**Financial literacy and Retirement Preparedness among Government Employees: A Correlation Analysis**

**ABSTRACT**

|  |
| --- |
| The increasing number of senior government employees poses significant challenges for the retirement system worldwide. Many senior government employees in the Philippines, particularly in rural areas such as Cateel, Davao Oriental, face financial instability due to inadequate retirement planning, excessive reliance on public pensions, and limited financial education. This study aimed to investigate the level of retirement preparedness among senior government employees, their financial literacy, and whether significant differences existed based on demographic characteristics, financial behaviour, self-efficacy, well-being, and retirement-related practices. This study assessed the financial literacy and retirement preparedness of 73 nearing-retirement government employees—38 LGU personnel and 35 public school teachers—in Cateel using a quantitative descriptive design. A quantitative-descriptive correlational design was used to explore the relationship between financial literacy and retirement preparedness among government employees. Data were collected through standardised surveys and analysed using descriptive statistics, Pearson correlation, ANOVA, and t-tests. Findings revealed that respondents had a high level of financial literacy (x̄ = 3.75), particularly in the areas of financial behaviour, self-efficacy, financial well-being, and financial planning. However, their perception of their current financial status was only moderate (x̄ = 3.25). Retirement preparedness was also rated high (x̄ = 4.00), particularly in terms of saving behaviour and planning. No significant differences in financial literacy were observed based on age, gender, or marital status, but salary level showed a significant effect (F = 3.775, p = 0.014). A moderate and significant correlation was found between financial literacy and retirement preparedness (r = 0.559, p < 0.05), particularly in terms of financial behaviour and well-being. It recommends further research across varied demographic and socio-economic groups to explore factors influencing financial perception and preparedness. Additionally, future studies recommend examining the sustainability of current retirement plans and developing targeted interventions to bridge the gap between financial perception and actual preparedness. The findings revealed that overall financial literacy had a moderate and significant relationship with retirement preparedness (r = 0.559, p < 0.001), suggesting that employees with a better understanding of finances tended to be more prepared for retirement.  |

*Keywords: financial literacy, retirement preparedness, government employees, financial*

 *behaviour, planning*

**1. INTRODUCTION**

Retirement is an important life event that every working individual experiences. After many years in a dedicated job, retirement is when a person exits the workforce. Retirement is the beginning of a new stage of life. Even if people want to work into their later years, age discrimination, mandated retirement, declining productivity, bad health and structural changes in labour compel them to abandon their jobs (Mustafa et al., 2023; Safari et al., 2021). The increasing number of senior government employees poses significant challenges for the retirement system worldwide. As life expectancy continues to rise, effective retirement planning has become more crucial (OECD, 2019). Financial literacy plays a crucial role in retirement preparedness, equipping individuals with the knowledge and skills necessary to make informed financial decisions (Xiao & O'Neill, 2016). Recent instabilities in financial markets caused by events such as pandemics or wars, as well as the growing trend of digitalisation of financial products, have emphasised the need for financial literacy as a socially useful practice. Financial literacy is defined as “a combination of awareness, knowledge, skills, attitude and behaviour necessary for making rational financial decisions and ultimately achieving individual financial well-being, which are also its greatest advantages” (Zaimovic et al., 2023; Desello et al., 2023). Globally, financial literacy has emerged as a vital component in ensuring individuals are prepared for retirement. However, many senior government employees face financial instability due to inadequate planning, which has long-term implications for their well-being and economic stability (Lusardi & Mitchell, 2017).

In the Philippines, the growing number of government employees nearing retirement highlights the importance of addressing the financial literacy gap as critical for retirement preparedness (Abad et al., 2019). In a study conducted by French, E. (2022), most elderly individuals want to have personal savings, business income, and support for their old age security. On the other hand, when it comes to finding allocations, baby boomers focus on their children and after-retirement plans (Lusardi and Mitchell, 2017). Instead of investing in life insurance and preparing for retirement savings, they expect their children and other relatives to support them after retirement as a form of payback for raising them and sending them to school (Lin and Pei, 2016). A belief from one of the many Filipino traditions. Moreover, they believe that their economic status will remain stable due to their pensions from GSIS or SSS (Cabarrubias, 2016). Klapper et al. (2019) found that low financial literacy is a significant barrier to effective retirement planning, leaving many government employees vulnerable to financial challenges.

Concerns about the sustainability of public pension systems have arisen due to excessive dependence on them, highlighting the importance of individuals managing their retirement savings through effective financial planning (Annink et al., 2016). Poor financial planning can have lasting adverse effects, including insufficient wealth growth and financial stress for retirees, their families, and society (Choi & Jang, 2016; Ekici & Koydemir, 2016). Additionally, demographic changes, such as increasing life expectancy and the elimination of mandatory retirement age, highlight the urgent need to bridge the gap between current savings and future retirement needs (Topa et al., 2017).

The study by Lusardi and Mitchell (2017) concluded that improving financial literacy can help individuals make informed financial decisions, particularly in managing savings and retirement funds. Similarly, Boisclair, Lusardi, and Michaud (2017) emphasised that targeted financial education programs significantly contribute to better financial well-being and retirement security. Research also indicates that demographic factors, including age, gender, educational attainment, and income, have a significant impact on financial literacy and retirement preparedness (Hastings et al., 2020). Unfortunately, Yakoboski et al. (2022) found that many government employees with lower education and income levels remain financially illiterate, resulting in inadequate retirement planning and financial instability.

