirement decisions. The presence of pensions and social security benefits, the level of permanent income, and poor health have strong, positive effects on the probability of retirement. They argue that planned retirement dates change over time. In fact while planned retirement age had some predictive power of actual retirement age, much unexplained variance remained. Honig (1996) finds evidence that expected and observed retirement functions were similar by analysing data from the first wave of the Health and Retirement Survey in the United Kingdom. He suggested that retirement expectations may accurately forecast retirement behaviour.

A quantitative study in Australia shows that financial security is the most important factor influencing an employee's decision to retire, followed closely by health factors. Organisational and intrinsic factors were close together in that order but lower than the first two factors (Modugno, 2012). Another survey carried out in the United Kingdom indicates that the key factors influencing retirement decisions are health and finance related. In Ireland, as with the UK, a proportion of retirees reported that their own ill health or ill health of a relative (24%) was a primary reason to retire (Cullinan and Gannon, 2009). From the Australian and US surveys, Sargent-Cox et al (2012) found that Australian workers reported younger expected age of retirement compared to the United States sample. However, poor health was more strongly associated with younger expected retirement age in the US than in Australia. Australian women in particular have much younger expected ages at retirement as a result of the younger ages of eligibility for pension benefits.

Availability of health insurance, financial resources, spousal interdependence and health status were identified as factors affecting one's decision to retire by Belgrave, Haug and Gomez (1997). They re-iterated that workers in poor health are found to retire earlier than those who are healthy. Dwyer and Mitchell (1999) find that health problems influence retirement behaviours more strongly than economic factors. McGarry (2004) noted that changes in retirement decisions or expectations are driven to much greater degree of changes in health than changes in income and wealth.

Uccello (1998) examined the relative importance of health status, income, employment characteristics and demographic characteristics in the decision to retire. The results suggest that health insurance coverage solely through one's employer and the presence of a working spouse had the largest negative effects on the expected level of retirement. Pensions coverage, employment in a physically demanding job and being non-white had the largest positive impact on the expected level of early retirement. Other factors that may contribute towards the decision to work or retire include not feeling appreciated or not getting along with the boss. This was considered important by 25 to 50 percent of workers in a study conducted by the Health Research Council in New Zealand (Davey, 2008).

Ukwuayi (2002) in Nigeria, observed attitudes towards retirement were influenced by factors like when one was likely to get payment of pension and gratuity, health, age, financial stability and post-retirement options. In another study, Idowu and Dada (2007) reveal that the thought of retirement in Nigeria bred anxiety and apprehension. This was reported to be as a result of poor time management, delayed payment of pension, problems with securing alternative residential accommodation, attitudes of family and friends, and the challenges of retirement.

2.6.4 Employment rates of older people

One commonly observed characteristic of labour force experience internationally is that employment rates of older pre-retirement workers are lower than for other age groups in the workforce (Davis, 2013). Davis (2013) argues that one potential explanation is that it is a quasi-voluntary decision by older workers who because of age related health reasons maybe unable to continue working and are able to access government benefits or personal savings to subsist. A second possible reason is that technological change may impact most adversely on employment opportunities for older age groups whose education makes them less adaptable to

new technology. A third reason is that proximity to retirement makes such workers less attractive to employers because of perceived higher costs of labour force turnover. Hairault, Langot and Sopraseuth (2010) argue that if workforce turnover costs are significant, employers will prefer to hire workers with a longer expected duration in the job giving younger workers an advantage in competing for the jobs. Hairault *et al* (2010) further argue that it's not biological age per se which was the key variable but age relative to the official retirement date. Thus proximity to retirement is perceived as a negative characteristic by employers.

However, some employers have been looking for ways of keeping older people working longer. For instance, Carr (2010) indicates that the majority of individuals in the United Kingdom, when asked about working beyond the default retirement age of 65 did not wish to continue working. However, the desire to continue working increased with the hypothetical offer of flexible working. A range of workplace changes facilitating the productive employment of older workers include: work scheduling, flexible hours, vacation and leave policies and phased retirement (Carr, 2010).

2.7 IMPLEMENTATION OF RETIREMENT AGE REFORMS

According to Moore (2005) the French government enacted pension reforms in 2003 which touched on a wide variety of elements in the French retirement system:

1. Early retirement: The 2003 reform introduced a 5% per year reduction for retirees who retired early (before the age of 65) under the special regimes for civil servants and military personnel.
2. Delayed retirement credit: a delayed retirement credit for private sector employees under the general regime and civil servants and military personnel under the special regime scheme was introduced. This was one of a number of measures of the 2003 reform that was explicitly intended to encourage French workers to extend their working lives and combat France's perennial unemployment problem.
3. Retirement benefits while employed: the 2003 reform provided that individuals could receive both wages and a pension from the general regime as long their wages plus pension benefit did not exceed their last wage earned before retirement. Further, the 2003 reform authorised the retirees to return to work for their former employer six months after retirement. With regard to the special regimes for civil servants and

military personnel, the 2003 reform provided that retired civil servants could be re-employed in the civil service but their wage could not be more than one third of their pension.

Templin (2010) argues that there is much to be gained from having workers stay in the labour force longer, including increased retirement savings and overall increases in productivity. However, increasing the normal retirement age alone without an increase in the early eligibility age (EEA) creates a wider pool of people accepting reduced benefits as people tend to retire at the earliest age possible. Behavioural economists argue that if people are given the choice to retire earlier they will do so even if it's not rational (Templin, 2010). Behavioural economics also shows that visceral factors can lead individuals to choose the option that offers instant gratification when the option is in close proximity. The appearance of an instant benefit at the EEA, especially to lower income workers, who have been working since their twenties, maybe too difficult to resist.

Templin (2010) recommends that even though behavioural economics teaches that individuals do not always act in their own economic self-interest, policy-makers can influence individual decision-making through a process called choice architecture. He argues that as choice architects, policy makers design and engineer the decision environment in order to achieve a more positive outcome. Thus policy makers are in a unique position to recreate a social security system that encourages employment at later stages by eliminating the disincentives to work later in life. The Social Security Advisory Board of America (1999) adds to this argument by stating that public opinion suggest that raising the retirement age would not be popular with most individuals, although opposition becomes less strenuous when people are forced to make choices about how to control costs. For instance 75% of Americans were against raising the retirement age to 70. However, when forced to choose between raising the normal retirement age or cutting down social security benefits, 54% opted for the former (Social Security Advisory Board of America, 1999).

