Contemporary Journal of African Studies Vol. 5 No. 2 (2018), pp. 26-59

Financial Literacy in an African Society: An Essential Tool for Retirement Planning

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Abstract

The paper explores the influence of financial literacy on retirement preparation among retirement planners. Purposive sampling was undertaken in selecting 131 respondents for the study. Data was subjected to univariate, correlation and thematic analysis. The results show a discrepancy regarding eligibility to contribute to and benefit from pension scheme and/or system. This has implications for savings in the long-term, establishing that such inadequate information dissemination and systemic challenges pertains. This is detrimental to the systematic process of resource mobilisation and allocation towards retirement, which encompasses pension contribution, savings, house acquisition, healthcare, relationship building. Public education programmes correlate with improved saving behaviour and financial decision-making. Pension system information and preparation towards life in old age are inseparable. These act to avoid old age poverty in an era of increased life expectancy. This is particularly important because financial literacy is a predictor of financial behaviour, whereas retirement preparation is a powerful predictor of wealth accumulation for life in old age.

Résumé

Cet article explore l'influence de l'éducation financière sur la préparation à la retraite chez les planificateurs de la retraite. L'échantillonnage téléologique a été employé pour sélectionner les 131 répondants pour l'étude. Les données ont été soumises à une analyse univariée, à une corrélation et à une analyse thématique. Les résultats montrent une divergence quant à l'admissibilité à cotiser au et à bénéficier du régime et / ou du système de retraite. Par conséquent, il y a des implications pour les épargnes à long terme, et ce, à cause de l'existence de la diffusion inadéquate d'informations et des défis systémiques. Cette situation nuit au processus systématique de mobilisation et de répartition des ressources pour la retraite

http://dx.doi.org/10.4314/contjas.v5i2.2

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comprenant les cotisations de retraite, les épargnes, l'acquisition des logements, la santé et l'entretien de relations. Les programmes d'éducation publique sont en corrélation avec une amélioration du comportement en matière d'épargne et de la prise de décisions financières. Les informations sur le système de la retraite et la préparation à la vieillesse sont indissociables car elles permettent d'éviter la pauvreté des personnes âgées dans une ère d'espérance de vie accrue. Ainsi, l'éducation financière est un précurseur du comportement financier alors que la préparation à la retraite est considérée comme un précurseur d'accumulation de richesse pour la vie quotidienne pendant la vieillesse.

Keywords: Information dissemination/transmission, workers, retirement preparation, contribution eligibility, benefit eligibility

Introduction

Pension systems and the associated contributions worldwide are one of the major mechanisms for preparing towards retirement, the significance of which cannot be overemphasised. It is a key source of old age income base in the 21st century. Hence, its importance has been broadly recognised with respect to the nation's economic stability, including the security of ageing populations (Holzmann & Hinz, 2005).

Since the colonial era, Ghana has had a myriad of pension systems and/or schemes, namely the Ghana Universities Staff Superannuation Scheme, Social Security and Insurance Trust (SSNIT) pension scheme, CAP 30 (Kumado & Gockel, 2003; Tonah, 2009; Agbobli, 2011; Doh et al., 2014), SSNIT Informal Sector Fund; yet, the take up rate of the latter is not encouraging (Budu-Ainooson, 2011; wo Ping, 2013), including the new three-tier pension scheme (Agbobli, 2011; Kpessa, 2011; Doh et al., 2014).

Unlike the other pension schemes, the three-tier pension scheme deliberately caters for the needs of informal sector workers alongside their formal sector counterparts. Some other schemes support civil servants and formal sector workers to a greater extent, to the detriment of informal sector workers, who constitute more than 80% of the Ghanaian labour force (Osei-Boateng & Ampretwum, 2011; wo Ping, 2013).

However, periodically, pension systems undergo reforms aimed at addressing challenges inherent in them. Further, it is essential for information to be obtained through financial education about issues related to pension systems and schemes in terms of operationalisation, functionality and benefits. This may take the form of financial literacy to enable the population to participate in it and therefore plan for post-retirement life accordingly. The significance of this lies in the fact that the extended family support system is weakening while the population is ageing (Aboderin, 2004; Doh et al., 2014).

It is in the light of the above mentioned discussion that the paper sought to critically explore: to what extent has pension policy and the related information been disseminated to the general Ghanaian public? Could the lack of awareness of eligibility to contribute to pension schemes be due to the misconception of the savings behaviours of workers? The remainder of the paper is ordered as follows: section two consists of pension system dynamics and financial education, section three discusses methods employed in the study, section four presents study results, section five discusses the results and section six concludes the paper.

Pension Systems and Awareness in Other Societies

Contributing to pensions globally is accompanied by financial literacy, with access to investment information as a facilitator. For instance, Duflo and Saez (2003) opine that in the United States there is concern over low levels of retirement savings. Employers' pensions are the main sources of retirement oriented cash income which is over and above social security (Poterba et al., 1996). However, Poterba et al. (2001) write that the traditional defined benefits and defined contribution dimensions served as employer pension plans in a context where employee participation became mandatory and were replaced with 'tax deferred account' (TDA) retirement plans such as 401(k)s, in which employees choose whether to participate including how much to save for their retirement.

In a study on the theme 'the role of information and social interactions in retirement plan decisions: evidence from randomised experiment', Duflo and Saez (2003) observed that deciding how much to save for retirement and how to invest required the solving of a complicated inter-temporal optimisation problem as well as having information about the rules governing different instruments, with the anticipation that the requisite information have the tendency to impact largely on savings behaviour (p. 816). In lieu of this, financial education is considered as a potentially significant pathway to improving the quality of financial decision making by policy makers, companies and individuals (Summers, 2000). As a result, Fortune 500 companies, for example, systematically hold financial information sessions. Similarly, McDougall et al. (2018) conducted a study in the United Kingdom in which they explored the uses of literacy in general and digital literacy in particular. They found that access to resources and information through technology affects lives in many ways, including retirement planning.

According to the Nuffield Trust (2016) digital literacy is used as a conduit for participation in democracy, accessing public services and participating in pension plans. In articulating the inherent opportunities of digital literacy, Selwyn (2014) notes that: "…the likelihood of gaining advantage from digital education is clearly related to the resources that social groups command, therefore pointing towards the role of digital technology in the perpetuation of accumulated advantage and the reproduction of inequalities" (p.138). These are reminiscent of the utilisation of the hybridity of digital and non-digital spaces for informational access and dissemination (Dovie, 2018a). Of key importance is their respective competencies, skills or dispositions in and of themselves (McDougall et al., 2018).

Kenya's pension system was instituted after independence in 1963, whilst the National Social Security Fund (NSSF), the first post-independence pension fund body, was established in 1965. Since 2000, Kenya's pension system has been supervised by the independent Retirement Benefits Authority (RBA). The RBA supervises the system and is responsible for undertaking requisite pension policy reforms. The pension system in Kenya comprises four main components – the NSSF, Civil Servants Pension Scheme, Occupational Retirement Schemes and Individual Retirement Schemes. This pension system covers 15% of the workforce (Kakwani et al., 2006), that is an estimated 2 million workers. The RBA trains the trustees with the resolve for a trickle-down effect of the requisite knowledge and information to individual scheme members.

Njuguna and Otsola (2011) document that pension finance literacy in Kenya enables retirement preparation among individuals, by facilitating the making of appropriate choices regarding pension products and contribute effectively to their respective pension scheme management. However, pension finance literacy differs significantly in terms of age, level of education, gender, job experience, management level, income, pension plan design, participation in previous pension scheme, financial literacy programmes, area of specialisation (and/or sector of the economy), membership in pension scheme board, and yet does not differ in relation to individual's marital status. A study that focused on pre-retirement counselling in Nigeria conducted by Asuquo and Maliki (2007) shows that perceptions do not differ along the lines of age, sex, qualification, occupational level as well as professional status. Further, the outcome of the study proffered a significant relationship between perception and attitude towards counselling, whereas some differences existed along the lines of qualification and professional status. Practically, the implication of this is that the respondents' level of perception is reflective of their attitude towards pre-retirement counselling.