This study aimed to assess the financial literacy and retirement preparedness of senior government employees, focusing on their financial behaviour, self-efficacy, well-being, perception of their financial situation and approaches to personal finance management, as well as retirement savings and planning. Lusardi and Mitchell (2017) found a positive attitude toward saving for retirement among Filipinos; however, this was not always reflected in effective retirement planning. The researchers identified a gap in studies specifically targeting government employees in rural areas such as Cateel and Davao Oriental. This study aimed to investigate the level of retirement preparedness among senior government employees, their financial literacy, and whether significant differences existed based on demographic characteristics, financial behaviour, self-efficacy, well-being, and retirement-related practices.

**2. OBJECTIVES**

This research aimed to achieve the following objectives:

1. To determine the profile of the respondent in terms of:

a. age;

b. gender;

c. marital status;

d. educational attainment; and

e. salary.

1. To identify the level of financial literacy among respondents in terms of:

a. financial behaviour;

b. financial self-efficacy;

c. financial well-being;

d. Perception of the current financial situation; and

e. Planning and controlling personal finances.

1. To identify the level of retirement preparedness among respondents in terms of:

a. retirement saving behaviour

b. retirement planning

1. To determine the significant difference between the profile and level of financial literacy of the respondents::

a. age;

b. gender;

c. marital status;

d. educational attainment; and

e. salary.

1. To determine the significant difference between the profile and level of financial literacy of the respondents::

a. age;

b. gender;

c. marital status;

d. educational attainment; and

e. salary.

1. To determine the significant relationship between financial literacy and retirement preparedness.
2. **CONCEPTUAL FRAMEWORK**

This study is grounded in the findings of Lusardi and Mitchell (2015) on financial literacy and its impact on retirement planning. Underscore the importance of financial literacy and related factors in determining retirement preparedness, particularly among older adults. It examine explicitly how financial literacy and associated variables affect retirement preparedness among government employees, including those in Local Government Units (LGUs) and DepEd teachers in Districts 1 and 2 of Cateel, Davao Oriental. The conceptual framework in Figure 1 illustrates the correlation between financial literacy indicators and retirement preparedness among employees of local government units (LGUs) and Department of Education (DepEd) teachers.

**INDEPENDENT VARIABLE DEPENDENT VARIABLE**

*Figure 1. Conceptual diagram of the study*

**FINANCIAL LITERACY**

Financial Behavior

Financial Self-Efficacy

Financial Well-Being

Perception of Current Financial Situation

Planning and Controlling Personal Finances

**RETIREMENT** **PREPAREDNESS**

Retirement Saving Behavior

Retirement Planning

**4. MATERIALS AND METHODS**

**Research Design**

A quantitative-descriptive correlational design was used to explore the relationship between financial literacy and retirement preparedness among government employees. As described by Atmowardoyo (2018), descriptive research aims to describe a population or phenomenon systematically. This study is quantitative because it aims to measure the levels of financial literacy and retirement preparedness. It is descriptive because it focuses on observing these variables without manipulating them. The quantitative-descriptive correlational design was chosen to gather reliable data from a diverse group of senior citizens, providing generalizable insights into the relationships between financial literacy and retirement preparedness.

**Research Instrument**

An adopted survey questionnaire was used as the primary tool for data collection. Indicators related to financial literacy, such as retirement savings behaviour, were adopted from Sagar's (2024) study. Perceptions of the current financial situation and planning and controlling personal finances were adopted from the study by Almeida et al. (2024). Measures of financial behaviour, financial self-efficacy, and financial well-being were derived from the study by Putra et al. (2024). The level of retirement planning was adopted from the work of Yambor et al. (2021).

Additionally, a Likert scale was used for the questionnaire. The Likert scale involved a series of statements to which respondents rated their level of agreement. This study employed a 5-point Likert scale, with five categories in each construct: Strongly Disagree, Disagree, Neither Agree nor Disagree, Agree, and Strongly Agree. The scoring for each option ranged from one (1) to five (5), respectively.

**Respondents of the Study**

The respondents in this study comprised government employees who worked in the Local Government Unit (LGU) of Cateel, Davao Oriental, as well as DepEd teachers from Districts 1 and 2, aged 55 to 64 years old. A complete enumeration method was used to select respondents, ensuring that all eligible individuals from these groups were included. Specifically, the study involved 21 DepEd teachers from District 1, 13 teachers from District 2, and 39 employees from the local government unit (LGU). This method ensured that the sample fully represented the population of government employees and teachers in the area, providing an accurate picture of financial literacy and retirement readiness among these groups.