Literature documents that a worker's decision to retire is influenced by rules governing pensions and social security benefits, wealth, characteristics of jobs held by workers, health insurance coverage and social norms (Hurd, 1997). Montalto et al (2000) observes that during this century, social norms and enacted legislation have resulted in retirement at earlier ages.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

A qualitative research approach was utilized for this study. According to Denzin and Lincoln (2000), qualitative research is a multi-method strategy involving an interpretive, naturalistic approach to its subject matter. This definition is supported by Bryman (2008) who stated that the key defining attribute of qualitative research is the way in which the people being studied understand and interpret their social reality. Bryman (2008) thus concludes that qualitative methods address research questions that require an explanation or understanding of social phenomena and their contexts. Qualitative research is therefore, grounded in a philosophical position which is broadly interpretivist. It is concerned with how the social world is interpreted, understood and experienced, based on methods of data collection which are flexible and sensitive to the social context in which data are produced (Denzin and Lincoln, 2000). From the above definitions, qualitative research has several hallmarks:

It is conducted in a natural setting, without intentionally manipulating the environment. Secondly, it typically involves detailed and rich descriptions of human behaviours and opinions. Thirdly, the researcher becomes a part of the study by interacting closely with the subjects of the study. The researcher attempts to be open to the subjects' perceptions of what is and is bound by the values and world views of the subjects (Savenye and Robinson, 1996). Fourthly, qualitative researchers attend to experience as a whole, not as separate variables

The qualitative approach was therefore more appropriate for this study because the retirement decision is an individual choice based on individual circumstances and experiences. Qualitative research provides the opportunity to learn about a range of opinions, feelings that people have about a given problem, policy or service but are not intended to provide a representative view of the broader population (Liamputtong, 2005). This study therefore helped to explore the opinions, ideas and concerns of civil servants regarding the Government's new policy which increased the normal retirement age and gave options for early and late retirement.

3.2 TYPE OF QUALITATIVE RESEARCH

The research was conducted by using a basic interpretative approach. The objective of using this approach was to discover and understand the perspectives and views of Zambian civil servants' preferred retirement age (Merriam, 2009)

3.3 SAMPLING METHOD

The research focus is on civil servants based at the Ministry of Education headquarters in Lusaka District. The participants of the study were selected through *convenience sampling* where the Head of Human Resources at the ministry referred participants for interviews. Once the interviews began, the researcher also employed a *snowball sampling technique* which Wagner et al (2012) describes as process in which the participants could refer other individuals who may be of help to the study. Participants are selected because they are likely to provide useful data to the study. The civil servants based at the Ministry of Education headquarters are an important group to this study as they are composed of policy-makers and leaders and therefore are in a position to provide insight and contributions which will inform policy.

To avoid obvious limitations, the saturation method of data collection was be used. Wagner et al (2012) refer to data saturation as simply continuing to collect data up to the point where no new data, in this case views from the respondents, are forthcoming. Therefore, every interview informed the next. However, Bryman (2008) points out that it is difficult to know in advance how many interviews one needs to conduct if theoretical saturation is employed as a principle for assessing the adequacy of a sample. For this study, 11 females and 6 males were interviewed before thematic saturation[1] was reached. The Ministry of Education has a total number of 285 employees who are members of PSPF.

[1] Thematic saturation means data is collected until there are no more themes emerging from the data.

Table 3.1 Demographic characteristics of respondents

	Age	Gender	Qualification	Marital Status	Years in Service
Respondent A	41	Male	Masters	Married	15
Respondent B	53	Female	Certificate	Married	27
Respondent C	38	Female	Certificate	Married	07
Respondent D	34	Male	Degree	Married	07
Respondent E	38	Male	Diploma	Married	19
Respondent F	45	Male	Masters	Married	24
Respondent G	42	Female	Diploma	Married	19
Respondent H	37	Male	Certificate	Married	14
Respondent I	52	Female	Diploma	Single	28
Respondent J	42	Female	Diploma	Single	22
Respondent K	50	Female	Diploma	Single	28
Respondent L	54	Female	Diploma	Widowed	33
Respondent M	56	Female	Masters	Married	31
Respondent N	42	Male	Degree	Married	16
Respondent O	42	Female	Diploma	Single	19
Respondent P	52	Female	Masters	Single	26
Respondent Q	47	Female	Masters	Married	22

It is important to note that the people who were selected were not representative of all the people in the population and therefore the findings of the study cannot be generalised statistically, but holds true only for the specific study and context (Bryman, 2012). Thus data saturation was achieved within the confines of this particular study group of Civil servants working for the Ministry of Education Headquarters.

3.4 DATA COLLECTION METHOD AND ANALYSIS

In order to explore the effect of the statutory retirement age change on civil servants retirement plans, the study employed individual interviews as a data collection method. The researcher was the main data collection instrument.

3.4.1 Individual interviews

The individual interviews were semi-structured, consisting of several key questions. The advantage of using semi-structured interviews was that it not only helped areas to be explored, but also allowed the interviewer or interviewee to diverge in order to pursue an idea or a response in more detail (Gill, Stewart, Treasure and Chadwick, 2008).

A key feature of interviews is their focus on the individual. The semi-structured interviews involve a number of open ended questions. The preparation for the semi-structured interviews included an interview or topic guide which listed the topics to be discussed. The interview schedule was piloted on respondents with similar characteristics to study participants prior to actual data collection. This was done is order to gauge whether the questions make sense and also to find out if the respondents respond in expected ways. In order to ensure that quality data is generated for the study the following aspects were taken in to consideration:

I. The setting

The setting where the interviews were conducted from needed to have enough privacy for the participants to feel comfortable in giving honest answers. Caution was taken not to make the place too private which may also make the participants uncomfortable. The interviews were conducted from the participants' offices.

II. Creating rapport

How participants perceive the researcher has an effect on the quality of data collected. Therefore the researcher presented herself in an acceptable manner. In order to gain the participants' trust, the researcher showed interest in them and what they had to say and, most importantly, participants were assured that they would not be judged irrespective of what said.

The researcher therefore, started by introducing herself, stated the aim of the research study, and let the respondents know that the interview could be stopped at any time should they feel uncomfortable. The respondents were also given a chance to ask questions.

III. Reviewing the interviews

The interview sessions were reviewed immediately. This gave an opportunity for changes and adjustments in the qualitative research process. For example, the researcher was able to come

up with modifications to the order of questions, identify gaps etc. Savenye and Robinson 1996) observed that research questions often evolve with the study researchers should not bias the study by adopting too narrow a focus.