The history of pensions in South Africa shows that it evolved from a grant meant for white South Africans in 1928 as a form of income support for poor elderly whites (Sagner, 2000) to one that benefited all South Africans regardless of racial categorisation. This occurred in 1944 during which the pre-apartheid government extended social pensions to include other racial groups at a ratio of 4:2:1 respectively for whites relative to Indians and Coloureds relative to Black South Africans (Devereux, 2001, p. 4). In 1993, the take up rate among eligible Black South African men and women reached 80% (Burns et al., 2005).

Presently, the social pension system in South Africa is among the far-reaching systems in the developing world (Barrientos and Lloyd-Sherlock, 2002). It depicts a core component of the South African social safety net. Further, it is a means-tested and non-contributory pension payable to women aged 60 years and above, and men aged 65 years and above.

Pension System Dynamics and Financial Education in Ghana

Barrientos (2004) and Kpessa (2011) assert the fact that globally, pension reforms have been on the ascendency in response to accelerated demographic transitions in developing countries vis-à-vis old age support (Barrientos, 2004). Pension reforms in Ghana are influenced by a long process of policy diffusion (Kpessa, 2013) and this is often an interest driven and ideology laden process (Leimgruber, 2012). However, it appears not to be an adequate and commensurate long process of policy dissemination in terms of information taking place alongside. The first pension programme, which was established by the colonial administration, was designed as a reward for loyalty to the colonial masters without the purpose of retirement income security provision for older people (Kpessa, 2013). The second pension programme was established after independence.

The first attempt at the development of a social security system with nationwide coverage was the institution of the Compulsory Savings Act of 1961 (Act 70), (Agbobli, 2011; Ashidam, 2011; Budu-Ainooson, 2011; SSNIT, 2015). Under this Act, compulsory deductions were made from workers' wages and salaries were paid into government's chest amid the promise that such monies will be paid back to them with interest (SSNIT, 2015). The Social Security Act of 1965 (Act 279) replaced the Compulsory Savings Act of 1961 (Act 70). It was intended to facilitate an increase in savings at the national level, an agenda that was essential for economic development at the national level. But this did not materialise due to reasons such as inadequate funds for refund, the lack of education about the scheme and worker apathy. All these factors contributed to the abolishment of this Act.

The Provident Fund was then designed as a contributory programme based on formal sector earnings. The design of the Provident Fund was problematic since it focused solely on the formal sector to the detriment of informal sector workers, fully 80% of workers in the Ghanaian labour force. This negates the prospect of an all-inclusive pension system. The Fund was later transformed into the Social Security and National Insurance Trust (SSNIT), a social insurance programme that pays both a one lump sum amount as well as regular monthly benefits to contributors when they retire. The Provident Fund was not really converted into a pension scheme until its real value eroded in the 1980s due to high rates of inflation. In 1991, the Provincial National Defence Council (PNDC) government repealed NRCD 127, replacing it with the Social Security Law, 1991 (PNDCL 247).

The first all-encompassing scheme was instituted with the passage of the Social Security Decree, termed NRCD 127 in November 1972 (Agbobli, 2011; Ashidam, 2011; Budu-Ainooson, 2011; Doh et al., 2014; Kumado & Gockel, 2003; SSNIT, 2015). It rectified certain shortfalls in the 1965 Act of Parliament. It also instituted SSNIT, which is a corporate body that administered a universal social security system in Ghana as a sole agent until the enactment of the National Pension Act of 2008, Act 766.

Prior to its transformation, the pension scheme almost collapsed due to already existing fiscal debt and other debt holdings which the government had accrued. The humbling reality of this forced the government at the time to enact the PNDC Law 247, which gave ownership to fund contributors (mostly workers in the formal sector) and in effect reduced the burden on the government. The fund created under this law had more coverage, included the informal sector of the working population and created a proper fund investment policy. Essentially, SSNIT operates a contributory social insurance scheme where members contribute to a pool of funds throughout their working lives and receive payouts when they satisfy the qualifying conditions. SSNIT has a primary duty to collect contributions and pay pension entitlements when due (Nunoo, 2013).

The pension scheme under this Law is open to all categories of workers, both formal and informal. Since its inception, the scheme has encountered changes in the percentage of contributions payable to it on the parts of employers and employees. For instance, between May 25, 1965 to July 31, 1966, contribution to the scheme was at the rate of 7.5% and 15% from employees and their employers respectively. From August 1 1966, the contribution rates were reduced to 5% and 12.5% due to workers' outcry over high rates of contribution (SSNIT, 2015). In a similar vein, this was replaced with Act 766 due also to workers' agitations. But they are being implemented concurrently presently.

The SSNIT Scheme was also transformed recently into a three-tier pension system. It facilitates among other things the diversification of retirement income through private sector participation in the provision of old age income security (Kpessa, 2012). The new pension scheme was promulgated under the new National Pensions Act of 2008 (Act 766), (Agbobli, 2011; Kpessa, 2011; Adjei, 2014; Doh et al., 2014; Boadi, 2015). The institution of the latter scheme may constitute the response of government towards the new challenges encountered by Ghanaians regarding old age income protection (wo Ping, 2013). It consists of three distinct tiers. The total pension contribution is 18.5% for Tiers 1 and 2, whereas that for voluntary tier 3, is 16.5% (Agbobli, 2011; Kpessa, 2011; Adjei, 2014).

These have been observed to introduce competition through private sector involvement but are under strict regulations (Boadi, 2015, p.8). The second and third tiers will meet the needs of workers prior to retirement including offering access to funds, pledges and security for mortgage particularly for house acquisition. The above discussion depicts a shift from defined benefit to defined contribution plans (Duflo & Saez, 2003; Lusard, 2008; Agbobli, 2011). This implies that workers have to decide on how much to save for retirement including how much to allocate towards pension wealth. It also brings to the fore the issue of estimating how much one anticipates to spend and/or depend on during retirement and prepare towards it.

However, despite these reforms, the pension programme is still limited in scope. This is due to the fact that the state fails to reach workers in the informal sector through payroll tax deductions and the large majority of the elderly population who worked in the informal sector of the economy such as fishermen, farmers, transport conductors, traders, hawkers, street vendors, artisans, domestic helps, yet could not contribute to the payroll-based pension scheme, are left without any pension benefits or any other form of reliable old age income support (Kpessa-Whtye, 2018).

This point has further been demonstrated by a report issued by SSNIT that the total number of older people in Ghana who are recipients of statutory pension income support from SSNIT was far less than 1% of that cohort of the population (SSNIT, 2015). Most, if not all, of these recipients are perhaps formal sector workers, the total population of who are relatively small (20%), compared to 80% of the informal sector population (Osei-Boateng & Ampretwum, 2011; wo Ping, 2013). This is reflected in the general pension situation even in the three-tier reforms. In addition, information obtained from the 2010 Population and Housing Census (Ghana Statistical Service (GSS), 2013) reveals that Ghana's economically active population is 10.9 million, with the formal sector forming a small portion of it, contributing only 1% of pension contributions in the country (SSNIT, 2015). This trend suggests that a great majority (99%) of Ghana's older adults may be without any retirement income security in the future, in the midst of weakening extended family support system of care and support and increased life expectancy. This situation is worrying and needs to be addressed with policy interventions without which a gerontological crisis may emerge.

In a nutshell, the pathway of pension scheme and social security in Ghana has varied from one without purpose for retirement income security but loyalty through to one with a multi-layered provision of retirement income. This trajectory has been one accustomed to one form of reform or another. However, this pathway has been flawed by systemic imbalances, failure and challenges.

