

The Influence of Financial Literacy, Locus of Control, Income, and Education Level on Retirement Planning of Elementary School's Teachers with Civil Servant Status in the City of Surabaya

Sahrin Fifit Dwi Saputri

Management, Faculty of Economic and Business, Universitas Negeri Surabaya
E-mail: sahrin.17080574075@mhs.unesa.ac.id

Abstract: *Retirement fund planning is an important thing of employee life including for individuals who work in the government environment considering that until now the structure of civil servants especially teachers is dominated by the age of 40 and above. The main objective of this current study is to examine the factors that influence individual behavior in retirement planning behavior. The four factors that had been considered in this research are financial literacy, locus of control, income, and education level. A total of 98 respondents who are primary school teachers with civil servant status in Surabaya have participated in this study. Online questionnaires are used to collect data that have been tested for validity and reliability first. All data in this study are analyzed using SPSS. Overall, the results of this research revealed that financial literacy and locus of control were supported however intriguing findings for income and education level were not supported.*

Keywords: *Education level; Financial literacy; Income; Locus of control; Retirement planning.*

1. Introduction

Retirement is a stage of life where the individual has reached old age, physical abilities weakened, productivity began to decline and the individual's participation in social activities is limited. Various declines in individual performance when reaching retirement age, making planning to enter this period an absolute thing that must be done, not only physically and psychologically but also from a financial perspective. However, in reality, nine out of ten Indonesians said they are not ready to face retirement (The Hongkong and Shanghai Banking Corporation, 2019).

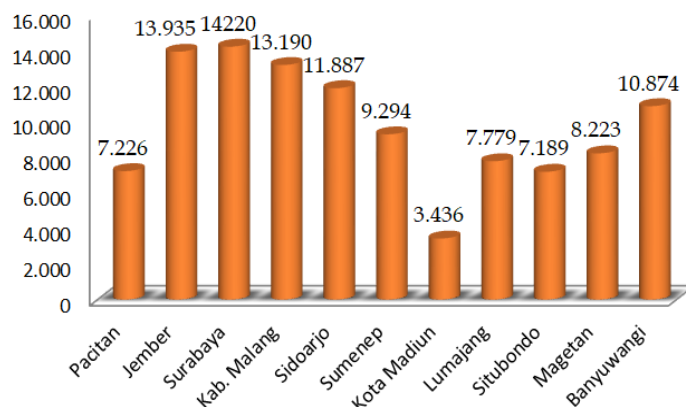
The number of elderly people has increased dramatically both in developed countries as well in developing countries, due to declining birth rates and death, followed by an increase in life expectancy figures causing changes in the overall structure of the population (Kementerian Kesehatan RI, 2017). According to Soewono (Kemenkes RI, 2017), a country is called an aging population if it has an elderly population above seven percent. Based on these explanations, Indonesia is among countries that have entered a period of the aging population since 2010 with a total population of 18 million elderly people (7.56%) in 2010 and increased by 2.14% to 25.9 million (9.7%) in 2019 (Kemenkes RI, 2019). Kemenkes RI (2017) states that the elderly population in Indonesia is projected to always increase to reach 48.19 million people in 2035.

The increase in the total number of elderly will certainly be directly proportional to the increasing number of retirees in Indonesia. The results of HSBC's global research entitled The Future of Retirement – Bridging The Gap revealed that 68% of Indonesian respondents expect a comfortable retirement age. But in fact, until now there are various concerns expressed by the Indonesian people regarding financial independence and health problems that may be faced in retirement. Launching the results of HSBC (2019) involving 1000 respondents, around 83% of Indonesians are worried about the increase in healthcare bills, and as many as 77% of

respondents are anxious that they will run out of their pension funds. This anxiety is natural because it is triggered by the gap between expectations and individual planning for retirement. Manulife (2017) revealed that 57% of Indonesians have not prepared for retirement. This condition is supported by the results of HSBC's (2019)'s research which says that only 305 out of 1000 people actively invest for retirement. Otoritas Jasa Keuangan (2020) released statistical data on pension program participation as of August 2020 which shows the facts on the ground that there was a decline in the number of pension program participants from 4,635,074 people in 2018 to 4,387,673 people in 2019, which further indicates the weakness Indonesian people's retirement preparation.

Moorthy et al., (2012) explain retirement planning is an important part of life for the employees including individuals working in government. For government employees, retirement planning is seen as part of remuneration because they think the state must ensure government employees obtain adequate living standards in retirement as a reward for their service and loyalty to the state (Kings et al., 2007). This assumption encourages the interest of the Indonesian people to register themselves as civil servants in the hope of obtaining pension insurance in their old age. Badan Kepegawaian Negara (2019) notes an increase in the number of candidates for Civil Servants in 2019 by 12% from the previous year.