**Data Gathering**

The researchers followed the following steps in gathering the data. First, the researchers obtained ethical clearance from the UREB before commencing data gathering. This process ensured informed consent, maintained anonymity, preserved confidentiality, and safeguarded data against breaches. Then, the researchers obtained the necessary approvals and permissions from the Local Government Unit (LGU) office in Cateel, Davao Oriental. Permission was sought from the supervisors of Districts 1 and 2 of DepEd to ensure their approval for the participation of the teachers in the study. After obtaining permission from the relevant offices and supervisors, the researchers requested consent from the respondents. They were informed of the study's purpose, the voluntary nature of participation, and the confidentiality of their responses. Written consent was obtained from each respondent before proceeding with data collection. After obtaining respondents' consent, the data collection process commenced. The survey was administered to selected respondents at their convenience and later retrieved personally by the researchers. The data gathered were examined for completeness prior to being encoded for analysis using statistical tools. These tools included frequency-percentage for respondents’ profiles, mean for measuring financial literacy and retirement preparedness levels, T-test and ANOVA to assess significant differences based on respondents’ profiles and Correlation analysis (Pearson's r) to measure the linear relationship between financial literacy and retirement preparedness.

**4. RESULTS AND DISCUSSION**

**Profile of the Respondents**

Table 1 shows that most respondents (54.79%) are aged 58 to 60, followed by those aged 55 to 57 (41.10%), which supports Lusardi and Mitchell's (2017) view that individuals nearing retirement age are in a critical stage for financial decision-making. On the other hand, (57.53%) of respondents are female, consistent with Womack (2015), who noted that women often face challenges in retirement preparation due to lower income and caregiving roles. Males made up (35.62%) of the sample. In terms of marital status, the majority (78.08%) are married, which aligns with findings by Lusardi and Mitchell (2017) that married individuals are more likely to plan for retirement due to shared financial responsibilities.

On the other hand, (21.92%) are single, widowed, or separated—groups more likely to experience financial instability, according to Madero-Cabib et al. (2023). All respondents are college graduates, indicating a uniformly high level of educational attainment. Regarding salary, 35.62% earn ₱40,001 and above, while 64.38% earn below ₱40,000. According to Topa et al. (2017), lower income can limit financial planning due to a focus on immediate needs, especially in rural areas with limited financial resources.

Table 1. Profile of respondents

|  |  |  |  |
| --- | --- | --- | --- |
| Profile Factors | Category | Frequency | Percentage |
| Age | 55 to 57 years old | 30 | 41.10 |
| 58 to 60 years old | 40 | 54.79 |
| 61 to 64 years old | 3 | 4.11 |
| Gender | Female | 42 | 57.53 |
| Male | 26 | 35.62 |
| Prefer Not to Say | 5 | 6.85 |
| Marital Status | Single | 5 | 6.85 |
| Married | 57 | 78.08 |
| Widowed | 4 | 5.48 |
| Separated | 7 | 9.59 |
| Educational Attainment | College Graduate | 73 | 100.00 |
| Salary | ₱20,000 and below | 15 | 20.55 |
| ₱20,001 to ₱30,000 | 17 | 23.29 |
| ₱30,001 to ₱40,000 | 15 | 20.55 |
| ₱40,001 and above | 26 | 35.62 |
| TOTAL | 73 | 100.00 |

**Level of Financial Literacy**

Table 2 shows that the respondents had a high level of financial behaviour (x̄ = 3.78, s = 0.37). The highest indicator was confidence in the current financial condition (x̄ = 3.90, s = 0.48), suggesting that most respondents feel secure about their present financial situation. This was followed by having a comprehensive strategy for retirement finances (x̄ = 3.75, s = 0.46) and being informed about investment trends and products on the market (x̄ = 3.68, s = 0.66), both of which also received high interpretations.

Table 2. Level of financial behaviour

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description | Mean | Std. Deviation | Interpretation |
| 1 | Confident in the financial condition | 3.90 | 0.48 | High |
| 2 | Have a comprehensive strategy for retirement finances | 3.75 | 0.46 | High |
| 3 | Follow the latest investment trends and products on the market | 3.68 | 0.66 | High |
|  | Overall | 3.78 | 0.37 | High |

These findings indicate that respondents generally exhibit responsible and proactive financial behaviours, reflecting a strong level of financial literacy in both present financial management and future financial planning. These findings are supported by the claims of Xiao and Porto (2017), who assert that financial behaviour is a practical reflection of financial literacy and is strongly linked to financial well-being and the quality of decision-making. Therefore, the high average score observed in this study suggests that the government employees in Cateel have developed essential financial skills and behaviours that contribute to their financial security and retirement preparedness.

Table 3 shows that respondents exhibit a high level of financial self-efficacy (x̄ = 3.95, s = 0.40). The highest aspect was the ability to provide for emergency expenses (4.19, s = 0.76), reflecting confidence in managing financial emergencies. The lowest aspect was the capability to invest savings effectively to reach financial objectives (3.88, s = 0.53), which still indicates a high level of confidence. These results suggest that government employees in Cateel generally feel confident in their financial management skills and decision-making. The consistently high scores across all indicators suggest that the respondents not only understand financial principles but also feel empowered to act.

Table 3. Level of financial self-efficacy

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description | Mean | Std. Deviation | Interpretation |
| 1 | Capable of creating a strategy to reach financial objectives | 3.93 | 0.48 | High |
| 2 | Able to locate resources that can assist in resolving financial issues | 3.79 | 0.50 | High |
| 3 | Capable of investing savings effectively to reach financial objectives | 3.88 | 0.53 | High |
| 4 | Able to provide for emergency expenses | 4.19 | 0.76 | High |
|  | Overall | 3.95 | 0.40 | High |

This is supported by Asebedo and Seay (2015), who found that individuals with high financial self-efficacy are more likely to engage in proactive financial behaviours, such as budgeting, saving, and making informed decisions, which contribute to financial well-being and preparedness.

