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Analysis of the determinants on Retirement Planning in Kenya: A Survey of registered pension schemes in Nairobi

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ABSTRACT

The Main objective of the study was to explore the determinants of Retirement Planning in Kenya a survey of registered pension schemes in Nairobi. The population of the study comprised of members of registered pension schemes in Nairobi. Stratified sampling was used to select respondents from each of the sampled schemes. T test was used to examine the data with the objective determining whether there is a significant relationship between financial literacy and retirement planning. A number of conclusions can be drawn from the results of this study that show the relationship between financial literacy and retirement planning and various social economic characteristics. The findings indicate that financial literacy, income and a respondent's education level are a significant determinant of retirement planning. On the other hand, age and years a respondent has been married are not significant determinants of retirement planning. Overall however, the financially literacy was a major determinant for members of pension schemes largely because financial literacy has an effect on both savings and portfolio choice. We can therefore conclude that financial literacy is a significant determinant of retirement planning for pension scheme members and there exists a relationship between financial literacy and retirement planning.

1.0 Background of the Study

Retirement can be a rewarding phase of one's life. However, a successful, happy retirement doesn't just happen. It takes planning and continual evaluation. Thinking about retirement in advance can help in understanding the retirement process and in gaining a sense of control over the future (Kapoor et al 1994).

Magera (1999) defines retirement planning as a systematic way of setting aside resources (funds), business project and time for the purpose of providing income in the old age. The goal of social protection is not mere survival, but social inclusion and preservation of human dignity (Keizi, 2006). It is vital to engage in basic retirement planning activities throughout your working years and to update retirement plans periodically. While it is never too late to begin sound financial planning, you can avoid many unnecessary and serious difficulties by starting this planning early. Saving now for the future requires tackling the tradeoff between spending and saving (Kapoor et al., 1994)

Financial education is growing in leaps and bounds in the western world because of financial intricacies that have increased in the world economy and Africa is not exempted as it is part of the global village (Monyoncho, 2010).Financial literacy plays a critical role in influencing the savings behavior and member participation in pension schemes in addition to reducing debt loads and accumulating wealth and managing it effectively (Agnew et al., 2007; FSD, 2008a; Lusardi et al 2010). Financial education has an important role to play on an economy wide level. For example, financially educated customers are more likely to save and to save more than their less financially literate counterparts. The increase in savings associated with greater financial literacy should have positive effects on both investment levels and economic growth (FinEd, 2011).

Financial literacy has been defined as the ability to make informed judgments and to take effective decisions regarding the use and management of money (Worthington, 2005). FSD (2009) on the other hand defined it as an individual's ability capacity to make financial decisions and judgments that contribute to his or her immediate and long-term financial security. The authors suggest that financially literate population is able to make informed decisions and take appropriate actions on matters affecting their financial wealth and wellbeing. Financial literacy requirements change over the life time of an individual in response to the changing financial needs and are therefore important in the private pensions field due to the unique nature of the financial products supplied which are complex, long-term and have social coverage (OECD, 2008).

According to Bernheim (1995) most individuals lack basic financial knowledge and numeracy. Several surveys covering the U.S population or specific subgroups consistently have documented very low levels of economic and financial literacy. In 2003, Hilgert, Hogarth, and Beverly examined data from the 2001 survey of consumers, in which respondents (ages 18 to 98 years) were given financial literacy quizzes covering knowledge about

credit, saving patterns, mortgages and general financial management. Most respondents earned a failing score on these questions documenting wide illiteracy among the entire U.S population.

People have to take increasing individual responsibility for their financial affairs unlike in the past when the governments provided basic facilities. This calls for skills that can be obtained through financial education (Monyoncho, 2010). Greenspan (2001) argued that as market forces continue to expand the range of providers of financial service, consumers will have much more choices and flexibility in how they manage their financial matters. They will need to accumulate appropriate knowledge on how to use technology and on how to make financial decisions an informed manner. The need for financial literacy has been prompted by the increasing responsibility on the part of individuals for their own financial security. Well informed, financially literate consumers are better placed to make sound decisions for their families and thus are in a position to increase their economic well being (Greenspan, 2005).