Financial Education

There are major differences in financial literacy across developmental blocks, with developing countries like Ghana and many across Africa having much lower financial literacy levels than their developed counterparts. The type of financial education and educational methods used are suggestive of factors in its effectiveness that vary in different economies depending on the level of economic growth and social development that the community, society or country has attained. Financial education is:

> the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become aware of (financial) risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection (Messy & Monticone, 2012, p. 8).

Adequate planning for retirement requires extensive information, and an understanding of the elaborate rules governing social security and private pensions. As earlier mentioned, financial literacy impacts financial decision-making, hence failure to plan for retirement, lack of participation in the stock market and poor borrowing behaviour may be linked to ignorance of basic financial products (Lusardi, 2008). Pension contribution, though a part of the pension system, is a financial plan, which therefore qualifies it as a financial product (see also Njuguna & Otsola, 2011; Dovie, 2018d for details).

Bernheim and Garret (1995) and Bernheim et al. (2001) have researched into the effects of financial education by employers on personal saving of employees with some evidence supporting the view that financial education can produce significant changes in terms of how individuals think about and plan for retirement and that it can increase retirement savings (Madrian & Shea, 2001). Improved financial education appears to be a primary avenue for improving retirement preparation as financial literacy is more conducive to financial planning (Lusardi, 2003). An improved understanding of retirement income needs and the savings process encourages many workers to increase their savings rate in order to achieve their modified retirement aspirations.

Pension income as explained by Quadgno (2002), Moody (2010), Agbobli (2011), Kpessa (2011); Boadi (2015), Okine (2015) and Dovie (2018b) appears to be the only source of income for retirees (Okine, 2015). Financial literacy pertaining to pension scheme and its operationalities, functions and benefits may facilitate contributing to, and benefiting from, the scheme and therefore preparing for post-retirement life. However, inadequate access to information, ineffective management and dissemination of information has been an enduring challenge, traversing both colonial and post-independence eras (Amoakohene, 2011, p.150).

In elaboration of the latter point, Kpessa (2011) notes that policy makers argue that it was possible particularly for informal sector workers to:

> take advantage of the voluntary third tier of the current arrangement to save towards their old age income security needs. This arrangement raises several questions. First, because most of the informal sector workers lacked knowledge of the operations of the capital market and an understanding of investment, it is unlikely that competitive private old age income security plan based on defined contributions would address their needs. Secondly, the current system is fraught with inequality against informal sector workers, in the sense that the problem of myopia, which was addressed through a mandatory second tier for formal sector workers, has not addressed for informal sector workers - *[sic] (p. 100).*

This articulates a general lack of financial literacy by informal sector workers. Similarly, wo Ping (2013) notes that there is system failure in the new pension system. This is because the system first overlooked the fact that the existing old age saving strategy of informal workers has already provided them an effective high-risk high-return investment opportunity. In addition, with low institutional capacity, the privatised defined contribution model that the new three-tier pension scheme depicts cannot provide a low risk pension with basic pension (p. vi).

De-Graft Aikins et al. (2016) posit that research on ageing in Ghana has focused on six empirical areas: demographic profiles and patterns of ageing; the health status of older adults; care and support for older adults; roles and responsibilities of older adults; social representations of ageing and social responses to older adults; and socio-economic status, social and financial protection and other forms of support for old age. Out of these, this paper focuses on the 'socio-economic status, social and financial protection and other forms of support for old age' dimension with particular emphasis on pension scheme financial literacy and its influence on the entire process of retirement preparation. It specifically assesses perceptions of workers' eligibility to contribute to, and benefit from, pension schemes in Ghana with financial literacy as the focus. In this paper, pension system and scheme are used interchangeably.

Methodology

This mixed methods study was designed to investigate pension scheme financial literacy and its influence on the entire process of retirement preparation among workers using questionnaire survey and key informant interviews. The survey data interrogates eligibility to contribute and benefit from the pension scheme. The interview data explores public education including characteristics of Ghana's pension system. The study population comprised individuals aged 15 years and above, males and females who live in Adabraka. Fifteen years olds were included in the study because the Pension Act 766 articulates 15 years as the earliest start point for pension contribution. Adabraka is a town in the Accra Metropolitan Assembly, a district of the Greater Accra Region of Ghana. Adabraka's population is 36, 510 (GSS, 2014). The study adopted the convenience sampling technique in selecting the respondents. For the quantitative data, 131 respondents were selected from public formal, private formal and informal sector workers and retirees. The sampling process took the form of door-to-door selection. With regard to the qualitative data, key informant interviews were conducted with 5 officials from the National Pensions Regulatory Authority (NPRA), SSNIT and Daakye Pension Service Provider who have the mandate to provide pension services to Ghanaians.

One hundred and fifty (150) questionnaires were given out and 131 were returned. Although the sample size was constrained by resources, 131 observations were deemed as adequate for the study. The proportion of individuals in the present sample reflects those of the population aged 15+ in Adabraka. The sample is large enough to help address the research questions accurately. The usage of the convenience sampling approach and the limited sample size means that the results are not strictly statistically representative of the general population. Thus, generalisability is restricted to the sample studied, irrespective of the sample size and therefore should be taken as illustrative rather than generalisable.

The questionnaire and interview guide were piloted to ensure accuracy in understanding, fluency and proper wording of questions. The administration of the questionnaire took the form of face-to-face interviews (Neuman, 2012) including self-administration. The face-to-face interviews were conducted in English and three Ghanaian languages, namely Ga, Ewe and Twi. The answered questionnaires were cleaned and properly serialised for easy identification. Each key informant interview took the form of semi-structured interviews and were conducted individually in the participant's office. During the interview, the researcher assumed a neutral position to avoid bias in the investigation. The interviews lasted between 30 and 45 minutes and were audio-taped by the same researcher, who had no prior relationship with the participants.

A data entry template for the quantitative data was developed in Statistical Package for Social Science (SPSS). Subsequently, the responses were entered into SPSS. Basic descriptive statistics - frequencies and percentages - were run. The interviews were transcribed and the resultant data were manually coded and conducted along the following procedures: first, there was the creation of a list of coding cues, and second, verbatim quotes of the narratives from participants were analysed thematically.

Profile of the Characteristics of Pension System in Ghana

The new national pension system per the interview data is characterised by eight distinct features that provide it with a degree of uniqueness, setting it apart from those that existed prior to it. It determines or categorises who should participate and contribute to the schemes by way of eligibility[1] as exemplified by the existence of a worker-employer relationship, which is a mandatory prerogative for both formal and informal sector workers. This provides a dynamic dimension to eligibility to contribute to and benefit from the schemes, and distinguishes the new pension scheme borne out of pension reforms from previous pension schemes like the SSNIT scheme under PNDC Law 247. These earlier schemes emphasised formal sector eligibility over and above the regime of the combination of formal and informal sector workers.

The new pension scheme was promulgated and implemented under a new Act (i.e. Act 766), hence it is imperative to sensitise the general Ghanaian population including workers on its operationalisation, functionality and benefits. However, knowledge and experience are deeply shaped by the subjective and cultural perspectives of each individual (Roncaglia, 2010). It is for this pertinent reason that this paper sought to explore pension scheme financial literacy and its influence on the entire process of retirement preparation among workers.

The national pension system is constituted by stakeholders and collaborators such as NPRA, SSNIT, trustees, custodians, fund managers, employers and workers. Currently, the operationalisation and management of the pension system is dependent on cooperation between the above indicated stakeholders under the regulation of the NPRA. As elaborated in the quote below, such cooperation may be dependent on the provision of social security numbers, date of birth, and contact details, among other factors:

> Really, what is important is the data because that is what will help you manage the funds and know the value at every point in time. What I am trying to get at is that pensions is about data and what is needed is a reliable statistics for want of a better word, to be able to

[1] Both formal and informal sector workers can contribute to all the 3-tiers dependent on the strength of their financial resources.