IV. Participants were debriefed after the study

The interviews were tape-recorded and transcribed verbatim immediately after each interview. This ensured that there was a permanent record of every interview and protected against bias. Data collected in a qualitative study involves not only words but attitudes of participants during interviews, their feelings, vocal and facial expressions were made immediately after interviews on these aspects.

3.5 DATA ANALYSIS

Data analysis for this study was done simultaneously with the data collection and involved searching for common patterns. The emerging patterns were coded, refined and adjusted as the analysis proceeded (Merriam, 2002).

Following Braun and Clark's thematic content analysis framework (2006), the analysis was undertaken according to the following phases:

(a) Familiarisation of data by the researcher;
(b) Generation of initial codes;
(c) Searching for recurring themes in the data;
(d) Reviewing of emerging themes;
(e) Defining and naming of themes; and
(f) Relating the themes to the research questions as well as the literature.

3.5 RELIABILITY AND VALIDITY

According to Ritchie et al (2003), reliability is generally understood to refer to the replicability of research findings and whether or not they could be repeated if another study using the same methods was undertaken.

This study enhanced reliability from a qualitative perspective by firstly ensuring that the research was as robust as it could be by carrying out internal checks on the quality of data and its interpretation. Secondly information about the entire research process and procedures (audit trail) has been clearly described, justified and documented. All records of interviews are be maintained.

Merriam (1995) however cautioned that reliability cannot be guaranteed in qualitative research because to begin with, the methodology is not about establishing causal links. Secondly, human behaviour, opinions, attitudes and feeling are not static and change with time and circumstances. In order to enhance external validity, which is the ability of the findings of a particular study to be generalised, the researcher did the following: (i) triangulation was done through the use of multiple analyses i.e. different analysts were used to compare and check data collection and interpretation; (iii) member checking, which involved taking research findings to individual participants to check whether the interpretation given to the data reflected the issues from their perspectives; (iv) and peer examination - peers were asked to examine the data and comment on the plausibility of the findings.

3.6 LIMITATIONS

As mentioned above, external validity is concerned with the extent to which the findings of this study can be applied to other studies. However, I would like to point out that although the above-mentioned methods to enhance external validity are useful; this study has limitations in terms of the generalisability. The findings will be specific to a small number of individuals from a particular environment, i.e. civil servants employed at the Ministry of Education Head Quarters in Lusaka, and as such it will be impossible to demonstrate that the findings are applicable to other situations and populations.

3.7 ETHICAL ISSUES

The two key ethical issues that were considered in this study were consent and confidentiality. All the participants in this study freely consented, without being coerced or pressurised. The participants were informed about what participation entailed. Confidentiality of participants was also be assured. Participants' identities have been protected at all times and not left lying around in note books or computer files.

CHAPTER 4: RESEARCH RESULTS

4.1 INTRODUCTION

The Zambian civil Servants' responses to the research question regarding their preferred retirement age are presented in this chapter.

4.2 PROFILE OF RESPONDENTS

All the 17 respondents of the research were based in Lusaka, from the Ministry of Education Head Quarters. The respondents were drawn from both management (Division 1) and unionised scales (Division 2) and all had more than 5 years of work experience. A summary of the profile of respondents is provided in table 4.1 below.

Table 4.1: Sample profile

Respondents	**Number**
Age	
26 -35	1
36 – 45	8
46 – 55	7
56 – 65	1
Gender	
Male	6
Female	11
Qualification	
Certificate	3
Diploma	7
Degree	2
Masters	5
Marital status	
Single	5
Married	11
Widowed	1
Salary Division	
Division 1	8
Division 2	9

The respondents' ages ranged from 34 to 56 years, with 6 males and 11 females.

4.3 RESEARCH RESULTS

Four main recurring themes were revealed through data analysis and they were as follows: "the preferred options: early and normal retirement," "no to incentives and penalties", "fears

surrounding the increase in NRA", "financial stability, shelter and retirement". The detailed responses are provided below: Quotations are attributed anonymously by using the age and gender of respondents.

4.3.1 The preferred options: early and normal retirement

This theme shed light on the research question: "what is the preferred retirement age for civil servants?" First and foremost, all the respondents indicated that they were never consulted when the Government was coming up with a new retirement age policy. Initially they heard about it from friends, workmates the media. Finally, they were formally informed about the change in retirement policy through a circular.

"I am not aware of any stakeholder meetings that took place. Initially I was hearing people talk about it until finally a circular was issued."

(52, female).

Nonetheless, about half of the respondents indicated that they would like to retire early, at 55 years old, while the remaining half stated that they would prefer to retire at the new normal retirement age (60 years). None of the respondents opted for the late retirement option (65 years) as it was considered as being too old. Tables 4.2 and 4.3 below depicts the respondents' retirement age preferences and the reasons for their preferences. Some respondents stated more than one reason for their preference.

Table 4.2: Retirement age preferences

Preferred retirement age	Count
Early (55 years)	8
Normal (60 years)	9
Late (65 years)	0
TOTAL	17

Table 4.3: Reason(s) for preferred retirement option

Reason for preferred retirement option	Number of respondents who cited this reason	Percentage of respondents who cited this reason
Mandatory retirement age set by the government	3	18
Will have energy to do own business and pursue other interests	8	47
Will have invested and completed projects	4	24
Still energetic and able to work	2	11
To rest	3	18
Diminished ability to work	1	6

From table 4.3 above, it can be seen that the most prevalent reason respondents gave for their preferred ages to retire was based on their beliefs that one had to retire when still energetic, fit and healthy.

"I will go at 55. It will give me a chance to do what I want to do and I will and I will still be energetic. You need to be energetic to enjoy your money at home peacefully. A situation where at the age of 65 one is still carrying files is not ideal. I would rather leave whilst am still energetic. I would like to do my own business. Even if am offered a higher position at the time am about to retire, I would rather leave. I would not want to work with my grandchildren, so to say."

(34, male)

Another respondent indicated that his preferred option was 55 because of the following reason:

"*The earlier one retires the better. I also need energy for myself to do my own activities. If given an opportunity I would retire now. The earlier one retires, the better one settles out there*."

(42, male)

"*I will go at 55 because I think I will still have the strength to go and do something for myself*."

(52, female).

Among the respondents who indicated that they would prefer to retire at 60 years, the reason that was frequently given was that before the normal retirement age was increased, people were not ready to retire at 55. These people would go back to Government and ask for contracts or to be re-engaged.

"*From experience, when people retired at 55, they used to go back to Public Service Management Division (PSMD) for contracts*."

(42, female).