Life expectancy has improved globally and Kenya is no exception. People are now living longer in retirement. Further as retirement benefits continue to diminish medical costs continue to escalate with age. Higher inflation further erodes the little retirement savings. The other problem is that Kenyans retire with only 20% of their total income before retirement which is very little to support one in retirement especially now that we have a changing social culture where parents can no longer rely on their children to support them in old age. Therefore old age saving should be classified as a priority and prudent management of pension fund is also absolutely necessary to guarantee old age saving (Gichuki, 2008).

Kenya's vision 2030 (strategic plan to achieve key economic milestones by 2030) documents pension provision as an important pillar to achieving economic growth and faster development of the financial markets. In the long-term therefore, the population should be empowered to make financial decisions which will in turn contribute to the reduction in old age poverty as the population will be empowered to make rational financial decisions for their interests in both the short term and the long-term (Kefela, 2010). Furthermore, the expansion of financial services in Kenya creates not only great opportunities, but also more potential for the general population to take wrong financial decisions hence the need to enhance financial literacy initiatives.

Data on financial literacy and capability levels in Kenya from 2009 indicate that there are significant gaps in basic knowledge and concerns with managing money are wide spread Most Kenyans know what it means to budget (about 70%) but a sizeable number of people have limited capability or discipline to do so (FSD 2009).

A saving for retirement culture is largely absent in African countries due to the traditional systems of old age support by children and lack of knowledge on savings options (Odundo, 2003), which is evident from the fact that only 15% of Kenyans were in any form of pension arrangement by 2009 . According to Odundo (2003) less than 5% of the total Kenyan population contributes towards social security fund. This means that majority of the population must have individual arrangement to make saving for their retirement. This calls for sound management of personal finances, referred to as financial literacy in this study. Financially literate consumers are those who have the ability to make informed judgments and to take effective actions regarding their current and future use and management of their money (Basu, 2005).

Due to lack of long-term financial planning most Kenyans were hooked to short term financial goals otherwise referred to as 'striking deals', merry go rounds and even pyramid schemes at the expense of long term financial goals. According to Kirago (2007) most people thought that they will continue to work at even old age. Most young people were not concerned with their retirement savings. Many Kenyans start to think about retirement when they are about to retire, only to realize that they did not prepare for it early enough. Kirago further states that, to avoid unnecessary money hurdles one should plan for every cent and save the surplus. The report added that most people sit down to deliberately consider the implications of various courses of action and select the one they will follow only when faced with changed circumstances. This is because people do not have a comprehensive financial plan, do not know why they need one and often begin planning when it's too late. The report concluded that anyone who operates with a written financial plan is not caught off guard during old age.

1.1 Statement of the Problem

Life expectancy has improved globally and Kenya is no exception. People are now living longer in retirement. Further as retirement benefits continue to diminish medical costs escalate with age. The other problem is that Kenyans retire with only 20% of their total income before retirement which is very little to support them in retirement especially now that we have a changing social culture where parents can no longer rely on their children to support them in old age (Gichuki, 2008). Therefore retirement planning should be classified as a priority and prudent management of retirement savings is also absolutely necessary to guarantee old age safety.

Internationally many studies have been done in the area of financial literacy and retirement planning. Financial literacy has been studied from different aspects. Government entities and private organizations in developed

nations have conducted surveys to measure the financial literacy level of their population. A study by the OECD (2005) reviewed financial literacy in twelve countries including USA, United Kingdom, European countries, Australia, and Japan. The study found that all of the surveys conducted in those countries concluded that financial literacy is very low for most respondents. Other studies have confirmed the positive association between financial knowledge and household financial decision making. Hilgert and colleagues (2003) documented a positive link between financial knowledge and financial behaviour.

Locally, most studies have focused on financial literacy and retirement planning as separate subjects. Monyoncho (2010) found preliminary evidence that working in a finance and investment environment does not make one have drastically different behaviours compared to those who do not. The study further observed that there is no significant difference between those who are financially literate and those who are not. He suggested that future research was needed to look into ways of testing financial literacy and the study be carried out to different demographic groups.

Although extensive studies have been done mostly in Europe and America on financial literacy and retirement planning, literature and data on Kenya's long-term financial planning and financial literacy programs is limited, with very little evidence of any studies evaluating the relationship between financial literacy and retirement planning. This study therefore aims to determine whether the level of retirement planning tends to vary according to financial literacy and other demographic factors. There is therefore a knowledge gap on the role of financial literacy and other demographic factors (age, income, marital status, and education level) in retirement planning and it is this gap the study seeks to fill.