> manage funds effectively. For instance, names are not very good in trying to ensure that because names are very similar. So, what is very important for us is social security numbers, that one is unique. That one will enable the regulator and the service providers in the industry to identify the contributors on the schemes with these. So, once we have a common statistic that we use to identify the members, it makes the management of the members easier. But the onus does not lie on the trustees alone to ensure that these things are in place. All of us have a role to play (Key informant 1, personal communication, November 15, 2015).

As the above statement shows, each collaborator in the pension system has a role to play. To begin with, NPRA serves as the regulator of the pension system working to ensure income security in old age. In addition, SSNIT and the trustees undertake sensitisation, enroll or register contributors, provide statements of pension contribution accounts, investment of pension funds among several others. Custodians take custody of pension funds, and finally, fund managers advise on the best investment option to adhere to. In summary, the NPRA stated that:

> In the capacity as a regulator, our vision is to ensure retirement income security. So, protecting the monies for contributors is paramount. And the contributor, also has a role to play in this context... what we encourage the workers to do all the time is to collect their contributory statements and scrutinise it. Because it is not always that employers pay the money. They are supposed to pay it monthly, but they don't always do that. Sometimes, they pay it on time, sometimes they do not pay it on time or other times, they do not pay at all. We as an authority, we are supposed to ensure that everybody pays and that the worker will get the requisite benefits at the end of the day. But how many workers are we dealing with in the country. I mean if you combine the formal and informal sectors, we will get at least 1.2 million contributors (Key informant 2, personal communication, November 7, 2015).

Employers deduct workers' monthly pension contributions including the former's quota, file returns and submit to SSNIT and other trustees. It is expected of workers to periodically collect their respective statements of accounts on contributions and check for anomalies regarding nominees, up to date reflections of contributions in their accounts and where applicable, have the anomalies rectified to forestall challenges before the attainment of the retirement age. Failure to do this, Holzmann and Hinz (2005) claim, connotes a problem with the collection of pension contributions including managing the contributions.

Presently, there are approximately 1.2 million contributors across all sectors of the Ghanaian economy. This figure has implications for the number of actively employed Ghanaian workers and coverage, and the extent of the effectiveness of the new pension system. This implication is expressed in the fact that a relatively small percentage of Ghanaian workers contribute to pensions, which also means that coverage is limited, even with the implementation of the new three-tier pension system. It also denotes a flaw on the new pension system's efficiency in widening coverage of contributors across the sectors of the economy. More so, pension schemes in Ghana have been designed such that employees and employers who were members of defunct schemes automatically become members of the schemes that replace the former ones. For instance, members of the defunct Provident Fund became automatic members of the 1991 Social Security Scheme (Kumado & Gockel, 2003), whereas members under the 1991 Social Security Scheme are currently the automatic members of the first and second tiers under the new three-tier pension scheme, especially the non-retired ones. This suggests that state pensions make a modest retirement income available to workers (Ekerdt & Clark, 2001). In addition, structure exists at numerous levels and in many forms that range from institutionalised mechanisms of roles, information dissemination and resource allocation to the underlying cultural systems of language, knowledge and aesthetics.

The flexibility of the new pension system is reflected in workers' ability to transfer their pension contributions from one organisation or pension service provider to another. Furthermore, there is a non-taxable component of the system in relation to 35% of basic salary which is channelled into pensions. Yet, this facility has not been used as may be anticipated, probably due to lack of awareness of its existence. In cases where it is used, the maximum attained thus far has been 18.5% as the key informant interview illustrates below:

> One other thing is transferability – you could also work at company A and you move away to company B, you can transfer your contributions from company A's trustee to company B's trustee. Again, you can use your tier 2 contributions as a collateral to secure a primary residence, particularly if you do not have one. Also, 35% of workers' basic salary is not taxable, so that you can use that for your pension. More often than not, people do not even use up to 20% of that money. For those in the formal sector, most of them use just 18.5% and ignore the rest. There is also something called the survivors benefits –where when a contributor passes on, that is if you retire at 60 years and die before 75 years, you still have gotten an unexpired pension to claim (Key informant 3, personal communication, November 10, 2015).

Trustee portability, including fund transferability, can be undertaken by following the requisite procedures albeit in consultation with employers. The system is characterised by five key benefit pillars, namely monthly pension income including invalidity pension wherein SSNIT will have to take care of retired workers till death, superannuation which relates to qualifying conditions and how to go about them including healthcare from tier 1. Others entail the provision of mortgage for the purchase of a house (see Dovie, 2018d) and a lump sum from tier 2 as well as additional savings obtainable from the third tier which is supposed to provide another financial cushion. In confirmation, Barrientos (2004) indicates that using retirement savings albeit pensions have been pursued for a range of merit expenditures namely health, housing and education.

In addition, if a retiree lives up to 100 years and beyond, he/she will still be paid pension income. Further, should the retiree pass on at 75 years, then the payment of pension income is terminated, a situation that attracts no survivors' benefits. In the event where the retiree passes on before 75, the family will have an amount of money to the tune of 5 years unexpired pension to claim as survivors' benefits. In effect, it is assumed that individuals live 15 years after retirement. This may be the norm, but there are outliers below and above this age limit since people die in their 60s, 70s, and above. The minimum pension now is GHs250.00. So 250 x 5 years (i.e. 60 months)[2] is a sizeable amount of money. This component denotes an addition to the pension system. Formerly, it was 72 years and people are now living longer. In other words, pensions are paid to people throughout their post-retirement lifetime. Lastly, participation in pension scheme is a qualifier for being a pensioners' association member (see Dovie, 2018c).

Socio-Demographic and Economic Background of Respondents

The study population consisted of 57 males (43.51%) and 74 females (56.49%) aged between 15-70+ years (Table 1). Approximately one-third of the respondents (35.11%) were married, 3.05% have lost their spouses while 57.25% were single. Most of the respondents had some level of education and the highest educational level attained by the majority of the respondents (68.70%) was tertiary education. 83.97% were public formal, formal private and informal sector workers while 16.03% were unemployed/retirees..

[2] 250.00X60 months = ¢15, 000.00.

Table 1: Socio-demographic and economic characteristics of respondents[a]

Variables	Total (N= 131)	Males (n=57)	Female (n=74)
Age Category[b]			
15-19	4(3.05)	1(0.76)	3(2.29)
20-24	52(39.69)	22(16.79)	30(22.90)
25-29	14(10.69)	10 (7.63)	4(3.05)
30-34	20 (15.27)	8(6.11)	12(9.16)
35-39	10(7.63)	5(3.82)	5(3.82)
40-44	7(5.34)	2(1.53)	5(3.82)
45-49	9(6.87)	3(2.29)	6(4.58)
50-54	5(3.82)	2(1.53)	3(2.29)
55-59	6(4.58)	2(1.53)	4(3.05)
60+	4(3.05)	2(1.53)	2(1.53)
Marital Status			
Married	46(35.11)	19(14.50)	27(20.61)
Divorced	6(4.58)	2(1.53)	4(3.05)
Widowed	4(3.05)	2(1.53)	2(5.53)
Single	75(57.25)	34(25.95)	41(31.30)
Educational Background			
No formal education	4(3.05)	2(1.53)	2(1.53)
Primary	1(0.76)	1(0.76)	0(0.0)
JHS/MSLC	14(12.98)	7(5.34)	7(5.34)
SHS/Voc/Tech	21(16.03)	12(9.16)	9(6.87)
Business college	1(0.76)	1(0.76)	0(0.0)
Tertiary	90(68.70)	34(25.95)	56(42.75)
Occupation			
Employed[c]	110(83.97)	50(38.17)	60(45.80)
Unemployed[d]	21(16.03)	7(5.34)	14(10.69)

Source: Author's field data

Note: [a] Percentages in parenthesis. [b]Age in completed years. [C]Employed include public formal, private formal, informal sector workers. [d]Unemployed includes non-workers and retirees.