"*People should retire at 60. This comes from observation. When people retire at 55, a lot of them go for short-term contracts. In short they are still energetic. And some of them are not ready to face life at 55. 60 is good though personally I would like to go at 55*."

(45, male).

"*Previously people only had one choice. They were not ready to go and that is why they would apply for part time work.*"

(47, female).

Some of the respondents indicated that they preferred to retire at 60 years old as this would give them ample time to complete on-going projects and prepare adequately for life after retirement.

"*I have not finished working on projects. So when I look at 2023, I will not manage to finish the projects. That is why I have decided to retire at 60 so that I can finish what am doing*."

(54, female).

Another respondent stated that she had been caught in between the transition from the old policy to the new and still had to put things in place:

"I was caught in between the transition. At the time of implementation I had just turned 55 and the policy was not very clear. The other reason I will go at 60 is because I still want to do a

few things like buy a house. My house got burnt just before I turned 55. So I need time to finish that project. I don't want to go to 65 because am already feeling tired. I have run out of steam and have no new ideas."

(56, female).

The respondent also stated that the other reason she picked 60 years old as her preferred retirement age option was because it was now the normal retirement age at which people are expected to retire.

"*The other reason I went for 60 is because it is the normal retirement age and so I thought I would get my full pension package. Am uncertain about the other 2 options*."

(56, female).

Two other respondents shared the above view:

"*I will retire at 60 because it is now the normal retirement age. If 55 was the normal retirement I would have gone then. 55 was also okay as normal retirement age. But I will go at 60 since that is what the Government wants*."

(53, female).

"*60 because it is the normal retirement age that Government has put in place. I would have loved to go at 55*."

(42, female).

From the respondents' responses and interview transcripts, it is clear that the preferred retirement ages from the three options given are the first 2; early retirement at 55 and normal retirement at 60. The respondents stated that the ideal time to retire was when one was still fit and healthy. Being fit and healthy was important to respondents because they wanted to have enough energy to pursue their own interests after retiring as well as enjoy life. Age 65 was considered as too old. Respondents however had divergent views with regards to which age one was still considered as energetic and fit. Some respondents picked 55 while the other group picked 60 years. Amongst respondents who picked 60 as their preferred age to retire, reasons for doing so ranged from it being the official retirement age to having enough time to secure their future. Based on their observations from workmates and friends who had retired

previously as well as their own experiences, one was not able to adequately secure his/her future if retiring at 55

Some respondents also raised concerns that increasing the normal retirement age will result in very few people getting their pensions benefits because of the low life expectancy in Zambia.

4.3.2 No to incentives and penalties

Respondents were asked whether employees who retired after the normal retirement age should get higher pension benefits. The new retirement policy does not come with any changes to the benefits formula, but more pension reforms are still underway with the possibility of changes in the benefits. Respondents were also asked whether retirees/pensioners should be allowed to work and earn a wage on top of the pension. The responses are summarised in table 4.4.

Table 4.4: Responses to the questions relating to reduced benefits and higher benefits

	Number of respondents in support of the idea	Number of respondents opposed to the idea
Incentives for later retirement	3	14
Reduced benefits for early retirement	1	16
Retirees/pensioners should be allowed to continue working	5	12

Most respondents argued that people should retire at the normal retirement age and therefore no incentives should be given up to 65 years. They further stressed that if someone chose to retire at 65 years, it was his or her choice and did not warrant any reward.

"*People should be deterred from going that far. There should be no incentives so that we can kick them out as soon as possible. It's a question of efficiency, after one attains the age of 55 the input slows down*".

(52, female).

"I do not agree with people being given incentives to work longer. People should not be supervised all their lives. They should also supervise someone one day. If I remain a supervisor forever, when am I going to have someone drive me?" (42, Male).

"There are a lot of people in the organisation who want to be promoted. If people stay on it creates a lot of discontent and uncertainty among the workforce."

(56, female).

It was further argued that it would be a waste of resources to keep people in offices who no longer had the strength and ability to work.

"*At 55 people are old. Absenteeism from work is high at this age. At 65 there will be zero output. People will just be stealing from the Government*."

(52, female).

Under this theme, respondents were further asked to state whether they agreed or disagreed that civil servants who wished to retire early (55 years) should receive reduced pension benefits. Most of the respondents communicated that it would not be right for people to get reduced pension benefits for retiring early at 55 years. They felt that if one worked up to the age of 55, they would have served the Government diligently for almost an entire lifetime and therefore had earned the right to a full pension.

"*People should not be disadvantaged for retiring early. They should get all their benefits*."

(52, female).

"*There should be no penalty for retiring early. According to the pension laws, a person is entitled to a full pension after working for a certain number of years. What if one is sick? What if one feels they have no energy to carry on*?"

(42, female).

"*People going at 55 should not get less. Is it supposed to be a punishment? In such a case it is as good as there being no option. People will be tired, not work effectively and will just be sitting waiting for a time when they can get their full benefits*."

(47, female).

Based on the responses from the respondents and the extracts above, reduced pension benefits for one retiring at 55 years, would be interpreted as the employer, in this case Government forcing people to work even when they did not the steam or ability to do so.

"*If at 55 years old I feel I can't go on, I should be allowed without penalties. As human beings we have limits. If one can't perform its better one goes rather than hold on to his/her seat. People will be getting paid for doing nothing. People should not just be interested in money. People should be interested in how much they put in*."

(47, female).

Some respondents were of the opinion that people who opt out early deserved to be rewarded for doing so.

"*People who retire early are the ones who should be given rewards because after getting their benefits they will start businesses, employ others, thereby contributing to the country's economy*."

(34, male).

"Those who retire early should get more benefits because they will stand on their own by going into business or farming and become economically independent. When they are economically independent they will be able to employ at least one person."

(41, male).

For most of the respondents, retiring early was seen as a mark of success for one who had prudently invested and planned well for his/her retirement.

"*People hanging on to employment never invested. They did very little to prepare for retirement. For them it was all consumption*."

(41, male).

4.3.3 Fears surrounding the increase in NRA unemployment.

Under this theme, respondents expressed concern with the revised retirement policy. Table 4.5 below show that one of the concerns was that it would negatively impact on the already huge problem of youth unemployment.

Table 4.5: Reactions to the new retirement age policy

	Number of respondents	reasons
In favour of new age retirement policy	5	• People were not ready to retire at 55 • Will have enough time to plan • Still energetic
Opposed to new age retirement policy	11	• Barrier to youth employment • Low life expectancy • Obsolete skills
Not decided	1	

"*Going beyond 60 years is not good we have children who need to work. When are they going to work*?"