 Table 4 shows that the respondents had a high level of financial well-being (x̄ = 3.88, s = 0.39). The highest was the ability to allocate enough money to ensure future life security (x̄ = 3.93, s = 0.48), indicating that most respondents are financially preparing for the future.

Table 4. Level of financial well-being

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description | Mean | Std. Deviation | Interpretation |
| 1 | Able to allocate enough money to ensure future life | 3.93 | 0.48 | High |
| 2 | Comfortable with the current financial situation | 3.90 | 0.60 | High |
| 3 | Able to enjoy life due to belief in financial situation | 3.81 | 0.57 | High |
|  | Overall | 3.88 | 0.39 | High |

This is supported by Putra's (2024) view, which emphasises that financial well-being involves planning to secure one's future, especially for those nearing retirement. The lowest was the ability to enjoy life due to belief in their financial situation (x̄ = 3.81, s = 0.57), which still reflects a high level of well-being. This also aligns with Putra's claim that financial well-being includes the capacity to enjoy life without excessive worry about money. The high average further suggests that respondents are confident in their current financial stability and their outlook for the future.

Table 5 shows that the respondents had a moderate level of perception of their current financial situation (x̄ = 3.25, s = 0.76). The highest was the worry that money would not last forever (x̄ = 3.34, s = 1.00), indicating that many respondents experience financial uncertainty. This supports the findings of Lusardi and Mitchell (2017), who explained that perceptions of financial insecurity can significantly impact financial behaviour and future planning. The lowest was the belief that personal finances control life (x̄ = 3.14, s = 0.87), which still reflects a moderate level of concern. This is consistent with Dragos et al. (2020), who noted that negative financial perceptions can weaken long-term financial decisions. The overall average suggests that while respondents have some awareness and control over their finances, there remains a need to strengthen both their financial literacy and confidence in managing future financial challenges.

Table 5. Level of perception of current financial situation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description | Mean | Std. Deviation | Interpretation |
| 1 | Financial situation limits the ability to obtain goods and services wanted | 3.22 | 0.79 | Moderate |
| 2 | Personal finances control life | 3.27 | 0.85 | Moderate |
| 3 | Financial situation limits the ability to do things that are important | 3.14 | 0.87 | Moderate |
| 4 | Paying current expenses usually causes worry | 3.33 | 0.88 | Moderate |
| 5 | Feeling like financially just getting by | 3.21 | 0.74 | Moderate |
| 6 | Worry that money will not last forever | 3.34 | 1.00 | Moderate |
|  | Overall | 3.25 | 0.76 | Moderate |

Table 6 shows that the respondents had a high level of financial literacy in terms of planning and controlling personal finances (x̄ = 3.89, s = 0.41). The highest was regularly keeping track of money (x̄ = 4.07, s = 0.54), indicating that most respondents are actively monitoring their financial activities. This supports the findings of O’Neill and Xiao (2016), who emphasised that consistent tracking of finances contributes significantly to financial well-being. The lowest was personally and systematically controlling personal finances (x̄ = 3.81, s = 0.57), which still falls within the high interpretation. This aligns with Noone et al. (2015), who noted that active and intentional financial control plays a crucial role in effective retirement planning. The overall high average suggests that respondents generally practice disciplined financial behaviours that support long-term financial stability.

Table 6. Level of planning and controlling personal finances

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description | Mean | Std. Deviation | Interpretation |
| 1 | Personally, and systematically control personal finances | 3.81 | 0.57 | High |
| 2 | Set long-term goals and do everything possible to achieve them | 3.85 | 0.54 | High |
| 3 | Follow a careful financial budget | 3.84 | 0.62 | High |
| 4 | Keep track of money | 4.07 | 0.54 | High |
|  | Overall | 3.89 | 0.41 | High |

Table 7 shows that the respondents had an overall high level of financial literacy (x̄ = 3.75, s = 0.24). The highest indicator is financial self-efficacy (x̄ = 3.95, s = 0.40), indicating that respondents feel confident in managing finances, solving problems, and handling emergencies. This supports the findings of Xiao and Porto (2017), who emphasised that financial literacy includes both knowledge and the confidence to make sound financial decisions.

Table 7. Financial literacy level

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Factors of Financial Literacy | Mean | Std. Deviation | Interpretation |
| 1 | Financial Behavior | 3.78 | 0.37 | High |
| 2 | Financial Self-Efficacy | 3.95 | 0.40 | High |
| 3 | Financial Well-Being | 3.88 | 0.39 | High |
| 4 | Perception of Current Financial Status | 3.25 | 0.76 | Moderate |
| 5 | Planning and controlling | 3.89 | 0.41 | High |
|  | Overall Financial Literacy | 3.75 | 0.24 | High |

 The lowest is the perception of current financial status (x̄ = 3.25, s = 0.76), which reflects moderate understanding and greater variability in how respondents assess their financial stability. This is consistent with Lusardi and Mitchell (2017), who noted that individuals may be financially capable yet still feel uncertain or anxious about their financial situation. The overall high average suggests that government employees in Cateel generally practice responsible financial behaviours and feel secure in their decision-making, although continued efforts in strengthening financial confidence and self-awareness are needed.