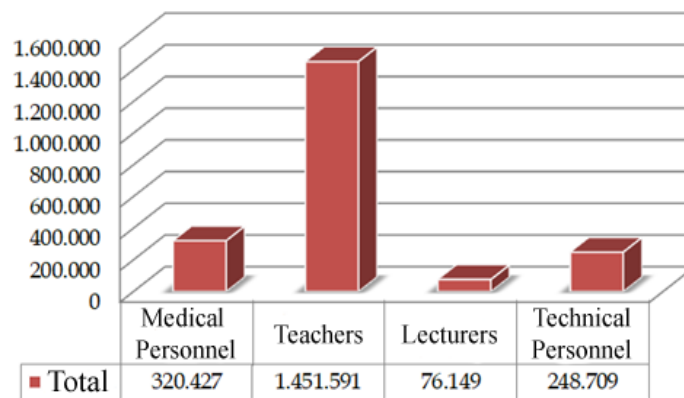
In the Book of Statistik PNS Juni 2020 released by BKN (2020) it was recorded that the number of civil servants in Indonesia as of June 30, 2020, was 4,121,176 people. Of the total civil servants in Indonesia, the number of civil servants working in regional agencies is 3,174,570 employees, this figure is much higher than the number of civil servants working in central agencies which are only 946,606 employees. Data of BKN (2020) shows that East Java is the province with the highest number of civil servants in Indonesia, amounting to 345,168 employees. And the following is data on the distribution of civil servants in cities in East Java Province:



Source: Badan Pusat Statistik of East Java (data processed by the author, 2020)

Figure 1. Distribution Of Civil Servants In Cities/Districts In East Java

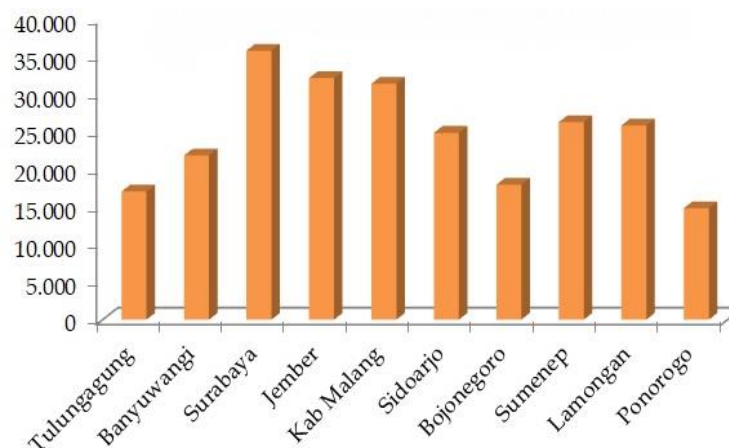
From the picture above in mind some districts/cities that have the highest value of the spread of civil servants, namely Malang with the number of 13.190 employees, Jember with the number of 13.935 employees, Sidoarjo regency with the number of 11.887 employees, and Surabaya with the number of 14.220 employees. Surabaya ranks first as the city with the highest number of Civil Servants in East Java. According to the Badan Kepegawaian Negara (2020), Civil Servants are divided into 3 types of positions including certain functional positions, general functional positions, and structural positions. The structure of civil servants in Indonesia is dominated by certain functional positions with a percentage of 50.88% or 2.096.876 employees with details of the types of functional positions as follows :



Source: Badan Kepegawaian Negara (data processed by the author, 2020)

Figure 2. Number Of Civil Servants Certain Functional Positions

Based on Figure 2, it is known that teachers have the highest percentage of certain functional positions in civil servants, namely 69.23%, followed by medical personnel at 15.28%, technical personnel at 11.86%, and lecturers at 3.63%. The distribution of teachers differs between provinces from one another to match the needs of each province. In this case, back East Java province ranked first with the highest number of teachers in the amount of 200 072 teachers, followed by Central Java with 187.535 teachers and the third is the West Java province with the number of teachers 185.883 (BKN, 2020). Furthermore, in East Java Province itself, the distribution of teachers also differs from one district/city to another. Below is presented the data spread of Labor Teachers in each district/city in East Java :



Source: Badan Pusat Statistik (Data Processed By The Author, 2020)

Figure 3. Number Of Teachers By District/City In East Java

Data released by Badan Pusat Statistik (2015) shows that the city of Surabaya is the city in East Java with the largest number of teachers when compared to other districts/cities. The city of Surabaya has a total of 35.818 teachers. In more narrowed the number of teachers in Surabaya who had placed the highest civil servant in the primary school level that is equal to 4.629 teachers (Pemerintah Kota Surabaya, 2019).

In terms of age, the structure of civil servants is dominated by those aged 40 years and over. Civil servants aged 51-55 years as many as 850.873 people are in the first place, followed by the age group 56-60 years with 743.200 people (BKN, 2020). This data illustrates that the majority of civil servants in Indonesia are getting closer to retirement. In addition, Badan

Kepegawaian Negara (2020) explained that the functional positions of teachers also dominated the entire 2020 retirement age limit of 65.766 people (44.58%). Knowing the high number of civil servant teachers who are approaching retirement age, they should plan a pension fund to ensure the welfare in their old age. Launching data from Manulife (2017) the majority of individuals rely on cash savings to finance their old age. Whereas research results say savings will run out within 9 years after retirement (Manulife, 2014). This fact further proves that even though PNS teachers have received pension savings from PT Taspen, this is not necessarily able to guarantee the welfare of PNS teachers in retirement.

Retirement readiness can be realized if each person carries out preparations to anticipate this period early on (Shanmugam et al., 2017). Lack of retirement planning preparation will bring some disappointments during retirement, but retirement planning is not easy (Lee & Law, 2004). Moorthy et al. (2012) explained that retirement fund planning is part of long-term planning so that individuals who have worked should make preparations as early as possible because retirement fund planning will become a burden if done when approaching retirement age.

The way a person dealing with the planning of pension funds is certainly different from one another is influenced by internal and external factors of each individual. Internal things that can affect retirement planning include attitudes, traits, understanding related to finance, and so on. In addition, the level of education, environment, income, information about the financial conditions of the present and future, including some of the external factors that might affect your retirement planning. Until now, the topic of pension fund planning is still interesting to study considering that in Indonesia there are still few researchers who raise this topic, especially pension fund planning among elementary school teachers with civil servant status in Surabaya. Based on some previous research found that several variables affect the planning of the pension fund, including financial literacy, locus of control, income, and level of education.