(53, female).

The respondent further linked the above view of reducing unemployment levels to retiring when one was still fit and energetic:

"*If you retire when you have energy and you are given your benefits, you are able to set up a company. If you are not setting up a company, you can do some farming. By doing so it means you will be able to employ 3 to 4 people and in the process you will be reducing unemployment levels. Secondly if those people you have employed have children, they will be able to go to school and ultimately literacy levels will go up*."

(41, male).

Other respondents who expressed similar sentiments argued as follows:

"*No new entrants will be entering the system as old employees will be holding on to positions. This means that graduates will be roaming the streets for a long time waiting for space to be created."*

(34, male).

"*We live in a country which has no employment for the youth. And the youth are the majority. If you hang on to employment up to the time you are 65 years old, who will employ your children. In order to reduce unemployment levels the Government should have stuck to 55 as the normal retirement age or could have even reduced it to 50. If for example, today the government decided that everyone above 50 years should retire, Ministry of Education alone would have over 1000 retired people. What this means is that over 1000 new entrants will be employed ultimately reducing unemployment levels*."

(41, male).

"This policy is a hindrance to school leavers getting employed. Government is the largest employer and this means people graduating from colleges and universities won't be able to get jobs. For instance, last year Ministry of Education recruited only 6000 teachers. A lot of applicants with qualifications were left out simply because there was no space."

(38, male).

Some respondents also expressed concern that the new retirement policy was going to result in old people with obsolete skills and abilities being retained in the system.

"*The world is changing and we have to change with it. Most old people have old techniques of managing the country and managing things. We need to bring in young ones who are learning new ways of managing the environment. Look at how the environment has changed. People who grew up in the 1980s will have no idea about how to manage the environment. The young ones learn about it because it is in their syllabus*."

(41, male).

"*I do not see any logic in the new policy. Why retain old people when there are qualified fresh graduates around. This policy should only apply to certain technical and unique jobs*."

(42, female).

Some respondents also felt that the new retirement policy was not realistic given the perceived low life expectancy rate in Zambia.

"*In Zambia people die when they are between 30 and 50 years old. You end up dying before you get your pension benefits. And the Administrator of Estates who will be appointed won't*

even care how the money will be used. That money won't be invested. It will just be squandered."

(41, male).

"I feel 65 is too much, 60 is okay. Actually when you look at life expectancy in Zambia, 60 years is even high because we see very few people live up to 55 years".

(54, female).

"*The life span of Zambians is short. If you take the normal retirement age to 60, few people will be reaching there*".

(52, female).

However some respondents were of the view that the new retirement policy was a good development and they welcomed it in its entirety.

"It's a good policy in that it gives one options. If one is not ready at 55 years, he/she can go at 60 years, if one is not ready at 60, there is the 65 option."

(54, female).

"*Some countries are now saying age retirement is discrimination. People should be given a range just like what the Government has done so that people can have time to plan. The only problem is that there has been no sensitisation as to what is in each package*."

(56, female)

Based on the responses above, it is clear most respondents are not in favour of the new retirement policy for 2 major reasons (1) the policy is seen as a hindrance to youth employment (2) the skills and abilities of older people in the civil service are considered as obsolete. It is also important for sensitisations programmes to be conducted to enable civil servants fully understand the objective(s) of the new retirement policy.

4.3.4 Financial stability, shelter and retirement

All respondents were asked what factors they thought were important to consider in the retirement decision making process. Table 4.6 below indicates factors which respondents consider important in the retirement decision making process

Table 4.6: Factors that are considered important when making the decision to retire

Factor	Number of respondents who cited this factor
Own shelter	7
Financial stability & Investments i.e. businesses, properties, farming, consultancy	10
Health	2
Family obligations i.e. school going children	2
Pension benefits	1

From the table above, it is evident that most of the respondents stated that financial stability and shelter were important.

"I feel that someone has to be established before he/she retires. In fact that is the reason I am not retiring at 55 because I have not yet finished building my house. So if I were to retire at 55, it meant I was going to use my pension benefits to finish building my house. Therefore, before one retires, he/she should have a house and a small business to run for income."

(53, female).

"*The ability to stand on one's feet is important. Economically, people should be self-supportive. They should have built enough resources to look after themselves in old age. We don't want workers to become beggars when they retire. That is why I like the idea of PSPF giving home ownership loans and other kinds of loans to civil servants so that they can go into income generating activities, all in an effort to prepare for retirement*."

(45, male).

"*About 20 years ago, there was a government policy of going back to the land (village) when one retired. This policy is no longer there, therefore the first thing that one people need to ensure they have is shelter. The second thing is a business or a farm to sustain them*."

(38, male).

"*Before now, people were not making the decision to retire. People found themselves at retirement age, and therefore were forced out. One must have income sources which must be started whilst one is still working so that one can learn the ropes. Like myself, I have been running a car hire business for 8 years now*."

(42, male).

"*The driving factor should be your investments. Do you have enough resources to keep you outside formal employment? Three quarters of people who are hanging on to the government payroll are people who have not invested. They don't know what to do in life. Others who are very sharp and have invested opt to retire, go and relax and determine their own lives like what time to wake up and what to do. So these people have done little. In short, it's been all about consumption, get the salary, eat it, and the same thing happens the following month*."

(41, male).

Some respondents pointed out that health was also an important factor but differed from occupation to occupation.

Under the same theme, respondents were asked how they were preparing for life after retirement. Most respondents indicated that they were building their own houses, starting up small businesses and farms in order to secure their futures.

"*The Government directed people to get involved in agriculture. So I acquired a small plot of land for farming and am able to employ 50 to 60 casual workers. Also immediately I started work I started building a house which I can put on rent. The one issue that I have seen we are not doing as human resources personnel is engaging people who are about to retire. We are not engaging them and telling them that they should not misuse their money. I have seen someone who retired and was given his package, buy a new vehicle and was involved in an accident soon after. He became crippled and had not finished building his house. He has nothing right now."*

(41, male).

"I have put up shelter for myself so that I do not continue renting after retirement. I have also invested in flats so that I can be getting rental income from there after I retire."

(52, female).

"I have been running a piggery for the last 8 years. I am also trying to acquire more land and I have invested a bit in property and am hoping this cushion me during retirement."

(56, female).

"I have started building a house. It's better to build now. I can't build with pension money."

(42, female).

From the interview responses it is evident that respondents are preparing for retirement by ensuring they have a roof over their heads and by being entrepreneurial.