Examination of Eligibility to Contribute to and Benefit from the Pension System in Ghana

The study examines the notion of eligibility to contribute to the national pension scheme. In this case, the results show that 45.88% respondents thought that all workers are eligible to contribute to the pension scheme. However, this when disagregated shows that less than 4% of private formal and informal sector workers were indicated as eligible to contribute to pensions. Stated differently, this leaves private formal and informal sector workers as the least eligible, yet the latter employs approximately 80% of the labour force. This connotes a misconception about who can contribute to pensionS, thus skewing eligiblity to contribute to the same towards public and civil servants as opposed to the inclusivity of private formal and informal sectors workers as well, which should depict the ideal situation. Such perception may have been influenced by perceived lapses in the pension system. This has implications for sensitisation about eligibility to contribute to the schemes (Figure 1). This is worrisome because it reflects ignorance of tier 3 of the three-tier pension schemes, the voluntary scheme designated for the informal sector and the attendant effects it may have on participation in pension contribution in particular, and retirement planning in general. This brings to the fore how pension system financial literacy influences retirement preparation by individual workers.

The acquisition of such information may provide workers and the general public with financial literacy ideas or strategies. The absence of such information has the propensity to restrict workers from retirement preparation. Contributing to the national pension schemes automatically makes eligible the contributors to receive pension income and belonging to the Pensioners' Association including other associated benefits (see also Dovie, 2018d). Similarly, the findings indicate that 45.2% of the respondents were of the view that all workers respectively are eligible to obtain benefits from the pension schemes (Figure 2). However, in terms of the specificities of private formal and informal sectors, the percentages were less than 3% in both cases. Ideally, it is expected that all workers who contribute to the schemes are therefore beneficiaries of the requisite benefits. But these results reflect the reverse. The misconception about who can contribute to the pension schemes has a rippling effect on the perception of who benefits. This also has implication for sensitisation on the issue of eligibility to benefit from the scheme.

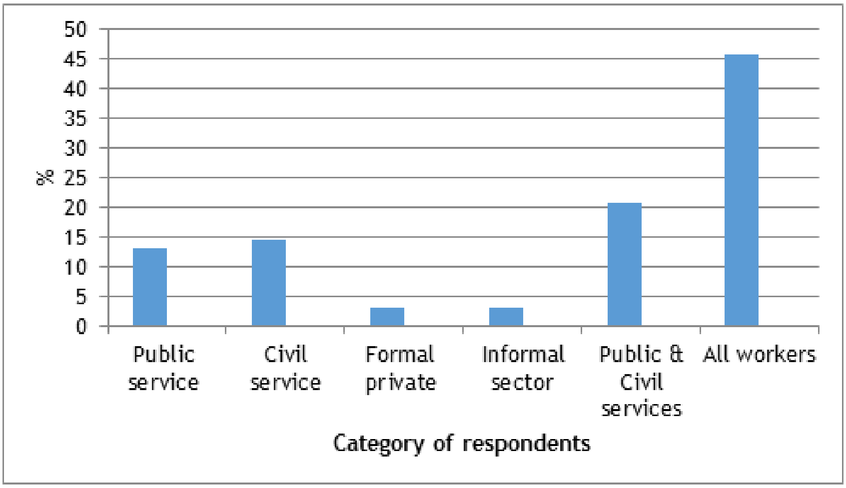

Figure 1: Eligibility to participate in pension contribute
Source: Author's field data

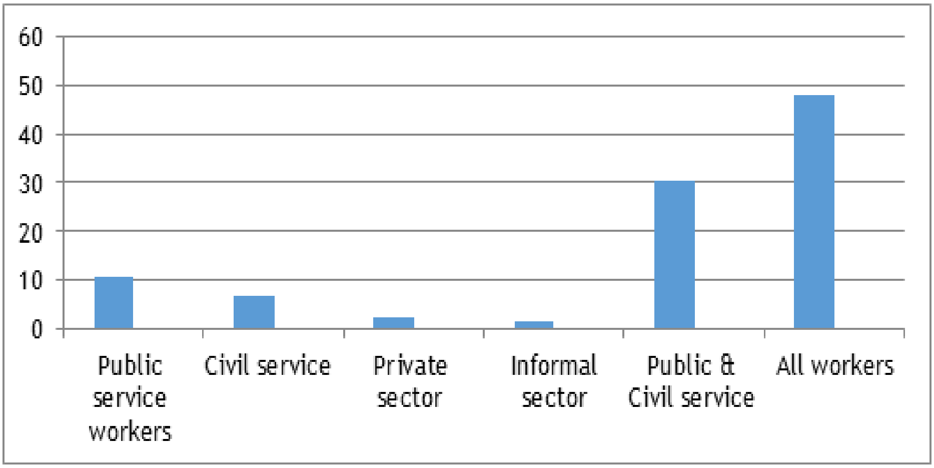

Figure 2: Percentage of workers eligible to benefit from national pension scheme
Source: Author's field data

Essentially, only public and civil workers should be eligible because they are the engine of national development, whereas private sector workers might be earning more salary and may perhaps contribute more. This more or less relegates informal sector workers to the background, which therefore suggests that it is not every Ghanaian retiree who contributes to the schemes and hence, cannot enjoy it. The anomalies from the views on eligibility to contribute and benefit from the pension system connotes unfamiliarity with sensitisation messages and programmes. These messages show that retirement requires financial security, in relation to promoting a long-term and secure retirement income.

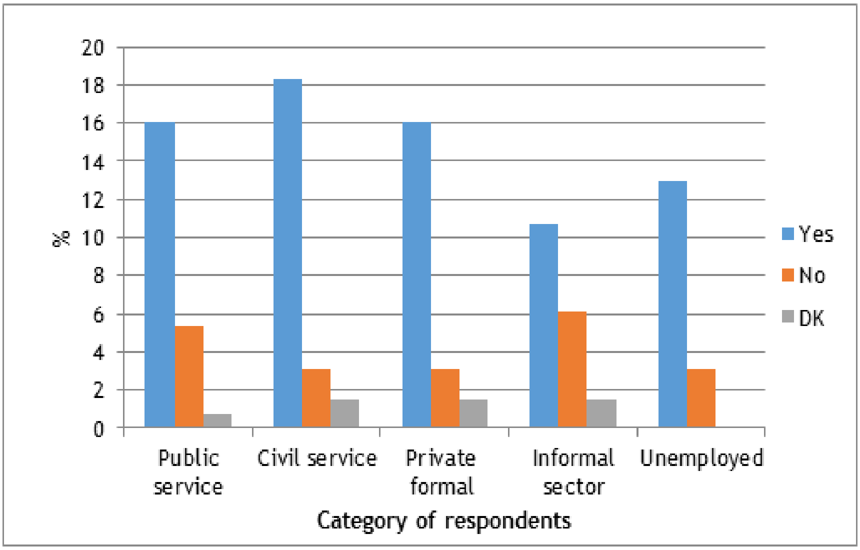

Figure 3: Participation of informal sector workers in pension contribution
Source: Author's field data

The respondents (74.05%) believe that informal sector workers can undertake pension contributions, which is achievable amid a myriad of mechanisms (Figure 3). First, informal sector workers must be sensitised regarding the structure and/or system including contribution to the pension scheme and benefits to elicit willingness to contribute to it, as well as perhaps extreme economic boom. Seeking information from the bank towards savings is equally important. It also suggests a mandatory assent for informal sector workers as it is in the case of the formal sector one, financial barriers in relation to business operations notwithstanding those of the former. This can also be attained through workers' unions or associations that educate workers to register on their own and have their contributions deducted from salary source at the bank.

Second, private schemes for informal sector workers in the form of SSNIT's Informal Sector Fund and tier 3 also pertains. This signifies the diversification of retirement plans and/or portfolios. It also suggests that in addition to contributing to mandatory pension schemes, workers need to undertake private or voluntary contributions as well. All these mechanisms facilitate saving funds through contributing personally to the scheme during working life via the allocation of specified amounts of income as salary from which contributions will be deducted.