**Level of Retirement Preparedness**

Table 8 shows that the respondents had a high level of retirement preparedness in terms of retirement saving behaviour (x̄ = 4.04, s = 0.32). The highest was regularly contributing to retirement savings accounts (x̄ = 4.62, s = 0.59), indicating that most respondents actively and consistently save for retirement, which supports Lusardi and Mitchell’s (2017) emphasis on habitual saving as key to retirement readiness. The lowest was confidence in the overall retirement savings plan (x̄ = 3.84, s = 0.53), still reflecting a high level of preparedness and aligning with the view that while saving behaviour may be strong, confidence in long-term planning can vary. Overall, these results suggest that respondents are engaged in responsible saving practices and demonstrate a strong awareness of long-term financial planning.

Table 8. Level of retirement saving behaviour

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description  | Mean | Std. Deviation | Interpretation |
| 1 | Regularly contribute to retirement savings accounts | 4.62 | 0.59 | Very High |
| 2 | Review and adjust retirement savings strategy annually | 3.85 | 0.43 | High |
| 3 | Have a diversified investment portfolio for retirement savings | 3.89 | 0.54 | High |
| 4 | Satisfied with the amount currently saved for retirement | 4.03 | 0.67 | High |
| 5 | Confident in the overall retirement savings plan | 3.84 | 0.53 | High |
|  | Overall | 4.04 | 0.32 | High |

Table 9 shows that respondents have a high level of retirement preparedness in terms of retirement planning (x̄ = 3.95, s = 0.31). The highest was putting away money each month for savings or investments (x̄ = 4.37, s = 0.68), indicating strong recognition of the importance of regular saving, which supports Xiao and O'Neill's (2016) emphasis on disciplined financial planning as essential for retirement confidence. The lowest was having investments in stocks, bonds, and mutual funds, apart from government contributions (x̄ = 3.75, s = 0.72), suggesting that some respondents may have limited diversification in their retirement portfolios. These findings align with Lusardi and Mitchell (2017), who noted that proactive retirement planning behaviours, such as saving, investing, and using insurance, are strongly associated with financial security in later life.

Table 9. Level of retirement planning

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Description  | Mean | Std. Deviation | Interpretation |
| 1 | Spending is always based on prior planning | 3.74 | 0.58 | High |
| 2 | Cross-check interest paid on accounts | 3.90 | 0.60 | High |
| 3 | Ask bankers about investment opportunities before making an investment decision | 3.86 | 0.56 | High |
| 4 | Compare interests and other benefits when deciding to save money | 4.15 | 0.66 | High |
| 5 | Assess terms and conditions given by financial institutions before taking a loan or credit facility | 4.23 | 0.72 | Very High |
| 6 | Keep track of income and expenditure every month | 3.79 | 0.53 | High |
| 7 | Take an insurance policy for investments and/or personal protection | 3.96 | 0.61 | High |
| 8 | Apart from SSS, GSIS, and PAG-IBIG, contributions have investments in stocks, bonds, and mutual funds to cushion pension | 3.75 | 0.72 | High |
| 9 | Took a health insurance policy for coverage while working and after retirement | 3.90 | 0.60 | High |
| 10 | Putting away money each month for savings or investments is important and necessary | 4.37 | 0.68 | Very High |
| 11 | Have done a special lifetime savings, especially to be accessed after retirement | 3.93 | 0.45 | High |
| 12 | Seek financial advice before making major financial commitments or decisions | 3.84 | 0.55 | High |
| 13 | Set up a business as preparation toward retirement | 3.92 | 0.66 | High |
|  | Overall | 3.95 | 0.31 | High |

Table 10 shows that respondents have a high level of retirement preparedness (x̄ = 4.00, s = 0.27). The highest is retirement savings behaviour (x̄ = 4.04, s = 0.32), while the lowest is retirement planning (x̄ = 3.95, s = 0.31). These findings suggest that respondents are actively saving for retirement and engaging in financial planning, indicating a strong commitment to long-term financial security. This aligns with Lusardi and Mitchell (2017), who assert that financial literacy significantly enhances retirement preparedness, and Xiao and O’Neill (2016), who emphasise that saving combined with strategic planning increases the likelihood of a secure retirement.

Table 10. Retirement preparedness level

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Factors of Retirement Preparedness | Mean | Std. Deviation | Interpretation |
| 1 | Retirement Savings Behaviour | 4.04 | 0.32 | High |
| 2 | Retirement Planning | 3.95 | 0.31 | High |
|  | Overall Retirement Preparedness | 4.00 | 0.27 | High |

**Differences in the Level of Financial Literacy**

Table 11 shows no significant difference in financial literacy levels among respondents based on age (F = 0.657, p = 0.522). This indicates that financial literacy scores are similar across different age groups of government employees. These findings align with Lusardi and Mitchell (2017), who argue that financial literacy is more influenced by financial education and personal habits than by demographic factors such as age. Xiao and Porto (2017) also emphasise that financial literacy is related to individual financial behaviours and attitudes, regardless of age, highlighting the need for inclusive financial education across all age groups.