"*I always tell people under me to start preparing for retirement as soon as they start work. You see, retirement does not only come at 55 or 60 years, you can be separated early at 40 years old or declared redundant and may not find another job. There are so many qualified people out there who can equally do your job. So the question is, does one have the ability to survive? If you don't find that job using your qualifications what do you do? There is to begin with the issue of multi-skilling. If you are an accountant, are you able to grow a few cobs of maize to feed your family*?"

(45, male).

Two respondents, however stated that they had not yet started planning for retirement as they felt it was still far off in the future.

"I have not yet started planning. I will start preparing maybe at 45 am years old."

(38, male).

"*I feel it's too early for me since I am in my 30s. I will start when I am 40*."

(35, male).

This theme also describes how respondents felt about being retirees and life after retirement.

Table 4.7: Respondents' opinions on retirement

Opinion	Number of respondents holding opinion
Relaxation and rest	9
An exciting time to pursue other interests	3
Uncertainty, old age, no longer useful	4
Freedom to plan own day and activities	4
Takes long to receive pension benefits	2
Time to enjoy pension benefits	2

There were mixed reactions to the question. However, table 4.7 shows that most respondents stated that retirement was another phase in life which presented them with an opportunity to finally enjoy themselves without worrying about the daily stress of work and have the freedom to do as they wished.

"*I am looking forward to relaxation and the time of earning passive income. I will of course still be engaged in income generating activities but with less intensity and at my own pace. Retirement does not mean sleeping all the time where someone becomes a cabbage*."

(45, male).

"It is a bit scary and brings to mind uncertainty in terms of the future. On the other hand, I am looking forward to some time to rest and to do my own things because when one is working there is very little time for doing personal things."

(52, female)

"I am looking to getting my pension benefits, rest and going into farming. I have always admired farming and this will be my chance to do it."

(50, female).

"*Retirement does not scare me. I knew from the first day I was employed that one day I would retire. When I retire my plan is to help the vulnerable and the needy in society*."

(47, female).

One respondent indicated that he did not believe retirement was the end to earning an income or money or a period to be docile in life. He believed retired people could be very valuable to society because of the massive experience and expertise they possessed.

"If anything when you retire you should go into consultancy. People will engage you for advice. That's my goal. And that is what should be emphasised, that retirement does not mean the end of the world. You can do a lot when you retire. Retiring from formal employment does not mean the end of earning money."

(41, male).

On the other hand, some respondents indicated that they associated retirement with old age and suffering.

"*When I think about retirement, the following come to mind: trepidation. Uncertainty and fear. When I turned 55 years old that I didn't want to retire because I didn't know what I was going to do with myself. Am used to working up in the morning, going to work and keeping busy. Retirement is a complete change of life style*."

(56, female).

"*While retirement is a good thing, it does have a negative aspect especially for people who did not prepare for it. I have seen older people who used to work for good organisations after they retire. I wonder what it will be like for me."*

(34, male).

"*Every day I see people chasing after their pension benefits. It seems one has to go through hell to get the benefits. That's why the earlier one goes, the better*"

(38, female)

4.4 SUMMARY

This chapter has presented the findings of the study which were obtained through in-depth interviews. The results show that the preferred retirement age is 55 and 60 years, respondents rejected the idea of incentives and penalties to go along with the new retirement policy, and respondents had reservations towards the new retirement policy. The results also revealed that

financial stability investments and being in possession of own shelter influenced retirement decisions. Table 4.8 below depicts a summary of the key thematic issues identified by the study.

Table 4.8: Overview of the themes of Civil servants' preferred retirement and pension options

The preferred retirement age option	o Early retirement at 55 years o Normal retirement at 60 years o Late retirement at 65 years
No to incentives and penalties	o Higher benefits for retiring later than the NRA o Reduced benefits for early retirement o Retirees on a pension to continue working and earn wages
Fears surrounding increasing the NRA	o High youth unemployment levels o Low life expectancy o Obsolete skill
Financial stability investments and shelter important for the retirement decision	

The first two themes relate to the question which reads "what is the preferred retirement age for civil servants in Lusaka district?" The last two themes relate to the second research question which reads "what factors influence the retirement decision for civil servants?"

CHAPTER 5: DISCUSSION OF RESEARCH RESULTS

5.1 INTRODUCTION

This chapter discusses the findings obtained from the data analysis in the previous chapter and the implications for the research questions. This study sought to explore the preferred retirement age for civil servants as well as explore the factors that influence the retirement planning and decision making process. Uccello (1998) argued that most countries that have increased the retirement age have had the problem of an aging population, and the reform is a direct response to this dilemma as there are fewer younger people to replace them. Sanyal (2013) observed that developing countries including Zambia, face a different kind of problem as they enjoy a demographic dividend which refers to a low old age dependency ratio.

A qualitative research approach was adopted for this study and involved in-depth interviews with civil servants from the Ministry of Education Head Quarters.

This chapter therefore, provides meaning to the findings obtained from the data analysis in the previous chapter and the implication to the research questions. Below is a discussion of the findings and results in the accordance with the themes identified in chapter 4

5.2 RESEARCH QUESTION ONE (RQ1): WHAT IS THE PREFERRED RETIREMENT AGE FOR CIVIL SERVANTS?

5.2.1 Preferred options: Early and normal retirement

As mentioned in Chapter 4, just over half of the respondents in the study have intentions of retiring at the new NRA of 60 years. This finding is in line with the findings cited by the Social Security Advisory Board report (1999) in their review report on the implications of raising the social security retirement age in the United States of America. The findings indicated that 75% of American people were opposed to raising the normal retirement age. Just slightly less than half of the respondents indicating that they would prefer to retire at 55 years means that the new retirement policy has not been accepted by a good number of people. What this implies on the part of pension schemes and the government is that if people continue to retire at 55 years, financial challenges such as actuarial deficits and delayed payment of benefits will continue as people will be spending more time in retirement. The ILO (Actuarial Report 2012)

in chapter 2 indicated that life expectancy at 55 years is 78.6 for females and 75 years for males. With people retiring at 55 pension schemes would be financially unsustainable as there will be more pay-outs than contributions during work life. The Government's objective of revising the retirement age of civil servants was to improve the financial sustainability of the public Service Pension Fund. If civil servants will be retiring earlier rather than later, this objective will not be met unless the benefits are actuarially adjusted. In short, a person retiring early at 55 years is still entitled to full pension benefits and there are no additional benefits for one who opts to retire at 60 and more importantly at 65 years. According to Wise and Gruber (1997), a strong correlation exits between the age at which social security benefits are available and the age of retirement from the labour force. That is to say the age at which social security benefits are available maybe an important signal to workers about the appropriate time to retire. Knowing that early retirement benefits are available at age 55 may cause some workers to plan for retirement at that age even though they are able to continue working. Steuerle and Bakija (1994) observed that persons tended to receive higher benefits from social security before the normal retirement age.