1.2 Objectives of the Study

The Main objective of the study was to explore the determinants of Retirement Planning in Kenya a survey of registered pension schemes in Nairobi.

1.3 Significance of the Study

To individuals, the study is expected to benefit individuals who will get insight in to the importance of financial literacy in regard with retirement planning. These include financial management practices such as savings, budgeting, cash flow management, credit management and asset accumulation. These practices will reduce their stress due to poor financial behaviours (Garman et al, 1996).

To employers, the study will enable them see the need to introduce workplace financial education to enhance financial literacy which will in effect enhance worker efforts to plan and save for retirement. Financial illiteracy is known to result in poor management of finances and in many cases low employee work production.

To the Government and Policy makers, the study will give insight in the government and its policy role especially in the Ministry of Finance on the impact of financial literacy on long-term financial planning and the Retirement benefits Authority by helping them identify training needs of Kenyans. The ministry of Education and higher education will also gain insight on the need for making financial education a part of the school curriculum. The result of the study will inform the ongoing financial sector reforms in the country.

To academicians, the study will contribute to the existing body of knowledge on financial literacy in Kenya. It will also stimulate prospective researchers to replicate the study in other sectors of the economy and in other regions of the country.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Lifecycle Hypothesis

The lifecycle hypothesis by Ando & Modigliani (1963) dealt with economic decisions on retirement saving in particular the rationalization of an individual's income in order to maximize its utility over his lifetime. It stated that households accumulate savings during their working careers up to their retirement, and accumulate wealth thereafter. This type of saving behaviour enables households to smooth their marginal utility of consumption over the lifecycle. Their achievement laid primarily in the rationalization of the idea in to a formal model which they developed in different directions and integrated within a well defined and established economic theory. This model assumes the following assumptions about human behaviour. They are forward looking across the span of their lifetimes; they can predict the financial resources they will have over their lifetime, they understand something about the financial resources they will need in successive periods of their lives, they make informed choices about the use of their financial resource.

2.1.2 Permanent Income Hypothesis

The permanent income hypothesis by Friedman (1957) investigated pre-and post-retirement living standards in "straightening out the consumption stream". It hypothesized that individuals base their consumption on a long term view of an income measure, perhaps a notion of lifetime wealth or a notion of wealth over a reasonably long horizon. The basic hypothesis posited is that individuals consume a fraction of this permanent income in each period and this is the average. Propensity to consume would equal the marginal propensity to consume.

2.1.3 Unified Theory of Personal Finance by Scott Adams

Scott Adams nine point formula for all personal finance decision states that individuals and households would manage their resources best if they adopted the following procedure. Make a will, pay off your credit cards; get term life insurance if you have a family to support; fund your retirement to the maximum; fund your IRA to the maximum; Buy a house if you want to live in a house and can afford it; put six months worth of expenses in a money market account; take whatever is left over and invest 70% in a stock index fund and 30% in a bond fund through any discount broker and never touch until retirement. If any of these confuses you or you have something special going on (retirement, college planning and tax issues), hire a fee based financial planner, not one who charges a percentage of your portfolio.

2.2 Determinants of Pension Finance Literacy

Arnone (2004) documents that the general population varies according to types of information they need and can process on pension finance. Arnone thus implies that distinct variables like age, education level, gender, job experience, management level, income and marital status influences a person's knowledge on pension finance matters. These factors are discussed in turn;

2.2.1 Age

According to Arnone (2004), older individuals are likely to be more knowledgeable on pension finance matters since retirement planning programs are limited to those who are about to retire where the goal of this pre retirement planning program is to help participants identify their basic retirement decisions and start preparing for retirement. Additionally, retirement savings increases with age, which creates consciousness amongst the population as they grow older suggesting that they will seek more of pension finance knowledge.

2.2.2 Education Level

Individuals with higher education have more knowledge on financial and pension matters (Hastings et al, 2011). Hastings et al, attribute the finding to the lack of understanding on basic concepts. Moreover, financial knowledge imparted on the young people form a basis for them to continue with similar education in to the middle age A higher level of education attainment leads to a higher likelihood of participating in a pension plan since financial literacy and schooling are significantly correlated (Bell et al, 2005).