Third, there is registration and contribution of monthly sums of money towards the schemes. This may denote the public or general pension schemes. For instance, employers may register their employees at SSNIT or with any other pension service providers and pay their respective contributions every month. This registration can occur at the nearest SSNIT office or any other scheme, dependent on how human resource management deals with social security scheme plans with workers. Fourth, workers can make private contributions towards retirement through retirement saving schemes with any bank or financial service provider. Fifth, obtaining a social security number and making sure the funds are being paid for is a key factor. Sixth, there is need to open savings accounts, purchase stocks and bonds, treasury bills (T-bill), etc. Finally, irrespective of the predicaments of all workers including informal sector workers, they need to participate in pension contribution. This is explicit in the new three-tier pension system though without a mandatory assent.

These mechanisms outline retirement portfolios such as pension contributions, T-bills, stocks, bonds, life insurance, savings accounts, which indicate pension contributions as part of retirement planning as a whole. These constitute the financial component of preparing towards retirement. In addition to which there are non-financial plans which comprise social relationship building, joining associations, including intermediate retirement plans which fall between the financial and non-financial retirement plans. These entail healthcare, legal aid, house acquisition, education for self and children, etc. It is noteworthy that the acquisition of these is dependent on the financial plans instituted (see Dovie, 2018d). The institution of these plans may imply that workers have attained the 'exploratory status' which entails thinking about and obtaining information on possible acts to be engaged in prior to and during retirement. However, this form of exploration is affected by energy level, adventurousness and longevity expectations of workers (Hershenson, 2016) including pension system financial literacy in particular and financial literacy in general albeit positively.

Public Education on Pension System

In connection to the discussion above, the interview data shows that sensitising workers on the new pension system is key to attracting them to contribute to the new pension schemes, especially informal sector workers who constitute the largest proportion of Ghana's workforce. This is because sensitisation or conscientisation of this category of workers induces the propensity to save through pension contributions, even up to 50% of them, which has significance for financial resource mobilisation. Thereby amplifying the significance of the influence of pension system financial literacy on pension planning. When workers participate in pension contributions, it precipitates resource mobilisation in the form of savings which once attained may culminate into development at the individual and national levels. The quote below underscores the essence of this fact:

> Statisticians have shown that 80% of Ghana's working population is in the informal sector and they are not saving. So can you imagine if we are able to conscientise them and they begin to save, it will be very good. Some people have argued that if we manage to get even 50% of those people, it will be good. If we do that we will be able to mobilise savings for our national development without necessarily going out to the Brettons Woods Institutions and all that (Key informant 4, personal communication, November 7, 2015).

This statement in no way suggests the exclusion of formal sector workers in this important exercise; rather it emphasises the gap that must be worked on. The above quote is a distinctive confirmation of the survey data, which articulates the fact that pension contribution is skewed towards formal sector workers to the detriment of the informal sector ones. It also implies that the new pension system's targeting of the informal sector is not effective in handling the extensive inclusion of the informal sector into the system adequately to ensure their extensive participation due to its design. This is an indication of the limitation of the scope of the pension programmes. As Kpessa-Whyte (2018) points out, the inability to reach informal sector workers through payroll and tax deductions is an issue of concern. This is a situation that needs to be addressed with appropriate interventions. It again shows that participation in pension contribution is significant in two distinct ways – futuristic oriented financial resource harnessing for individual's use in the near future and for development at the national level.

Sensitisation campaigns provide information on the existence of pension schemes as well as the associated benefits. The benefits of such campaigns come in three forms. First, it enables workers to obtain the requisite information for long-term savings albeit preparing for retirement[3].Sensitisation here expectedly provides information that aims at broadening the knowledge base of workers regarding the pension system. Availability of such information leads to increase in the numbers of pension contributors, with increases in enrollment rates for pension scheme service providers and finally, the sustainability of the pension system. This signals a connection between financial literacy and preparation for latter life, at least financially.

3 Retirement planning is workers' greatest project of deferred gratification (Ekerdt & Clark, 2001).

In essence, sensitisation focuses on the operationalisation, functionality and benefits of the new pension system, offering individuals and/or workers retirement planning opportunities. This in turn will facilitate preparing adequately and effectively towards retirement. It is worthy of note that this may imply that workers may not be entirely and/or adequately knowledgeable about the new pension system, although they have been sensitised under the auspices of PNDC Law 247 with SSNIT's sole regulation. This is because there is a slight difference between the two scenarios. For example, on the one hand, the pension scheme under PNDCL 247 was a single tier-oriented scheme without any other attendant pillars. On the other hand, the new pension system under Act 766 is a three-tier or a composite one with different pillars that need to be explained intricately to workers and/or audiences in relation to their respective operationalisation, functionality, benefits and requirements. Out of these, the only familiar tier is tier 1, but its familiarity is incomplete, since it does not take 17% but 11% plus 2.5% NHIS component, which is not exactly the same as the requirements under PNDCL 247. Presently, sensitisation programmes are undertaken by SSNIT in collaboration with other organisations alongside systemic inadequacies. However, a major challenge encountered in the sensitisation process relates to the difficulty of explaining the composite nature of the pension system including the lack of staff. These are summarised in the NPRA's statement below:

> It is not like they have not been sensitised. We are not like SSNIT which has been in existence for a very long time. We have been in existence since 2009. Even it was not until 2012 that we had staff to work with. In fact, very serious public education work on the three-tier pension scheme started in 2012 when NPRA was able to recruit staff. But a lot of education was also done by the pensions' commission, those who came up with the new pension scheme… You see what we are implementing is a composite thing. Take the third tier for instance, there alone there are three schemes and it is difficult to explain. So, it is an ongoing process (Key informant 5, personal communication, November 7, 2015).

From the quote above, it is obvious especially that the 'difficult to explain' aspect is reminiscent of a general pension system problem that has entirely nothing to do with informal sector workers or even those in the formal sector and points to shortcomings that the NPRA and its allies need to fix as a matter of urgency because it has the tendency to prevent the pension system and schemes from functioning appropriately; this would have implications for coverage and future resource mobilisation by individual workers. This is particularly so because some are unable to diversify their retirement plans and may therefore depend solely on pension contributions. Hence, any leakage in this context may culminate in gerontological crisis even in the context of increased life expectancy and weakened extended family support system (see Dovie, 2018c) including depreciation in the value and outcome of the three-tier pension scheme in its entirety. In consequence, the issue of financial literacy in the context of this paper has more to do with systemic difficulties than with informal sector workers themselves. This situation, if not promptly and properly addressed, may truncate the linkage between financial literacy and retirement preparation on the part of workers.

The sensitisation messages function to create structures of meanings from the life worlds of the listeners and viewers. Such messages generally invite listeners to recognise themselves as they are or might want to be. These messages are endowed with three types of traits. First, listeners and viewers listen to good advice, implying that workers who plan ahead are habitually hard working, discerning, responsible, disciplined and serious. Second, there are self-directed knowledgeable set of traits, which exhibit a time horizon, risk tolerance, investment objective, unique financial goals and strategy. Last but not the least, the set of traits may cast the listeners or viewers as playful and adventurous. This denotes a 'retirement reserved life'. These three sets of traits are indicative of tension between the responsible, earnest and capable self of the present and the playful self of the future. They more or less advertise retirement financial planning, linking in the minds of the readers or viewers and listeners ideas pertaining to retirement related services offered (Ekerdt & Clark, 2001). Significantly, the effectiveness and efficiency of financial education is determined by viewers and listeners.