There is therefore, need actuarially adjust pension benefits to go along with the increase in the normal retirement age with higher benefits for continued work and reduced benefits for early retirement (Davis, 2013). As mentioned earlier, raising the normal retirement age improves the financing of pension schemes through the cost savings that arise as a result of people either delaying to claim benefits until they reach the normal retirement age or by receiving lower benefits if they choose to retire before they reach the normal retirement age.

It is also important that before any change is implemented all stake holders should be involved and consulted. The reasons why social security reforms are unavoidable as well as the available reform options should be explained to civil servants .The Social Security Advisory Board report (1999) on the implications of raising the social security retirement age in the U.S.A. stated that opposition to raising of the retirement age becomes less strenuous when people are faced with choices about how to control costs. For instance when forced to choose between raising the retirement and cutting social security benefits, most people say that avoiding reductions in social security benefits is top priority. Further with continued dialogue and sensitisation workers the fact that the social security program deems age 60 to be normal retirement may influence decisions about when to retire and at what age people consider themselves old.

Another initiative that can employ to encourage workers to work longer and retire later is the introduction of flexible work hours. In Chapter 2 of this study, Carr (2010) indicated that the majority of individuals in the United Kingdom, when asked about working beyond the default retirement age of 65 did not wish to continue working. However, the desire to continue working increased with the hypothetical offer of flexible working. A range of workplace changes facilitating the productive employment of older workers include: work scheduling, flexible hours, vacation and leave policies and phased retirement (Carr, 2010).

5.2.2 No to incentives and penalties

The lack of approval for having a pension system with reduced benefits for early retirement and higher benefits for delayed retirement by the civil servants maybe due to the lack of understanding of the financial challenges that the social security system in Zambia is currently faced with. For instance the workers may not understand that the delayed payment of pension benefits may in part be as a result of the faulty benefits formula. Further, government workers mistakenly view pension benefits as an award given to one after serving the government diligently and would naturally want to get more.

It is quite clear when coming up with the three retirement age options, policy makers did not consider the aspect that the Public Service Pensions Fund is a defined benefits scheme and that by the nature of its design incentivises early retirement. Gruber and Wise (2002) argued that in many countries social security provisions themselves provided enormous incentives to leave the labour force and thus by their very structure exacerbating the financial problems they face.

The Zambian government reviewed the retirement age policy by increasing the normal retirement age from 55 to 60 and introduced options for early retirement at 55 and late retirement at 65 with the obvious goal of inducing workers to retire later and thus creating space to delay paying new pension obligations. However, this may not be the case as long as the early retirement incentives implicit in the plan design are not dealt with. For instance, in the German reform, Guber and Wise (2002) argued that social security early retirement benefits were made available with no reductions in benefits. Thus benefits taken at the early retirement age were the same as those taken at the normal retirement age. Guber and Wise (2002) further argued that as a result of this incentive, the mean retirement age of white collar workers was reduced by 5.5 years. Once Zambian civil servants realise that delaying retiring simply reduces

the number of years that could receive benefits without increasing the benefits, even the ones whose preference is to retire at the normal retirement age of 60 many change their minds and opt for early retirement

In order for the new retirement age policy to be successful, the good practice design of employing actuarially fair adjustments for benefits received prior to or after the normal retirement age must be adopted. For instance in chapter 2, section 2.7, Moore (2005) argued that the French government pension reforms introduced a 5% per year reduction for retirees who retired early (before the age of 65) and a delayed retirement credit was introduced as well. This was one of the measures of the 2003 reform that explicitly intended to encourage the French to work longer. The reform also provided that individuals could receive both wages and salaries.

Templin (2010) recommended that policy makers can influence individual decision making through a process called choice architecture. He argued that as choice architects, policy makers designed and engineered the decision environment in order to achieve a more positive outcome.

In this case, the government is in a unique position to recreate a pension system by eliminating the disincentives to work longer in life through putting in place an actuarially adjusted benefits structure

5.3 RESEARCH QUESTION TWO (RQ2): WHAT FACTORS INFLUENCE THE RETIREMENT DECISION FOR CIVIL SERVANTS?

5.3.1 Fears surrounding the increase in NRA

Although just above half of the respondents agreed with the policy to raise the normal retirement age, wide spread concern was expressed over the effects of implementing the policy. The concerns expressed by respondents may be due to several factors such as employee attitudes towards work and retirement, beliefs about old age and life expectancy. For these reasons all respondents believed people should not work beyond the age of 60 to retire 65.

This finding is supported by findings of a study conducted in Malaysia (Tung and Comeau, 2012) which revealed that the top reasons from respondents who disagreed with the raised retirement age were that older workers might be less productive, feeling that older workers should be enjoying their golden years and that there would be fewer job openings for graduates

in the market if the older workers were still working. Zambia has similar demographics as Malaysia, with a lot of young graduates roaming the streets. The question is does the government policy of having people work longer affect job opportunities for young people? This also raises another question of whether the work environment is conducive for older workers or are they going to be subjected to age discrimination.

The question of competencies, skills and abilities of older workers has been confirmed as good by several studies include Thane (2006) who argued that older people proved to be highly adaptable and capable of learning new skills in the seventies and beyond. Therefore, it is likely that Zambian older workers will have no performance related challenges

According to the ILO Actuarial report (2012) in Chapter one subsection 1.1.1, Zambians are living longer and spending more time in retirement. Therefore it is a misconception that life expectancy is very low in Zambia

In order for the idea of working longer to be accepted by all workers, government as the employer, needs to carry out educational and sensitisation programs for civil servants in order to dispel myths about life expectancy, the connection between increasing the normal retirement age and youth employment, and the lack of adaptability of older workers to new technology and changing work environments. Additionally Human resource personnel in the civil service need to come up with policies that will help create conducive work environments for older workers and to create harmonious work relationships between older and younger workers.

5.3.2 Financial stability, shelter and retirement

Respondents' accounts revealed that the factors that were important in making the retirement decision were financial stability obtained through investments such as real estate, small businesses, farming and owning a house to live in. The findings are consistent with a quantitative study results reported by Modugno (2012) which stated that financial security was the important factor influencing an employee's decision to retire. In Diamond and Hausman (1984) respondents cited the presence of pensions and social benefits as an important factor influencing the decision to retire. Interestingly no such sentiments were expressed by respondents in this study apart from one.