The first variable to be studied is financial literacy. Based on the Otoritas Jasa Keuangan (2017), financial literacy is an individual belief and ability that influences attitudes and behavior when making decisions to manage finances well. Someone with a good level of financial knowledge, of course, will have good financial insight as well, so that individual tends to think before spending money, and will have more alternatives to manage his finances. Research conducted by Fornero & Monticone (2012) shows that there is a correlation between financial literacy and retirement planning. Good financial literacy will assist individuals in choosing and optimizing financial service products or services according to their needs, one of which is for retirement. On the other hand, the results of research by Shafee et al., (2018) conclude that there is no correlation between financial literacy and retirement planning.

The second variable to be studied is the locus of control. Locus of control is divided into two, namely internal locus of control and external locus of control. Rahmawati (2018) explains that individuals with a good internal locus of control will think that everything that is obtained in a person's life journey is determined by the level of skills and abilities possessed by each individual, and is directly proportional to the amount of effort expended by the individual. Internal locus of control in terms of finances will help individuals suppress unnecessary things such as waste because they are aware that what happens in an individual's life depends on himself. The greater the internal locus of control in a person, it will be directly proportional to the amount of effort that the individual will spend in achieving his plans (Manurung, 2018).

The third variable is income. The greater the income received by a person, the higher the opportunity for individuals to act responsibly, but until now the fact is that there are still many individuals who have not been fully able to manage finances wisely to encourage the emergence of consumptive behavior (Kusumawanti, 2018). Ng et al., (2011) say that individuals with large incomes tend to have retirement planning intentions in the future, but Putri &

Iramani's (2019) research states that the level of individual income does not affect retirement planning.

The fourth factor that can influence a person's intention in retirement planning is the level of education. Wahyuningsih (2018) reveals that the level of education does not affect a person's retirement planning attitude. Though education is an important aspect for everyone because the higher the level of education a person should get the more insight. In addition, education can also build individual perspectives to prepare for things in the future, one of which is retirement.

This study aims to determine the effect of financial literacy, locus of control, income, and education level on the planning of pension funds for elementary school teachers with the status of civil servants in Surabaya.

1.1. Literature Review

1.1.1. Theory of Planned Behavior

The Theory of Planned Behavior is the result of the development and revision of the Theory of Reasoned Action which was first initiated by Icek Ajzen and Martin Fishbein in 1991. This theory assumes that every action must be based on belief in the information obtained (Ajzen, 1991). According to this theory, a person's intention to act is influenced by several factors, including attitudes towards behavior, social factors which are usually interpreted as subjective norms, and the level of behavioral control based on perceived ease or difficulty. Ajzen (2005) explains that a person's background factors can also influence a person's attitudes and behavior towards something. What is meant by background factors here are personal, social, and informational. Personal factors are the general attitude of individuals towards something, personality, life values, emotions, and the level of intelligence they have. Social factors include age, gender, ethnicity, education, income, and religion. Information factors include personal experiences based on his life journey, knowledge, and various news exposed by the media.

Accordingly, the Theory of Planned Behavior in this study is used as a description of financial literacy variables, income, and education that can influence decision-making on retirement planning.

1.1.2. Social Learning Theory

Social Learning Theory was first introduced and developed by Julian Rotter in 1954. According to Rotter (1954), there are four main components in the social learning model that are used to predict individual behavior including behavioral potential, expectations, increasing values, and psychological situations. Potential is the possibility of a person showing behavior under certain conditions. Under certain conditions, there are many possible behaviors a person can do. For each possible, the individual will show the behavior that has the highest potential.

Psychological conditions do not directly enter into Rotter's formulation to predict behavior, but Rotter (1954) reveals that each individual will face the same situation differently. This is a form of society's subjective interpretation of the environment and is objective to determine how individuals behave.

Social learning theory is more visible in the impression and presence of attitude changes at the internal mental stage or in other words the self-control possessed by each individual. Everyone will always interact with their internal or external environment, where these two environments will constantly influence individual behavior (Rotter, 1954). This social learning theory is used as the basis for using the locus of control variable in this study.

1.1.3. Retirement Fund Planning

Moorthy et al., (2012) explain that retirement planning is the act of individuals leaving their funds with the aim of achieving life goals in the future. The desired life goals are certainly comfort and well-being when entering retirement (Anderson et al., 2000). Welfare in retirement is very dependent on the pattern of retirement planning behavior carried out while the individual is still working. Individuals who have made preparations before retirement age will feel more secure and comfortable compared to individuals who do not have initial planning related to life after retirement. Although retirement planning is beneficial for one's life in the future, in reality, there are still few individuals who are motivated to do retirement planning (Ekerdt & Hackney, 2002). Moorthy et al. (2012), stated that 3 indicators can be used as benchmarks for planning retirement habits, including (1) Financial readiness of pension funds (2) Standard of living as a pension fund (3) Expenditures at retirement.

1.1.4. Financial literacy

Lusardi & Mitchell (2011) explains that financial literacy is a skill possessed by individuals in processing economic information and forming financial decisions based on information about financial planning, total wealth, debt, and pensions. Meanwhile, Putri (2013) defines financial literacy as the knowledge that a person has about basic finance, savings and loans, insurance, and investments that are useful to help manage finances. In a financial plan, it is necessary to have a careful calculation based on financial literacy. Individuals with good financial literacy tend to pay more attention to managing their finances to meet current or future needs.