Table 11. Financial literacy comparison among respondents in terms of their age

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .073 | 2 | .037 | .657 | .522 |
| Within Groups | 3.914 | 70 | .056 |  |  |
| Total | 3.987 | 72 |  |  |  |

Table 12 shows no significant difference in financial literacy levels among respondents based on gender (F = 0.305, p = 0.738). This indicates that financial literacy scores do not vary meaningfully between male and female respondents. These findings are supported by Xiao and Porto (2017), who emphasise that personal financial behaviour and self-efficacy have a greater influence on financial literacy than gender alone. Similarly, Lusardi and Mitchell (2017) highlight that financial literacy and decision-making abilities are shaped more by education and experience than by gender.

Table 12. Financial literacy comparison among respondents in terms of their gender

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .034 | 2 | .017 | .305 | .738 |
| Within Groups | 3.953 | 70 | .056 |  |  |
| Total | 3.987 | 72 |  |  |  |

Table 13 shows no significant difference in financial literacy levels based on marital status (F = 0.297, p = 0.827). This indicates that being single, married, widowed, or separated does not significantly affect respondents’ financial literacy. Farrel et al. (2016) support this, stating that financial self-efficacy and informed decision-making are key factors regardless of marital status.

Table 13. Financial literacy comparison among respondents in terms of their marital status

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .051 | 3 | .017 | .297 | .827 |
| Within Groups | 3.936 | 69 | .057 |  |  |
| Total | 3.987 | 72 |  |  |  |

Table 14 presents the comparison of financial literacy levels among respondents according to their salary. The analysis reveals a significant difference in financial literacy based on salary (F = 3.775, p = 0.014). This suggests that income level has a significant influence on financial literacy, with individuals earning higher salaries demonstrating greater financial literacy than those in the middle-income bracket. As Lusardi (2019) highlighted that low financial literacy is a major barrier to effective retirement planning and wealth accumulation.

Table 14. Financial literacy comparison among respondents in terms of their salary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .562 | 3 | .187 | 3.775 | .014 |
| Within Groups | 3.425 | 69 | .050 |  |  |
| Total | 3.987 | 72 |  |  |  |

Table 15 shows a significant difference in financial literacy between respondents earning ₱20,001–₱30,000 and those earning ₱40,001 and above (MD = -0.23, p = 0.01), indicating that individuals with higher incomes demonstrate greater financial literacy. All other comparisons showed no significant difference (p > 0.05). These findings support Lusardi and Mitchell (2017), who emphasised that higher income provides access to financial resources that enhance literacy, and Xiao et al. (2022), who found that increased income improves financial understanding.

Table 15. Significant difference and the post hoc test of monthly salary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (I) Monthly Salary | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | Interpretation |
| Lower Bound | Upper Bound |
| ₱20,000 and below | ₱20,001 to ₱30,000 | 0.12 | 0.08 | 0.41 | -0.08 | 0.33 | No Difference |
| ₱30,001 to ₱40,000 | -0.04 | 0.08 | 0.97 | -0.25 | 0.18 | No Difference |
| ₱40,001 and above | -0.11 | 0.07 | 0.44 | -0.30 | 0.08 | No Difference |
| ₱20,001 to ₱30,000 | ₱30,001 to ₱40,000 | -0.16 | 0.08 | 0.19 | -0.37 | 0.05 | No Difference |
| ₱40,001 and above | -0.23 | 0.07 | 0.01 | -0.41 | -0.05 | Has Difference |
| ₱30,001 to ₱40,000 | ₱40,001 and above | -0.07 | 0.07 | 0.75 | -0.26 | 0.12 | No Difference |

**Differences in the Level of Retirement Preparedness**

Table 16 shows no significant difference in the level of retirement preparedness among respondents when grouped by age (F = 0.661, p = 0.519), indicating that age does not significantly influence the preparedness of individuals for retirement. This supports Lusardi and Mitchell (2017), who emphasised that continuous financial planning, regardless of age, is essential for achieving retirement security.

Table 16. Retirement preparedness comparison among respondents in terms of their age

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .099 | 2 | .050 | .661 | .519 |
| Within Groups | 5.253 | 70 | .075 |  |  |
| Total | 5.352 | 72 |  |  |  |

Table 17 shows no significant difference in the level of retirement preparedness among respondents when grouped by gender (F = 0.150, p = 0.861), indicating that gender does not significantly influence the preparedness of individuals for retirement. This is supported by Lusardi and Mitchell (2017), who emphasised that although gender distinctions might be present in certain financial situations, they do not inevitably result in differences in overall retirement readiness.

Table 17. Retirement preparedness comparison among respondents in terms of their gender

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .023 | 2 | .011 | .150 | .861 |
| Within Groups | 5.329 | 70 | .076 |  |  |
| Total | 5.352 | 72 |  |  |  |

Table 18 shows no significant difference in the level of retirement preparedness among respondents when grouped by marital status (F = 0.250, p = 0.861), indicating that marital status does not significantly affect retirement readiness. This is supported by Lusardi and Mitchell (2017), who argue that financial literacy and planning habits have a stronger influence on retirement preparedness than demographic factors such as marital status.