The lack of appreciation of pension benefits as an important factor in the retirement making decision maybe as a result of the public's lack of confidence in the pension and social security system in the country. The Public Service pensions Fund for example is on record of taking too long to pay retirees their pension benefits. Additionally, respondents have had personal experiences of former workmates or relatives who transform from being respected civil servants to poverty stricken retirees. The lack of confidence in the social security system is supported by Templin (2010) who reported that in study conducted in the United States of America, 60% of non-retirees believed that they would not get social security benefits when they retired while 56% of retirees believed their benefits would be cut. Templin (2010) further argued that a natural response to the fear over social security financing would be a "run to the bank" mentality to start claiming benefits early in order to get out the money is still there.

For government to restore public confidence in the social security system, the public needs to be told what is being done to bring the public service Pensions Fund in particular into financial balance and the social security system as a whole. The process of pension reforms must be transparent and inclusive of all stakeholders.

Respondents held divergent views concerning their images of life after retirement both positive and negative. The reasons for respondents' views are also divergent stemming from their beliefs about retirement, attitudes towards life and work, and their personal experiences regarding pension matters. If employees are to have a more positive attitude toward retirement, the government needs to in place regular education talks about pension schemes for workers, their role and what is being done to ensure that schemes are sustainable. This will help build workers' confidence in the schemes. Retirement planning needs to be included in the human resource policies as well

5.4 SUMMARY

Based on the data analysis and the discussion above, it can be concluded that the preferred retirement age is the normal retirement age which is closely followed by the early retirement option. The late retirement option has been completely rejected. Respondents raised serious concerns of raising the normal retirement age in an economy with challenges such as massive youth unemployment and a low life expectancy to some extent.

Owning a house and financial stability were identified as the main factors that influenced retirement planning and the retirement decision making process. Surprisingly, pension benefits were not mentioned as being one of the main factors.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 CONCLUSION

This study set out to explore the preferred retirement age of civil servants in Zambia.

The study revealed that the new retirement age policy is at a risk of not being successful as a good number of people would prefer to retire early and none would prefer to work later than the normal retirement age. This means that with a lot of civil servants retiring early, the challenges that the PSPF has been faced with, and that the new retirement age policy is meant to resolve will persist.

Furthermore, the study revealed that civil servants did not agree with getting reduced benefits for retiring early and higher benefits for retiring after the normal retirement age. This maybe attributed in part to lack of understanding of what a pension benefit is. It is possible a pension benefit is taken to mean a reward that is given to civil serving after a long period of loyal service to the government. However, merely increasing the retirement age without a fair actuarial adjustment to the benefits will lead to a different outcome other than improving the financial position of the Public Service Pension Fund. The benefit formula as it currently stands pays the same benefits to one who retires early and the one who opts to retire at the normal retirement age. In this case there is no point in waiting to retire later.

The implementation of the new retirement policy has mixed reactions. Concerns regarding the impact that the policy would have on youth unemployment levels, how it was not practical because of the perceived low life expectancy in Zambia and how older people had obsolete skill for the modern organisation came up strongly. This is not surprising considering that not much consultation and involvement of civil servants was done when the pension reforms were being proposed. In this case, resistance to change is to be expected. This may result in the older worker in a work place being resented, discriminated against or even forced out for fear of being labelled.

Finally the study revealed that among the factors that are considered as important in the retirement making decision, pension benefits is not one of them. This is concerning as it could mean people have no confidence is social security and social security, in particular Public Service Pensions Fund has failed to live up to its members expectations.

6.2 RECOMMENDATIONS

As the new retirement age policy is in the implementation stage, awareness and sensitisation talks should be conducted by the government, human resource practitioners and pension schemes.

The PSPF benefits formula should be actuarially adjusted in line with the three options discussed above.

Government should come up with other policies to supplement the new policy framework to prevent age discrimination and generational conflicts in workplaces; and

Pension's reforms and other measures that the government is putting in place to resolve the financial challenges that PSPF is faced with should be fully explained to the public in order to restore their confidence in the scheme.

It is recommended that the following areas be considered for future research arising from this research:

- An examination of the relationship between normal retirement age and youth employment;
- The extent of civil servant awareness of their pension schemes; and
- An examination of how older people in the civil service adapt to new technology and changing work environment.

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APPENDIX 1: INTERVIEW SCHEDULE

INTRODUCTION

1. Explain purpose of the study.
2. Fill in general information of participant and ask how the Ministry is doing business wise (As ice-breaker).
3. Request for permission to record, if applicable, and explain that the recordings can be deleted, if that is desire of interviewee. Further explain that for purposes of anonymity a pseudonym will be used.

DEMOGRAPHIC INFORMATION OF THE PARTICIPANT

Sex

Marital status

Position

Years of Service in Government

Qualification

Salary division

SECTION I

Attitude towards retirement

1. What is your attitude towards retirement?

Probe for the reasons of holding the viewpoints

2. What do you think about the new retirement age policy?
3. Were you consulted about Government's intention to increase the retirement age?
4. Was anyone you know consulted?
5. At what age do you plan to retire?

6. What are the reasons for your preferred retirement age?
7. When do you think people should retire?
8. Explain the reasons for your answer
9. I would like you to tell me if you agree or disagree….someone who retires after the normal retirement age (60 years) should get higher benefits.
10. I would like you to tell me if you agree or disagree….employees who retire earlier than the normal retirement age should receive lower pension benefits
11. I would like you to tell me if you agree or disagree……retirees/pensioners should be allowed to work and earn as much as they want on top of their pension

SECTION 2

Factors that influence retirement decisions

12. I know that before one makes a decision to retire, there are several factors that are considered. What factors do you think one should consider in reaching a decision about when to retire.

Probe if linked to health status, employment characteristics, income, age, demographic characteristics

13. How important are these factors?
14. Have you prepared plans for your life after retirement?
15. If yes, what type of plans and when did you start planning?
16. What obligations will you have after retirement?

THANK YOU.

APPENDIX II

Consent Form

I hereby agree to participate in the research on the effect of the statutory retirement age change on Civil Servants' retirement plans. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop participating at any point should I not want to continue and this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally in the immediate or near future.

I understand that my participation will remain confidential.

Signature of Participant…….. DATE……

I hereby agree to the recording of this interview.

Signature of Participant…….. DATE……..