The kinds of messages put across to the populace during senitisation programmes pertain to the structure of the three-tier pension scheme, wherein tiers 1 and 2 are mandatory for formal sector workers whilst tier 3 is voluntary for informal sector workers. The messages also cover a broad spectrum and come in two distinct forms namely informal and formal sector orientations. Informal sector workers information centres on the need to participate and contribute to the pension scheme, thus the opportunity to save for the future, the ability to obtain a lump sum including taking a monthly pension. Messages for formal sector workers concentrate on certain benefits that exist under tier 2 namely the use of the tier's funds to secure a primary residence, which relates to the structure of the pension system, reduction in the length of time for pension contribution from 20 to 15 years among others. This situation is problematic particularly in an era of increased life expectancy with implications for policy, since it mandates reduced precautionary savings. Contrarily, Bloom et al. (2001) contend that higher life expectancy should rather lead to increase in precautionary savings. These two paradigms of public education messages are not mutually exclusive. Addressing both formal and informal sector workers ensures that no worker group is relegated to the background, while denoting an inclusive sensitisation campaign. Irrespective of the justifiability of the pathway, the messaging described points to inequity in the pension system along the formal and informal sector dichotomy. Segregating the packaging of messages does not speak of a free system that could be explored by all and sundry, and the choosing of appropriate sector products, notwithstanding sector orientation.

The foregoing discussion projects sensitisation messages in two ways. The vagaries of retirement, for instance, its timing irrespective of which financial security assures workers of the retirement they desire. Additionally, organisations' advice and investment instruments constitute vehicles that simplify participation in pension scheme contributions.

The manner in which the information delivery is handled is of importance since the way the requisite pension contributions will be deducted differ from one sector to the other and one tier to the other. Hence, whereas in the formal sector it is deducted from source (i.e. salaries), in the informal sector the money is taken to the service providers where ever they may be. Adzawla et al. (2015) came up with similar findings.

Access to information may not be the only resource that workers may lack and for which they may fail to prepare towards retirement through pension contributions. There are other factors such as perception of life, work, retirement, investment in children as old age social security resources, irregular flow of income; inability to deposit preserved 'business capital' into a formal scheme as a contentious issue and/or a dilemma, and a host of others. However, these factors are not limited to informal sector workers only but formal sector workers as well. Other factors worth considering as well encompass the mandatory nature of formal sector pension contribution deductions from source and the prosecution of defaulting organisations.

But, these factors may not be complete without the mention of the weakening of traditional social protection system, requiring of workers need to harness resources on their own accord especially in a context where formal social support infrastructure is lacking (Dovie, 2018b, 2018c, 2018d). Significantly, a broad range of attitudes have been attributed to retirement and its inherent preparation. Resultantly, "favourable attitudes towards retirement are associated with planning, counselling, personal discussions as well as exposure to news media presentations about retirement" (Barrow, 1986, p. 169).

Linkage Between Financial Literacy and Retirement Planning

Pensions perform core functions that cannot be overemphasised, namely consumption smoothing, insurance against risks, redistribution of income, which serves as financial source as well as income security conditions (Figure 4). As Barrientos (2004) puts it, the functions of pensions entail consumption smoothening, insurance and redistribution. The pension system is also a type of saving vehicle (Ekerdt & Clark, 2001). This is critical because the outcome of the implementation of policies is influenced by information dissemination for use by the general public.

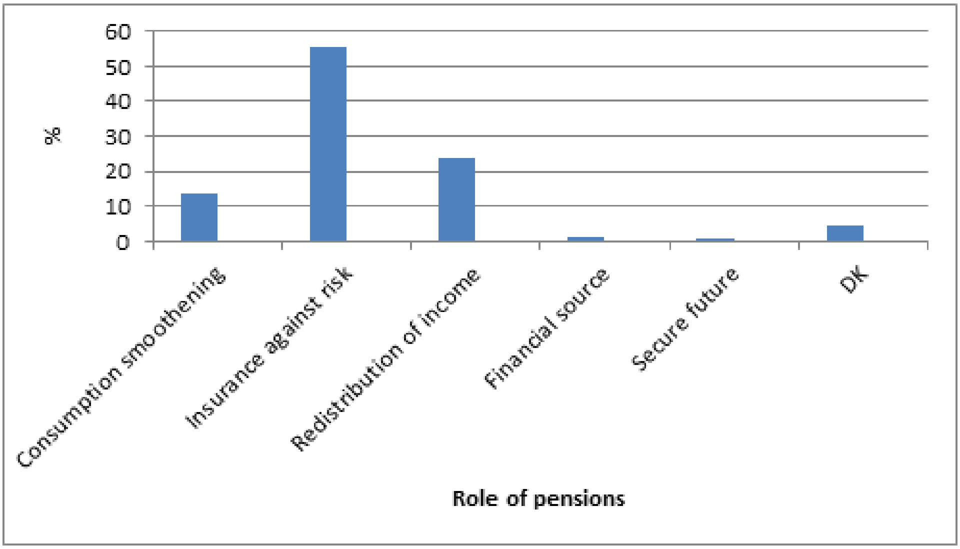

Figure 4: Functions of pension contributions
Source: Author's field data

The results show that the importance of financial education and the associated financial literacy constitutes a formidable force with regard to retirement planning and the associated financial security at the individual level. Financial literacy is a constellation of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing (Atkinson & Messy, 2012). These corroborate Wilson and Musick's (1999) assertion that capital at the cultural level consists of attitudes, knowledge and preferences to which the word 'taste' is often applied (p. 696). Thus, the absence of the exchange of information negatively affects the achievement of policy goal(s), which relates to inducing formal and informal sector workers to participate in the national pension system. The issue of eligibility of informal sector workers to contribute to the pension scheme is essential. Perhaps, workers need to be sensitised to register on the scheme and contribute accordingly. This implies that even if they were aware, they may not be registered on the schemes. This notwithstanding, pension system financial literacy is projected here as a contributor to retirement preparation. Yet, it is not always the case that people become financially literate before embarking on resource accumulation and/or mobilisation. Obviously, workers do begin to accumulate assets during the course of which the interest to improve their literacy develops. This situation often pertains to starting pension contributions at the onset of employment.

The lack of information makes people vulnerable in relation to pension contributions, including retirement planning, thus the paper's argument that pension system literacy influences retirement planning. In confirmation, Kpessa (2011) establishes the fact that informal sector workers lack awareness of the capital market's operations including understanding investments. In addition, a qualitative study conducted by wo-Ping (2013) showed that not only had participants not heard and did not know about the new pension scheme, but, due to lack of the requisite knowledge, they also found it impossible to ascertain whether the new pension system and its associated scheme would enable the enhancement of their old age income protection. This challenge can also be attributed to the financial literacy levels in Ghana as a whole. The awareness about this facilitates avoidance of old age poverty in an era of increased life expectancy. Adequate information empowers citizens to demand greater responsiveness from the government and institutions to improve planning towards post-retirement life. Yet, financial literacy is said to vary across educational groups (Lusardi, 2008; Adzawla et al., 2015). However, deciding on how much to save for retirement and how to invest requires having information about the rules that govern different instruments (Duflo & Saez, 2003).

It is on the basis of this that the information from the NPRA, SSNIT and other trustees about their public and media education and sensitisation programmes comes as a great relief in ensuring that all workers are sensitised regarding the dynamics of the new pension system. Put differently, the institutions involved are aware of the 'lack of knowledge' pertaining to the new pension system. As a result, SSNIT in its 2015 annual report makes a call to workers from all spectrums saying:

> You have worked hard all these years for the development of Ghana. Ensure your hard work is not in vain for your family and dependents. Join the SSNIT Pension Scheme today and contribute to the success of your future and the scheme (SSNIT, 2015, p. 51).

This may also find expression in terms of the systemic design of the pension system that needs to be addressed. By contrast, advertisers in the West compete for the attention of workers who patronise the kinds of savings and pension arrangements that require them to directly manage investments in their retirement savings (Ekerdt & Clark, 2001). Perhaps infusing such competitiveness into the Ghanaian context may yield laudable outcomes.

The lack of knowledge about Ghana's pension system may create inequalities and disparities between contributors and non-contributors, particularly the former. This may create disparities in relation to social class as well with significant disparities existing in financial, social and other resources at old age. The chasm between those who do and those who do not have resources leaves people in positions and with experiences that are worlds apart (Settersten & Trauten, 2009, p.459). Moreover, most non-contributors may contribute to the schemes if they have the requisite knowledge early in the course of their working lives.