Based on the research of Chen & Volpe (1998) the indicators used as a benchmark for the level of financial literacy include (1) Basic knowledge of financial science (2) Knowledge related to savings and loans (3) Investment knowledge (4) Insurance knowledge.

1.1.5. Locus of Control

The concept of locus of control was originally proposed by Rotter in 1966. Ariani (2015) defines a locus of control as the way individuals see an event whether the event can be influenced by that person or not. Rotter (1966) distinguishes the orientation of locus of control into two, namely internal locus of control and external locus of control. Individuals with an internal locus of control tend to have higher levels of self-confidence, and these individuals believe that skills, abilities, and efforts will determine what will be obtained for their lives. On the other hand, someone with an external locus of control will believe that all events are influenced by each person's environment, destiny, and luck.

Perry & Morris (2005) states that locus of control assessment indicators includes: (1) individual problem-solving skills, (2) the ability to change important things in life, (3) skills to implement what has been planned, (4) the ability to control events that occur.

1.1.6. Income

According to BPS (2019), income includes wages and salaries received in return for work completed, overtime pay, all bonuses, and allowances, bonuses paid not fixed, awards, and the value of similar payments taking into account the calculation of time not worked. The greater the income earned by a person, then there is an incentive for the individual to tend to reflect more responsible financial management behavior (Perry & Morris, 2005). Thus, individuals who have high incomes will have a greater opportunity to manage their finances wisely by preparing a budget, saving, and controlling their spending to ensure current or future financial well-being.

In this case, the indicator of each person's income is the amount of income that the individual receives each month. Referring to the research conducted by Putri (2016), income

levels can be classified into three types, namely: (1) High class: IDR 6.000.000 per month, (2) Middle class: IDR 3.000.000 to IDR 5.999.999 (3) Class low: IDR 1.000.000 - IDR 2.999.999.

1.1.7. Education Level

According to Hadikusumo (1996), education is a series of efforts and processes carried out by a person to optimize the abilities possessed, controlling attitudes and behavior in social life, and improving thinking skills for the better. In Indonesia, there are several levels of education with different learning at each level. According to Buchori in Retno (2020), education level is an educational process taken by individuals formally adjusting the level of student development and is proven by using a formal diploma. The higher level of education a person has can encourage mastery of knowledge, insight, and mindset in a better direction. Lestari (2011) explains that the dimension indicator of formal education is the last education completed by each individual.

1.2. Hypothesis Development

Financial literacy is said to be the basis of successful retirement planning and has been proven by Fornero & Monticone (2012) who examined the relationship between financial literacy and retirement planning. Financial literacy will provide insight and information related to finance to individuals so that they can help make wise financial decisions, manage financial circulation as well as possible, and take the initiative to set aside some funds to prepare for the future. Another study conducted by Kimiyagahlam et al. (2019) also proves that financial literacy affects retirement planning. Klapper & Panos (2011) revealed that the greater the level of personal financial literacy, this will be directly proportional to the individual's retirement plan.

H1: Financial literacy has an effect on the retirement planning of elementary school teachers with civil servant status in the city of Surabaya.

Locus of control has been identified and proven to affect retirement planning according to Ahmad et al. (2020). These results are supported by research conducted by Manurung (2018) which also proves that locus of control has a significant effect on retirement planning. Individuals with a good internal locus of control will have a high level of self-confidence. Internal locus of control will support individuals to regulate their financial behavior in retirement fund planning, one of which is by minimizing unnecessary expenses for welfare in retirement.

H2: Locus of Control has an effect on retirement planning of elementary school teachers with civil servant status in the city of Surabaya.

Several studies identifying the effect of income were carried out by Ng et al. (2011) stated that income is related to retirement planning. This result is also supported by the research of Mansor et al. (2015) which again proves that income influences retirement planning. That way, the higher the income a person has can encourage individual to do retirement planning. Mansor et al. (2015) revealed that income is an important factor that can encourage a person's retirement planning intention. The two research results above are further strengthened by Moorthy et al., (2012) who also stated that income is one of the reasons that encourage individuals to plan for retirement funds.

H3: Income has an effect on the retirement planning of elementary school teachers with the civil servant status in the city of Surabaya.

A study conducted by Mansor et al. (2015) shows that the level of income affects retirement planning. This relationship concludes that the higher the individual's education level, the better the individual's retirement planning attitude will be, and vice versa. The study of Moorthy et al., (2012) also stated that the level of education had a significant impact on retirement fund planning. This is because education allows individuals to get more information about retirement planning. The information obtained will influence attitudes, intentions, and assist individuals in making decisions regarding retirement plans.

H4: The level of education has an effect on the retirement planning of elementary school teachers with civil servant status in the city of Surabaya

2. Research Method

This study uses causality research. The data used are primary data obtained through the questionnaires with 20 questions and 8 statements that are distributed online. The independent variables in this study include financial literacy, locus of control, income, and education level. Retirement planning is the dependent variable in this study. All respondents are elementary school teachers with civil servant status in the city of Surabaya. It takes as many as 98 samples selected based on the quota sampling technique. In this case, the city of Surabaya will be divided into 5 zones, namely West Surabaya, East Surabaya, Central Surabaya, North Surabaya, and South Surabaya. First, 30 samples will be taken to test the validity and reliability of the research instruments used. If the data passes the test, then the distribution of the questionnaire will be continued until the number of samples is met. All samples collected will be tested for validity and reliability to pass a series of classical assumption tests and meet the multiple linear regression model. Furthermore, hypothesis testing is carried out using the F hypothesis test, t statistical test, and the last is the coefficient of determination using SPSS 26.