2.2.3 Gender

According to RBA (2005), the knowledge on pension finance differs significantly between men and women as 60.7% of the men knew the benefits due to them on retirement in contrast to 57.7% of the women. The low level of pension finance matters by women is attributed to less enthusiasm for, low confidence in and less willingness to learn personal finance than men in addition to being less risk seeking than men.

2.24 Income

Individual's incomes are positively correlated to their knowledge and awareness of pension matters (Agnew et al, 2007; RBA, 2008; Hastings et al, 2011). Overall, budget constraints limit the individual's participation in education programs and limit their savings and consequent interest in participating in pension finance education programs. Retirement savings rise in proportion to income and age (Bell et al, 2005). For the low income, savings behaviour is difficult to track since many low income people lack consistent attachment to the labor force and are usually employed on seasonal contracts (Bell et al, 2005).

2.2.5 Marital Status

Married workers participate in pensions at a higher rate than the unmarried workers as a result of low financial literacy levels amongst the unmarried population (Bell et al, 2005) support the findings and point out that unmarried, more so divorced women near retirement age have substantially lower wealth levels than married

couples as a result of lack of adequate financial literacy. However, the authors argue that decision-making within couples is sensitive to the relative education level of the spouses for both men and women.

2.3 Empirical Evidence

Financial literacy surveys indicate inadequate pension literacy levels amongst the general population. For instance, DFID (2008) shows evidence that only half of the adult population in Africa knew how to use basic financial products. The same study found that in seven African countries only 29% of adults had a bank account and that approximately 50% used no financial products whatsoever, not even informal financial products. In Kenya, FSD (2009) reported that 59.5% of the population was excluded from the use of formal financial services. According to FSD (2009), exclusion decreases as the level of education increases from 55.9% for those with no education to 8% for those with tertiary education.

Magera (1999) in a study on “planning for retirement” noted that the retirement benefit sector in Kenya was still underdeveloped. He recommended that the Kenya social security sector be structured to enable it provide adequate security to its members with choice and provide effective education to prepare people psychologically for retirement and also harmonizing of pay to reduce the gap between the poorly paid public sector and highly paid private sector.

Siringi and Lumwanu (2007) carried out a study on reprieve and crisis for pensioners. In his study, he observed that many public servants and 230,000 plus teaching staff had shunned the new contributing pension scheme introduced by the government. The main reason according to then KNUT secretary general (Francis Nganga) was that they failed to receive adequate guidance on how it could benefit them. According to the chairman of the association of retirement benefits schemes (ARBS), individual pension plans (IPP) were introduced in the country a few years ago and therefore Kenyans were only beginning to know about them. The report called on sobriety on issues concerning one’s pension plan that should be done through wide consultation especially of experts. There’s need for effort, particularly by the providers to educate the public about the IPP’s including their importance and shortcomings. The report concluded that some retirees who are suddenly faced with huge sums of cash they had not planned for ended up squandering it thus giving a negative impression to potential savers.

Monyoncho (2010) carried out a study on the effect of financial literacy on personal financial management practices, various survey questions were posed to employees of finance and banking institutions, the survey data was obtained from 192 employees using a structured questionnaire. He found out that there was a significant difference between the finance and non finance respondents as far as personal financial management practices are concerned. The results showed that those who are financially educated do practice to an extent the standard financial behaviours. He also showed that one can still practice financial management behaviours whether or not they are financially literate as a result of other available avenues of acquiring financial knowledge. This therefore means that financial literacy influences personal financial management practices.

Gitau and Otsola (2011) carried out a survey on predictors of Pension Financial literacy; they surveyed members of occupational pension schemes in Kenya. The study sought to determine the pension financial literacy levels and the variables that influence it. They found out that pension financial literacy differs significantly on the basis of age, education level, gender, job experience, management level, income, pension plan design, participation in previous pension financial literacy program, area of specialization and membership in a pension plan board but does not differ on the basis of marital status of the individual.

RBA (2011) carried out a survey of pension scheme members in Kenya to assess the levels of finance and pension literacy, determine the financial literacy needs, establish the challenges to participation in finance and pension education and recommend the strategies that be put in place to enhance financial and pension literacy among the members of pension schemes in Kenya. A sample of 2395 employees was drawn from the members of 1308 pension scheme across Kenya. The results indicated that the pension scheme members have higher level of knowledge on pension scheme practices than general financial literacy issues and identified the lack of forum for involvement and lack of understanding of pension fund matters as the major hindrances to participation in pension scheme affairs.