This article maintains that sensitisation of workers comes in five forms. First, it takes the form of education on the functionality and operation of the new pension systems, highlighting the systemic roles of stakeholders constituted by the regulator, the service providers, employers and workers, modalities of the three-tiers and the associated rules. Second, it provides education on the benefits of participating and/or contributing to pensions as depicted by the five pillars e.g. pension income, invalidity pension, superannuation; lump sum, primary residence, healthcare and additional savings. Third, it provides guidance on contributing to pension schemes. Fourth, it also educates workers to periodically check up on pension contributions to rectify any anomalies. Finally, it highlights the availability of other relevant retirement planning information which may facilitate the diversification of retirement portfolios to entail financial and non-financial components, all of which can eventually be acquired through financial resources, yet directly for some financial components and indirectly for non-financial portfolios.

Penultimately, this article posits that there is therefore a significant relationship between financial literacy and retirement planning for which there is the need to disseminate information in order to inspire, inform and foster learning and for knowledge acquisition. For the institutions involved, this includes promoting themselves as credible and useful sources of information. Awareness or knowledge in this regard will go a long way to facilitate resource mobilisation through savings, and a host of others for onward utilisation (Novak, 2006; Moody, 2010) during retirement. Hence, inadequate information provision is an impediment to large-scale participation in pension contributions. Like governments, institutions communicate their mandated plans, policies, activities and programmes to the populace. Communication is a two-way process within which feedback is key. Besides accountability, transparency and participation are requirements that denote the significance of the flow of information from government and designated institutions (Amoakohene, 2011).

Conclusion and Policy Implications

To some extent the findings here depict pension contribution as mandatory for public and civil service workers but not in the case of informal sector workers. This misconception may be due to inadequate information dissemination in relation to who is eligible to contribute to the national pension scheme, including a challenge with pension system design. It is for this reason that this paper notes that pension scheme financial literacy has a tremendous impact on retirement planning; further, the reverse is counterproductive as such misconceptions may affect workers' ability to engage in pension contributions. In addition, there are limited programmes which explain the requisite pension plan, retirement timing options and the benefit levels associated with various options.

Additionally, workers and worker organisations seem not to understand the structure, role and benefits of the new pension system. As Dovie (2018d) points out, this is detrimental to the systematic process of resource mobilisation and allocation towards post-retirement life. Inasmuch as inadequacy of financial literacy may serve as an impediment to retirement planning, other factors also militate against participation in pension contribution and ultimately retirement planning such as to a greater extent the tension between the provision of immediate and future needs in the context of limited resources as earlier mentioned. This is particularly important because retirement planning is a powerful predictor of wealth accumulation for life in old age, whereas financial literacy is the facilitator of retirement planning. Finally, Ekerdt and Clark (2001) argue that people often find it difficult to make the right decisions about retirement savings. In the end, the pressures of "immediate gratification, delayed benefits" wins.

Individuals have the propensity to save during their pre-retirement period in order to transfer purchasing power to the period of retirement. Along this line, de Freitas and Martins (2014) note that there is the probability of experiencing a higher longevity that is indicative of the need to save more in order to ensure an adequate consumption level for a longer period**.** Similarly, Modigliani (2005) argues that people tend to save more in their productive ages and have dissavings when they are old. However, low level of long-term savings may be attributed to structural factors. The paper therefore asserts that informational inaccessibility is the direct cause of the lack of surety about who is eligible to participate in and contribute to pension schemes in the study community and by virtue of that plan for later life. It emphasises a context in which pension finance literacy influences planning for life in old age. This also entails failure in building an accessible pension system both in terms of information and service delivery including the low take up rate of the new pension system particularly by informal sector workers in general.

The motivational effect of sensitisation programmes pertains to receiving the requisite messages that encourage workers to participate in pension schemes and in no case deter them, especially those who are comparatively ignorant about the structure, operation, functionality and benefits of the pension system. The strong social effects obtained in the form of information dissemination and concomitant literacy are important in an indirect way as it leads to significant changes in the decision to enroll in pension schemes, which denotes an essential economic decision. Access to pension information and preparing towards life in old age are inseparable. This is essential because information dissemination and resultant literacy may have a great impact on workers' savings behaviour. Thus, financial education and literacy is considered a potentially important avenue to improve the quality of financial decision making by workers and by extension policy makers, companies and individuals.

There are two contrasting sets of results regarding financial education programmes vis-à-vis retirement preparation. Whereas Bernheim and Garrett (2003), Lusardi (2004), and Clark and d'Ambrosio (2008) articulate positive financial education effect on savings and retirement plans, Duflo and Saez (2003, 2004) and Madrian and Shea (2001) contend there is little or no effect of the same. These mixed evidence regarding the effectiveness of financial education programmes questions the essence of improving financial literacy. However, is there a choice in this matter? It will be difficult to plan for the retirement transition without any level of financial literacy.

In fact, within the contemporary sociological literature, profound analysis of interaction abounds. The issue of pension information dissemination and utilisation resonates sociologically within the broader socialisation framework of Du Toit and van Staden (2014), who maintain that socialisation is the process of learning the beliefs, norms and values socially expected from societal members. Thus, the goal of successful aged life requires of individuals to participate in the norm of pension contribution. Socialisation agents such as institutions (NPRA, SSNIT, etc), mass media and a host of others assist individuals by enlightening them on the content (functions and operations), obligations (teaches roles -- need to contribute to pensions) and rights (pension benefits). In contrast, Collins-Sowah et al. (2013) argue that education does not have a significant influence on pension scheme participation in Ghana.

A pension or a retirement savings plan is a long-term investment that aims at building a fund for post-retirement life. It is concluded that financial literacy significantly determines preparing towards post-retirement life. However, other intervening factors such as competing financial resources and priority orientation inhibit the extent of this determination. In lieu of such factors, Kpessa (2011) outlined policy makers' viewpoint in terms of informal sector workers having the propensity to take advantage of the voluntary third tier of the current arrangement to save towards their old age income security needs. However, Kpessa contends that:

> This arrangement raises several questions. First, because most of the informal sector workers lacked knowledge of the operations of the capital market and an understanding of investment, it is unlikely that competitive private old age income security plan based on defined contributions would address their needs. Secondly, the current system is fraught with inequality against informal sector workers, in the sense that the problem of myopia, which was addressed through a mandatory second tier for formal sector workers, has not addressed for informal sector workers – *[sic] (p. 100).*

This articulates a general lack of financial literacy by informal sector workers. Similarly, wo Ping (2013) notes that there is systemic failure in the new pension system. Since the system first overlooked the fact that the existing old age saving strategy of the informal workers has already provided them an effective high-risk high-return investment opportunity. In addition, with low institutional capacity, the privatised defined contribution model the new three-tier pension scheme depicts cannot provide a low risk pension with basic pension (p. vi). *T*his paper however situated financial literacy in the context of retirement planning in general, narrowing in on the pension contributions. It specifically assesses perceptions of workers' eligibility to contribute to and benefit from the pension system in Ghana with the financial literacy as the main focus By extension, this paper purports that financial literacy has the tendency to foster massive participation in pensions, thereby resulting in retirment portfolio diversification.

The discussion above elicits a set of recommendations. Pension contribution among informal sector workers is challenged due to limited resources. To tackle this, the state must intensify its poverty reduction interventions to ensure increased financial resources for workers as this will propel them to have enough funds in meeting their basic needs as well as for retirement preparation and/or pension contributions. Further, the state must provide an extensive and more elaborate platform to bridge the informational gap by ensuring intensified creation of financial literacy the sample studies and by extension among Ghanaians. Employers and the government should design, customise and tailor sensitisation programmes to suit the various needs and levels of financial knowledge, while facilitating financial literacy. Individuals need to eschew lackadaisical attitudes to as important an issue as an impending old age and the requisite preparations thereof or waiting à la the 'last minute syndrome'.

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