3. Results and Discussion

3.1. Results

3.1.1. Validity test

Test the validity of the Guttman scale on the financial literacy variable using the excel application by paying attention to the reproducibility coefficient and the scalability coefficient where both coefficients must be higher than the predetermined criteria, 0.9 for the reproducibility coefficient and 0.8 for the scalability coefficient. Based on the calculations that have been done, the results of the reproducibility coefficient of 0.905 and the scalability coefficient of 0.81 are obtained.

The Likert scale test on the locus of control and retirement planning variables was carried out with the help of the SPSS 26 application through the method of comparing the calculated R-value (Pearson correlation) with the r table. Decision-making is carried out at the level of degree of freedom ($df = n - 2$ when $n = 98$, until $df = 98 - 2 = 96$ with a significance of 5%, then the value of the r table is known to be 0.1671. The results of the validity test in this study are presented in the table below.

Table 1
THE RESULTS OF VALIDITY AND RELIABILITY TEST 98 RESPONDENTS

Variable	Item	Reproducibility Coefficient	Cut of Value	Scalability Coefficient	Cut of Value	Result	KR-20 Score	Cut of Value	Result
Financial literacy	FL	0,905	0,90	0,81	0,80	Valid	0,7133	0,70	Reliable
Variable	Item	Pearson Correlation		r tabel		Result	Cronbach Alpha	Cut of Value	Result
Locus of Control	LC1	0,613		0,1671		Valid	0,715	0,70	Reliable
	LC2	0,631		0,1671		Valid			
	LC3	0,577		0,1671		Valid			
	LC4	0,563		0,1671		Valid			
	LC5	0,661		0,1671		Valid			
	LC6	0,576		0,1671		Valid			
	LC7	0,578		0,1671		Valid			
	LC8	0,562		0,1671		Valid			
Retirement Planning	PDP1	0,661		0,1671		Valid	0,716	0,70	Reliable
	PDP2	0,686		0,1671		Valid			
	PDP3	0,550		0,1671		Valid			
	PDP4	0,735		0,1671		Valid			
	PDP5	0,810		0,1671		Valid			

Source: SPSS output (processed data)

Based on the results of the SPSS output in the table above, all items have a calculated R-value (Pearson correlation) which is higher than the r table, meaning that all items used in this study have met the validity test criteria.

3.1.2. Reliability Test

The Guttman scale reliability test on the financial literacy variable was carried out using the KR-20 method and produced a value of 0.7133 which indicated that the respondent's answers were categorized as having a high level of reliability. Furthermore, the Likert scale reliability test on the locus of control and retirement planning variables was carried out by one shot or one-time measurement by observing the Cronbach Alpha value with a cut value of 0.70. Based on the calculations that have been done as shown in table 1, the value of Cronbach alpha at the control variable locus is 0.715, and the pension program is 0.716. Thus, all variables in this study have met the requirements of the reliability test.

3.1.3. Normality Test

The normality test was carried out by several methods, including analyzing histogram graphs and normal P-Plot patterns and passing the one-sample Kolmogorov-Smirnov test. Based on observations on the Normal Probability plot, it is known if the points are distributed in the range of the diagonal line and follow the direction of the diagonal line. Furthermore, statistical analysis performed using the Kolmogorov-Smirnov (K-S) test obtained a significance value of $0.065 > 0.05$. Therefore, all the test results above show that the residual data are normally distributed.

3.1.4. Multicollinearity Test

The multicollinearity test is determined by the value of VIF and tolerance. If a data has a VIF value of more than 10 and a tolerance value of less than 0.1, it means that the data is assumed to have multicollinearity symptoms and vice versa. In more detail, the results of the multicollinearity test are presented in the table below:

Table 2
MULTICOLLINEARITY TEST RESULTS

Model		Collinearity Statistics	
		Tolerance	VIF
1	<i>Financial literacy</i>	0,985	1,015
	<i>Locus of Control</i>	0,978	1,022
	Income	0,973	1,028
	Level of Education	0,974	1,027

Source: SPSS output (processed data)

Based on table 2, all independent variables have a VIF result of not more than 10 and a tolerance value above 0.1. These results indicate that all independent variables used in this study have no sign of multicollinearity.

3.1.5. Heteroscedasticity Test

The heteroscedasticity test was carried out by observing the scatterplot graph and Spearman's test. In the scatterplot graph, it can be seen that the points spread randomly at the top and bottom of the number 0 on the Y-axis. Then the Spearman test is carried out by reviewing the results of the significance of the four independent variables with criteria >0.05 . Based on the tests that have been carried out on all independent variables, a significance value of > 0.05 is obtained, which indicates that there are no symptoms of heteroscedasticity.