Table 18. Retirement preparedness comparison among respondents in terms of their marital status

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .058 | 3 | .019 | .250 | .861 |
| Within Groups | 5.294 | 69 | .077 |  |  |
| Total | 5.352 | 72 |  |  |  |

Table 19 shows no significant difference in the level of retirement preparedness among respondents when grouped by salary (F = 2.309, p = 0.084), indicating that income level does not significantly affect retirement readiness. This is supported by Lusardi and Mitchell (2017), who argue that while income may influence financial behaviour, retirement preparedness is more closely tied to financial literacy and planning habits.

Table 19. Retirement preparedness comparison among respondents in terms of their salary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | .488 | 3 | .163 | 2.309 | .084 |
| Within Groups | 4.864 | 69 | .070 |  |  |
| Total | 5.352 | 72 |  |  |  |

**Relationship between Financial Literacy and Retirement Preparedness**

Table 20 presents a moderate and significant positive relationship between financial literacy and retirement preparedness (r = 0.559, p < 0.001), indicating that higher financial literacy is associated with better retirement readiness. Key components, such as financial behaviour (r = 0.487, p < 0.001) and financial well-being (r = 0.443, p < 0.001), also show significant correlations. Financial self-efficacy (r = 0.300, p = 0.010) exhibits a weak but significant correlation, whereas the perception of current financial status reveals no significant relationship (r = -0.023, p = 0.844). These findings are supported by the work of Lusardi and Mitchell (2017) and Xiao and O'Neill (2016), who emphasised the significance of financial knowledge and behaviour in retirement planning.

Table 20. Relationship between financial literacy and retirement preparedness

|  |  |  |  |
| --- | --- | --- | --- |
| Variables | Retirement Savings Behaviour | Retirement Planning | Overall Retirement Preparedness |
| Financial Behavior | Pearson Correlation | 0.487 | 0.310 | 0.456 |
| Sig. (2-tailed) | 0.000 | 0.008 | 0.000 |
| Interpretation | Moderate relationship and significant | Weak relationship and significant | Moderate relationship and significant |
| Financial Self-Efficacy | Pearson Correlation | 0.300 | 0.327 | 0.357 |
| Sig. (2-tailed) | 0.010 | 0.005 | 0.002 |
| Interpretation | Weak relationship and significant | Weak relationship and significant | Weak relationship and significant |
| Financial Well-Being | Pearson Correlation | 0.443 | 0.531 | 0.554 |
| Sig. (2-tailed) | 0.000 | 0.000 | 0.000 |
| Interpretation | Moderate relationship and significant | Moderate relationship and significant | Moderate relationship and significant |
| Perception of Current Financial Status | Pearson Correlation | -0.020 | -0.022 | -0.023 |
| Sig. (2-tailed) | 0.870 | 0.855 | 0.844 |
| Interpretation | Negligible relationship | Negligible relationship | Negligible relationship |
| Planning and Controlling | Pearson Correlation | 0.226 | 0.410 | 0.361 |
| Sig. (2-tailed) | 0.055 | 0.000 | 0.002 |
| Interpretation | Weak relationship and significant | Moderate relationship and significant | Weak relationship and significant |
| Overall Financial Literacy | Pearson Correlation | 0.468 | 0.514 | 0.559 |
| Sig. (2-tailed) | 0.000 | 0.000 | 0.000 |
| Interpretation | Moderate relationship and significant | Moderate relationship and significant | Moderate relationship and significant |

**5. CONCLUSIONS AND RECOMMENDATIONS**

**Conclusion**

The profile of the respondents indicated that the majority were female (57.53%), married (78.08%), and within the 58- to 60-year-old age group (54.79%), suggesting that most were nearing the typical retirement age. All participants were college graduates, reflecting a high level of educational attainment. In terms of income, the largest proportion earned ₱40,001 and above (35.62%), implying a relatively stable financial capacity. This profile suggested that the respondents were in a stable stage of life, both personally and professionally, which may have contributed positively to their financial literacy and retirement preparedness. As they likely had accumulated work experience and possessed the foundational knowledge and resources necessary for effective retirement planning, this may have been a factor.

The overall level of financial literacy among respondents was high (x̄ = 3.75, s = 0.24). Specifically, the respondents exhibited high levels of financial behaviour (x̄ = 3.78, s = 0.37), financial self-efficacy (x̄ = 3.95, s = 0.40), financial well-being (x̄ = 3.88, s = 0.39), and planning and controlling personal finances (x̄ = 3.89, s = 0.41). However, the perception of current financial status was rated as moderate (x̄ = 3.25, s = 0.76), indicating that while respondents demonstrated strong financial knowledge and behaviours, some still perceived limitations in their financial stability. Overall, these findings suggested that government employees in Cateel possessed a sound understanding and effective management of personal finances. However, some areas may have benefited from targeted support to enhance their perceived financial security further.

The respondents demonstrated a high level of retirement preparedness. Specifically, they showed a high level of retirement saving behaviour (x̄ = 4.04, s = 0.32) and retirement planning (x̄ = 3.95, s = 0.31). The overall level of retirement preparedness was also rated as high (x̄ = 4.00, s = 0.27), suggesting that the respondents were actively engaged in saving and planning for their retirement, with many expressing confidence in their financial strategies and making consistent efforts to secure their post-retirement life.