3.0 METHODOLOGY

3.1 Research Design

This was a descriptive quantitative study which aimed at determining the relationship between financial literacy and retirement planning. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out who, what, where and how of a phenomenon. This study aimed at providing background of a situation and also a detailed relative accurate picture, therefore it was descriptive. The target population of the study comprised of members of registered Pension Schemes in Nairobi. According to data from the RBA website

as at the time the study took place, there were 787 registered pension schemes in Nairobi. Roscoe (1975) proposes a rule of thumb for determining a sample size and says that a size of 30 to 500 is appropriate for most researches. Since it was not possible to access the whole population of interest due to the large number involved, a sample of 10% (79 Schemes) was used. The participating schemes were randomly selected and non-proportional stratified sampling used to select 2 members from each scheme so that the total number of individuals sampled was 158. Data Analysis on Retirement planning was measured by the cumulative amount of money that individuals had saved for retirement. Financial Literacy was measured on a likert scale of between 0 – 4 where respondents were asked to indicate on a 5 point scale (Not at all to very large extent) the degree to which they understood and practiced various financial concepts. Not at all (0) indicated that they were not knowledgeable while very large extent (4) indicated they had sufficient knowledge. Income was measured by the monthly income of the individuals, age was measured by an individual's current age from birth, years married was measured by the number of years individuals had been married, while education level was measured by the highest education level individuals had obtained.

4.0 Findings & Interpretations

4.1 Determinants of Retirement Planning

One reason people fail to plan for retirement, or do so unsuccessfully is because they are financially illiterate. In this case, they fail to appreciate the role of (or may have a hard time solving problems with) compound interest, inflation, and risk. There is research linking financial literacy and retirement planning for a range of population subgroups (Lusardi, 2008, Lusardi and Mitchell 2007a, 2008a, 2009, 2011). This new dataset is useful in determining whether this finding is robust and whether it holds true. To do so, we used multivariate regression analysis to relate the determinants of retirement planning. The sample was restricted to respondents who are members of pension schemes in Nairobi, younger than age 60. We also omitted those younger than age 21, to eliminate those in school or not yet working. In this study Retirement planning was regressed against five independent variables. These were financial literacy, age, income, marital status and education level.

4.2 Multiple Regression Model Analysis

The researcher tested the overall data to determine whether there exists a relationship between financial literacy and retirement planning. Retirement planning was used as the dependent variable and financial literacy, age, income, years respondents were married and education level as the independent variables. Table 1 below gives the model summary;

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.665[a]	.442	.416	.762

Source: Research Findings 2014

Adjusted R^2 is called the coefficient of determination and it shows the change in the dependent variable due to changes in the independent variable, from the table above on model summary, the value of adjusted R square was 0.416, which is an indication that there is 41.6% variation in retirement planning due to changes in financial literacy, age, income, years respondents have been married and education level, this depicts that 41.6% change in retirement planning could be accounted for by changes in financial literacy, age, income, years respondents have been married and education level. From the R the study found that there was strong relationship between retirement planning and financial literacy, age, income, years respondents have been married and education level as shown by correlation coefficient (R) of 0.665.

The table 2 below indicates the results of the regression analysis which was carried out to determine the relationship between financial literacy and retirement planning.

Table 2: relationship on financial literacy and retirement planning

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.477	.569		6.108	.000
Financial Literacy	.213	.105	.125	2.033	.043
Age	.029	.134	.033	.216	.829
Respondents Monthly Income	.411	.071	.558	5.810	.000
Years in Marriage	-.034	.096	-.051	-.349	.728
Respondents Education Level	.192	.033	.424	5.760	.000

Source: Research Findings 2014

After running the regression on SPSS we found the values of Beta and the fitted equation is;

Retirement Planning=3.477+0.213(Financial Literacy)+0.029(Age)+0.411(Income)-0.34(Years respondents have been married)+0.192Education level)+ε_{ij}

The regression estimates suggest several interesting findings. First, financial literacy, income, and respondents education level are strongly and positively associated with retirement planning, and the results are statistically significant at conventional levels (P value less than 0.05). Age and years respondents have been married are statistically insignificant at the conventional level since they have a P value greater than 0.05.