3.1.6. Multiple Linear Regression

The relationship between the independent variable and the dependent variable in this multiple linear regression model can be explained by table 3, with the regression equation model (1). In this calculation, the constant results in the regression equation model are 11,465, which means that if all variables are constant, the retirement planning carried out by elementary school teachers with civil servant status is 11,465. Financial literacy has a regression coefficient of 0,518, which means that if each financial literacy increases 1 time, retirement planning will also increase by 0,518 times. The value of the locus of control regression coefficient is known to be 0,166, meaning that if the locus of control has increased 1 time, the retirement fund planning will have an increase of 0,166 times.

$$Y = 11,465 + 0,518FL + 0,166LC + e \dots\dots\dots(1)$$

Table 3
MULTIPLE LINEAR REGRESSION TEST RESULTS

Model	Unstandardized Coefficients	Prob	Sig
1 <i>(Constant)</i>	11,465	3,660	,000
<i>Financial literacy</i>	,518	3,525	,001
<i>Locus of Control</i>	,166	2,084	,040
Income	,469	,467	,642
Level of Education	of -,664	-,961	,339
F Test		4,613	0,002
Adj R Square	,13		

Source: SPSS output (processed data)

3.1.7. F Statistic Test

The F test concludes that the calculated F value is 4,613 with a significance result of 0,002 which is smaller than 0,05, so all independent variables simultaneously affect retirement planning.

3.1.8. T Statistic Test

The results of the t-statistical test show that the t-count value for the financial literacy variable is 3,525 and the locus of control is 2,084 and the significance value of each variable is 0,001 and 0,040. The results of t-count on the locus of control variable and financial literacy indicate that these two variables have a significant effect on retirement planning. Then H1 is accepted and H0 is rejected. While the income and education level variables have no significant effect on retirement planning because they have a significant value above 0,05 so that H0 is accepted and H1 is rejected.

3.1.9. Determination Test

The results of the determination test with an Adjusted R Square value of 0,130 or 13%, which means that about 13% of the variation in the dependent variable, namely retirement planning, is explained by the model, while the remaining 87% of the variance in retirement planning is explained by other factors excluded from this pattern.

3.2. Discussion

3.2.1. The Effect of Financial Literacy on Retirement Planning

Financial literacy is proven to influence retirement planning. These results are the following studies conducted by Fornero & Monticone (2012), Kimiyagahlam et al., (2019), Kadir et al., (2016), Klapper & Panos (2011), and Manurung (2018) which give results if financial literacy impact on retirement planning.

This research implies that the results are related to Theory of Planned Behavior which underlies a person's intention to behave, one of which is determined by the individual's background, namely financial literacy, where the high and low financial literacy will be directly proportional to the individual's intention in retirement planning. This result is because someone with high financial literacy tends to be better able to know and use financial-related information to help them make good decisions regarding financial issues. Broad insight related to financial problems in the future will make individuals understand that from time to time various needs in life will increase, as a result, individuals will be encouraged to plan a retirement fund as a form of anticipation. The more sources of information a person gets, the more skills and confidence a person gains, thus helping the individual in planning and making the best decisions as a form of retirement preparation. Someone with high financial literacy will certainly understand various financial products such as banking, investment, and insurance so that they can allocate their funds more precisely. In this case, financial literacy is not always obtained through formal education, but can also be obtained from informal education such as discussions, social media, seminars, and many more.

From the influence of financial literacy on retirement planning, it is hoped that a high level of financial literacy in primary school teachers with civil servant status can encourage teacher's initiatives in managing personal finances to pay more attention to planning their retirement funds to support retirement readiness finances.

3.2.2. The Effect of Locus of Control on Retirement Planning

The results of the study conclude that if the locus of control has a significant effect on retirement planning, then H2 is accepted. The level of internal locus of control for PNS elementary school teachers is directly proportional to their retirement plan. This result is also following the research of Ahmad et al., (2020) and Manurung, (2018) which revealed that internal locus of control has a significant effect on retirement planning.

This research implies that the results are related to social learning theory which underlies a person's intention to behave, one of which is determined by individual interactions with their external and internal environments. Individuals who have a high internal locus of control will be more confident. Based on respondent's answers to the questionnaire given, it is known that respondents believe that there is a correlation between the actions taken and the results they will get. High internal locus of control indicates that respondents do not believe in destiny and luck, they believe more if what they do now can bring consequences for their lives in the future. This individual awareness will encourage someone to take the best steps and be more careful in managing finances. Respondents explained the current efforts they can do to manage personal finances, including preventing waste and making plans, one of which is planning for retirement funds for welfare in old age.

3.2.3. The Effect of Income on Retirement Planning

Based on the results of hypothesis testing, it is known that if income does not affect retirement planning, then the third hypothesis (H3) is not accepted. These results contradict the research of Moorthy et al. (2012), Mansor et al. (2015), Ng et al. (2011), and Wahyuningsih (2018) which prove that income affects retirement planning.

This research implies that the results are not in line with the Theory of Planned Behavior which underlies a person's intention to behave, one of which is determined by the individual's background, namely income, where the high and low income will be directly proportional to the individual's intention in planning a retirement fund.

Several things may cause the results in this study. One of which is 88.78% of elementary school teachers with civil servant status in the city of Surabaya who are respondents in this study have income in intervals of two, so the data obtained are almost the same. In addition, by the area of questionnaire distribution, namely the city of Surabaya that has a high cost of living, it may be difficult to set aside some income for retirement, especially for elementary school teachers with civil servant status with low income because the high cost of living is not in line with the income received. The same condition can also occur for elementary school teachers who are civil servants with high salaries because they may create a desire to carry out higher consumption activities so they will tend to ignore retirement planning.

3.2.4. The Effect of Education Level on Retirement Planning

The level of education is not proven to affect retirement planning, meaning that the fourth hypothesis (H4) is rejected. These results are not following the research of Moorthy et al. (2012) and Mansor et al., (2015) who concluded that there is an effect of education level on retirement planning.

This research implies that the results are not based on the Theory of Planned Behavior that underlies a person's intention to behave, one of which is determined by the individual's background, namely education, where the level of education is directly proportional to the individual's retirement planning intention. This result could be because 76.53% of primary school teachers with civil servant status in the city of Surabaya who was respondents in this research had educational backgrounds at intervals of two, so the data obtained were almost the same. In addition, the results of the interview found the fact that globalization has encouraged the development of technology and the ease of accessing information from all over the world helps elementary school teachers add insight related to certain topics. One of which is financial problems so that respondents who do not receive a high formal education can also gain knowledge to prepare for retirement.

4. Conclusion

According to the findings of the study, the variable with the greatest impact on retirement planning for elementary school teachers with civil servant status in Surabaya is financial literacy. Each individual's level of knowledge, understanding, and skills in managing finances has an impact on the planning of teacher's retirement planning in Surabaya. Furthermore, the locus of control factor influences the teacher's retirement planning. A person's intention to plan a retirement fund will grow from within himself who believes that what will happen in the future in the context of financial well-being is the result of actions in the present. While the factors of income and education level are not proven to have an impact on the retirement fund planning for Elementary School Teachers with Civil Servant Status in Surabaya. This is due to the high level of financial literacy and the awareness from within, as evidenced by a good internal locus of control, making the level of income and education level owned will not affect the teacher's intention in retirement planning.

The implications of the study's findings are expected to benefit those in need, including teachers with civil servant status, PT Taspen, and additional researchers who will pursue research topics related to retirement planning. The findings of this study are expected to be one of the factors considered by PT Taspen when developing policies and strategies to not only manage pension funds from teachers with Civil Servant status but also to provide education so that teachers understand the importance of planning retirement early on. For the next researcher who will study the same theme, it is recommended to use spiritual intelligence, money attitude, and family education variables or variables other than those used in this research by increasing the total respondents so that the results obtained are more accurate.

Some of the limitations that exist in this study include a questionnaire on the dependent variable, which is still perceptual, not actual, and the results of Adjusted R square, which are still very low at 13% while the remaining 87% is influenced by variables outside the model.

Reference

- Ahmad, G. N., Hamidi, M. S., & Prihatni, R. (2020). Pengaruh Locus Kendali, Kapabilitas Keuangan, Ketersediaan Keuangan dan Kecanggihan Keuangan terhadap Perencanaan Pensiun. *Jurnal Riset Manajemen Sains Indonesia (JRMSI)*, 11(2), 364–380.

- <https://doi.org/doi.org/10.21009/JRMSI.011.2.09>
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211.
- Ajzen, I. (2005). *Attitudes, Personality, and Behavior* (2nd ed.). Open University Press.
- Anderson, M., Yaojun, L. I., Bechhofer, F., McCrone, D., & Stewart, R. (2000). Sooner rather than later? Younger and middle-aged adults preparing for retirement. *Aging and Society*, 20(4), 445–466. <https://doi.org/10.1017/S0144686X99007837>
- Ariani, S. (2015). Pengaruh Literasi Keuangan, Locus of Control, dan Etnis terhadap Pengambilan Keputusan Investasi. *Ilmu Manajemen Dan Bisnis*.
- BKN. (2020). *Buku Statistik PNS Juni 2020* (Juni 2020). Badan Kepegawaian Negara. <http://library1.nida.ac.th/termpaper6/sd/2554/19755.pdf>
- BPS. (2019). *Jumlah Pegawai Negeri Sipil Daerah Menurut Kabupaten-Kota dan Jenis Kelamin di Provinsi Jawa Tengah 2015-2018*. <https://jateng.bps.go.id/dynamictable/2019/02/08/217>
- Chen, H., & Volpe, R. P. (1998). An Analysis of Personal Financial Literacy Among College Students. *Financial Services Review*, 7(2), 107–128.
- Ekerdt, D. J., & Hackney, J. K. (2002). Workers' ignorance of retirement benefits. *Gerontologist*, 42(4), 543–551. <https://doi.org/10.1093/geront/42.4.543>
- Fornero, E., & Monticone, C. (2012). Financial Literacy and Pension Plan Participation in Italy. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1810475>
- HSBC. (2018). *The Future of Retirement: Bridging the Gap* (pp. 1–7). <file:///C:/Users/Chrizaan/Downloads/180910-future-of-retirement-bridging-the-gap.pdf>
- HSBC. (2019). *9 in 10 Indonesians are Not Yet Ready to be Crazy Rich Retiree*.
- Kadir, M. S. A., Sahallan, N. A., Ismail, M., Mazalan, M. I., & Shariff, S. (2016). The Factors Influencing Retirement Planning Management (RPM) Among Sime Darby Research Employees: A Conceptual Framework. *Journal of Business Innovation Journal Inovasi Perniagaan*, 1, 1–14.
- Kemenkes RI. (2017). Analisis Lansia di Indonesia. *Pusat Data Dan Informasi Kementerian Kesehatan RI*. www.depkes.go.id/download.php?file=download/.../infodatin_lansia_2016.pdf%0A
- Kemenkes RI. (2019). Indonesia Masuki Periode Aging Population. *Pusat Data Dan Informasi Kementerian Kesehatan RI*, 11–13.
- Keuangan, O. J. (2017). Strategi Nasional Literasi Keuangan Indonesia (Revisit 2017). *Otoritas Jasa Keuangan*, 1–99.
- Kimiayahlam, F., Safari, M., & Mansori, S. (2019). Influential Behavioral Factors on Retirement Planning Behavior: The Case of Malaysia. *Journal of Financial Counseling and Planning*, 30(2), 244–261. <https://doi.org/10.1891/1052-3073.30.2.244>
- Kings, J., Turkisch, E., & Manning, N. (2007). Public Sector Pensions and The Challenge of An Ageing Public Service. *OECD Working Papers on Public Governance*. <https://doi.org/10.1787/285530706017>
- Klapper, L., & Panos, G. A. (2011). Financial literacy and retirement planning: The Russian case. *Journal of Pension Economics and Finance*, 10(4), 599–618. <https://doi.org/10.1017/S1474747211000503>
- Kusumawanti, D. (2018). The Effect of Materialism, Future Orientation, and Income to The Retirement Fund Planning in Surabaya. *Ilmu Manajemen Dan Bisnis*, 2.
- Lee, W. K. M., & Law, K. W. K. (2004). Retirement Planning and Retirement Satisfaction: The Need for A National Retirement Program and Policy in Hong Kong. *Journal of Applied Gerontology*, 23(3), 212–233. <https://doi.org/10.1177/0733464804268591>
- Lestari, R. W. (2011). Pengaruh Upah, Tingkat Pendidikan dan Teknologi Terhadap