4.3 Interpretation of Findings

Based on our findings on financial literacy, the overall financial literacy score was 52% (0.52 on a scale of 0-1) with a 3% variance. This indicated that the respondents were financially literate to a moderate extent. These results reinforce survey findings about financial literacy from Bernheim (1995), Hogarth and Hilgerth (2002), and Moore (2003), who report that most respondents do not understand basic financial concepts, particularly those relating to bonds, stocks, mutual funds, and the working of compound interest; they also report that people often fail to understand loans and, particularly, mortgages. It is noteworthy that our eight financial literacy questions reveal a similar lack of knowledge, even though these questions are quite a bit simpler and addressed to respondents who might have been expected to be more finally sophisticated, given lifetime exposure to financial contracts. Lack of literacy and financial sophistication can have important consequences. For instance, Calvert, Campbell, and Sodini (2006) show that households with greater financial sophistication are more likely to participate in risky assets markets and invest more efficiently. Hilgerth, Hogarth, and Beverly (2003) also demonstrate a strong link between financial knowledge and financial behaviour.

On retirement planning in table 3 above, the findings show that; there is a significant difference between the amounts respondents have saved. Older respondents in the age bracket 51-60 have saved more for retirement (35% of the total retirement fund) based on the fact that they have been in employment for a much longer period and on average earn higher salaries (79,286 per month) compared to the rest. The finding confirms the assertions of Arnone (2004); Bell *et al* (2005), RBA (2005) and Edmiston & Gillet-Fisher (2006) who argued that older employees are likely to have more exposure and hence higher pension literacy and therefore better retirement planning.

From the regression model in table 5 above, financial literacy, age, income, years respondents have been married and education level to a constant zero, amount saved for retirement would be 3.477, its established that a unit increase in financial literacy would cause amount saved for retirement to increase by a factor of 0.213, a change in age would cause amount saved for retirement to increase by a factor of 0.029, a change in the respondents monthly income would cause amount saved for retirement to change by a factor of 0.411, a change in the number of years a respondent has been married would cause amount saved for retirement to change by a factor of -0.034, further a change in the respondents education level would cause amount saved for retirement to change by a factor of 0.192. Thus, we are in a position to make conclusion for the study.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

A number of conclusions can be drawn from the results of this study that show the relationship between financial literacy and retirement planning and various social economic characteristics. The findings indicate that financial literacy, income and a respondent's education level are a significant determinant of retirement planning. On the other hand, age and years a respondent has been married are not significant determinants of retirement planning.
Overall however, the financially literacy was a major determinant for members of pension schemes largely because financial literacy has an effect on both savings and portfolio choice. We can therefore conclude that financial literacy is a significant determinant of retirement planning for pension scheme members and there exists a relationship between financial literacy and retirement planning.

5.4 Recommendations

Members can plan better for retirement by increasing their contributions to pension schemes since RBA allows members to add additional voluntary contributions to their contributions and therefore increase their savings. They can also join individual pension plans (IPP's) which are provided by various insurance companies in the country.
Generally, financial literacy levels were slightly above average (52%), members can improve their financial literacy levels by undertaking courses in finance and reading financial journals and being keen on business issues.
The government and various policy makers have a role to play in fostering financial education to individuals. RBA has been carrying out various trainings of its members and these needs to be increased. The association of retirement benefit schemes (ARBS) has been carrying out various trustee trainings but they should ensure that this trickles down to the individual members and not the trustees only. Similarly, education programs targeted specifically to particular subgroups may be better suited to address large differences in preferences and saving needs.

5.4 Suggestion for Further Research

The present study should be replicated to include pension scheme members in other regions of the country to find out whether the same results will be obtained. The sample size should also be increased to get a more representative sample and make better conclusions.
The study should also be replicated to include Kenyans working in the informal sector and find out if they save for retirement and how they save, either through personal pension plans or by saving in the bank.
The study can be carried out to include those who have already retired or who are above the age of 60 years as this study was limited to those below 60 years of age.
A broader research could be carried out to measure the impact of financial literacy on an individual's total net worth. This study would require greater resources and would require at least 3 years in order to educate individuals and measure the impact.
A study could also be carried out to determine what role policy makers can play, if any, to increase financial literacy levels in the country.

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