- Produktifitas Tenaga Kerja Pada Industri Kecap di Kecamatan Pati Kabupaten Pati. In *Skripsi. Jurusan Ekonomi Pembangunan*.
- Lusardi, A., & Mitchell, O. S. (2011). Financial Literacy and Planning: Implications for Retirement Wellbeing. *National Bureau of Economic Research*. <https://doi.org/10.3386/w17078>
- Mansor, M. F., Hong, C. C., Abu, N. H., & Shaari, M. S. (2015). Demographic Factors Associated with Retirement Planning: A Study of Employees in Malaysian Health Sectors. *Asian Social Science*, 11(13), 108–116. <https://doi.org/10.5539/ass.v11n13p108>
- Manulife. (2014). *Manulife Investor Sentiment Index Study*. 1–37.
- Manulife. (2017). *Manulife Investor Sentiment Index Study* (pp. 1–30).
- Manurung, S. M. B. (2018). Pengaruh Literasi Keuangan, Locus of Control Internal, dan Status Pernikahan terhadap Perencanaan Dana Pensiun di Surabaya. *Ilmu Manajemen Dan Bisnis*, 2, 227–249.
- Moorthy, M. K., Chelliah, T. D. a/l, Sien, C. S., Leong, L. C., Kai, N. Z., Rhu, W. C., & Teng, W. Y. (2012). A Study on the Retirement Planning Behaviour of Working Individuals in Malaysia. *International Journal of Academic Research in Economics and Management Sciences*, 1(2), 54–72.
- Ng, T.-H., Tay, W.-Y., Tan, N.-L., & Lim, Y.-S. (2011). Influence of Investment Experience and Demographic Factors on Retirement Planning Intention. *International Journal of Business and Management*, 6(2), 196–203. <https://doi.org/10.5539/ijbm.v6n2p196>
- OJK. (2020). *Statistik Dana Pensiun Agustus 2020*.
- Perry, V. G., & Morris, M. D. (2005). Who Is in Control? The Role of Self-Perception, Knowledge, and Income in Explaining Consumer Financial Behavior. *The Journal of Consumer Affairs*, 39(2), 299–313. <https://doi.org/10.1111/j.1745-6606.2005.00016.x>
- Putri, D. A. E. (2016). Pengaruh Pendapatan, Motivasi Kerja dan Disiplin Kerja terhadap Kinerja Guru Ekonomi SMA Negeri di Kabupaten Solok. *JUSIE (Jurnal Sosial Dan Ilmu Ekonomi)*, 1(1), 12–21.
- Putri, I., & Iramani. (2019). Determinan Perencanaan Dana Pensiun Keluarga pada Masyarakat NTT (Sumba Barat Daya). *Ilmu Manajemen Dan Bisnis*, 1–19.
- Rahmawati, D. M. (2018). Pengaruh Orientasi Masa Depan, Money Attitude dan Self Control pada Perencanaan Dana Pensiun di Surabaya. *Ilmu Manajemen Dan Bisnis*, 2.
- Rotter, J. B. (1954). Social Learning and Clinical Psychology. In *The War System: An Interdisciplinary Approach*. Prentice-Hall. <https://doi.org/10.4324/9781315080390-7>
- Rotter, J. B. (1966). Generalized Expectancies for Internal Versus External Control of Reinforcement. *Psychological Monographs: General and Applied*, 80(1).
- Shafee, N. B., Mohamed, Z. S. S., Suhaimi, S., & Nadiyah, N. A. (2018). Future Retirement Planning Among Malacca Youth. *Global Business and Management Research: An International Journal*, 10(3), 372–381.
- Shanmugam, A., Zainal Abidin, F., & Tolos, H. (2017). Issues in Retirement Confidence among Working Adults in Malaysia : A Conceptual Paper. *IOSR Journal of Economics and Finance (IOSR-JEF)*, 8(6), 1–11. <https://doi.org/10.9790/5933-0806020111>
- Surabaya, P. K. (2019). Rencana Kerja Pemerintah Daerah (RKPD) Kota Surabaya Tahun 2019. In *Bappeko.Surabaya.Go.Id*. Pemerintah Kota Surabaya. <https://bappeko.surabaya.go.id/informasi-publik/item/74-rkpd-2020>
- Wahyuningsih, I. (2018). Pengaruh Demografi terhadap Perilaku Perencanaan Keuangan Dana Pensiun. *Ilmu Manajemen Dan Bisnis*.