The comparison of financial literacy levels across demographic profiles revealed no significant differences when respondents were grouped by age (F = 0.657, p = 0.522), gender (F = 0.305, p = 0.738), or marital status (F = 0.297, p = 0.827). However, a significant difference was found based on salary (F = 3.775, p = 0.014). Post hoc analysis revealed a statistically significant mean difference in financial literacy between respondents earning ₱20,001–₱30,000 and those earning ₱40,001 and above (MD = -0.23, p = 0.01). This indicated that income level played a role in shaping financial literacy, with higher earners demonstrating greater financial literacy compared to some lower-earning groups.

The analysis of retirement preparedness across demographic groups revealed no significant differences when respondents were grouped according to age (F = 0.661, p = 0.519), gender (F = 0.150, p = 0.861), or marital status (F = 0.250, p = 0.861). While salary approached significance (F = 2.309, p = 0.084), it did not reach the threshold for statistical significance, indicating that income level—from ₱20,000 and below to ₱40,001 and above—did not significantly influence retirement preparedness among the respondents. These results suggested that retirement preparedness was consistent across different demographic profiles within this group, including salary brackets.

The findings revealed that overall financial literacy had a moderate and significant relationship with retirement preparedness (r = 0.559, p < 0.001), suggesting that employees with a better understanding of finances tended to be more prepared for retirement. Financial behaviour (r = 0.487, p < 0.001) and financial well-being (r = 0.531, p < 0.001) also showed moderate correlations, indicating that practical financial actions and stability contributed to preparedness. Financial self-efficacy (r = 0.300, p = 0.010) and planning and controlling (r = 0.361, p = 0.002) exhibited weaker but still significant relationships, suggesting that confidence and active financial management played a role, albeit to a lesser extent. Meanwhile, the perception of current financial status showed no significant relationship (r = -0.023, p = 0.844), highlighting a disconnect between how employees felt about their finances and their actual readiness.

**Recommendation**

It is recommended that future researchers investigate groups with diverse demographic and socioeconomic backgrounds. For instance, future studies may focus on younger government employees, those with lower income brackets, or individuals with lower educational attainment to compare financial literacy and retirement preparedness across diverse populations.

Future researchers are advised to investigate the underlying factors that influence the moderate perception of financial status despite high financial literacy. Exploring emotional, social, or contextual influences on financial perception may help identify barriers that affect individuals' confidence in their financial stability. Additionally, comparing these perceptions with actual financial behaviours across different government sectors or locations could offer broader insights.

Future researchers are encouraged to explore the quality and sustainability of the respondents' retirement plans beyond their self-reported preparedness. Since the findings rely on perceived behaviours and confidence, future studies could investigate actual retirement outcomes or assess preparedness using longitudinal data to gain a more comprehensive understanding of the topic. Examining the barriers faced by those with lower preparedness, despite having similar financial literacy levels, may also help identify overlooked factors in retirement readiness.

Future researchers are advised to investigate the specific factors that contribute to the gap in financial literacy across different income levels. It is recommended to explore how access to financial education, financial tools, or exposure to investment opportunities may differ between income groups. Moreover, future studies may consider evaluating the effectiveness of workplace-based financial literacy interventions tailored to various salary brackets.

Future researchers are recommended to investigate other factors beyond demographic variables, such as psychological, behavioral, or organizational influences, that may impact retirement preparedness. Since salary did not significantly affect retirement preparedness, exploring how financial attitudes, access to retirement planning resources, or employer support contribute to preparedness could provide deeper insights.

It is also recommended that future researchers explore interventions specifically designed to address the disconnect between employees' perceptions of their current financial status and their actual retirement preparedness. Investigating psychological and behavioural factors that influence financial attitudes could provide deeper insight into why financial perceptions do not align with readiness. Additionally, studies could focus on developing strategies to boost financial self-efficacy and proactive financial management, as these areas showed weaker but significant relationships with retirement preparedness, highlighting potential opportunities to enhance overall retirement outcomes.

**Ethical Approval:**

As per international standards or university standards written ethical approval has been collected and preserved by the author(s).

**Consent**

As per international standards or university standards, Participants’ written consent has been collected and preserved by the author(s).

**Disclaimer (Artificial intelligence)**

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

**REFERENCES**

1. Abad, L. K. L., Angelito, L. A. L., Arceno, M. D., & Sumicad Jr, E. H. (2025). Financial Status and Literacy, and Retirement Preparedness of Generation X Government Employees. *AKTIVA: Journal of Accountancy and Management*, *3*(1), 13-23.
2. Almeida, L., Chanoca, J., & Tavares, F. (2024). Financial Literacy: A Case Study for Portugal. *Journal of Risk and Financial Management*, *17*(5), 215. https://doi.org/10.3390/jrfm17050215
3. Annink, A., Gorgievski, M., and Den Dulk, L. (2016). Financial hardship and well-being: a cross-national comparison among the European self-employed. Eur. J. Work Organ. Psychol. 25, 645-657. doi: 10.1080/1359432X.2016.11 50263
4. Asebedo, S. D., & Seay, M. C. (2015). From functioning to flourishing: Applying positive psychology to financial planning. *Journal of Financial Planning*, *28*(11), 50-58.Asebedo, S., & Payne, P. (2019). Market volatility and financial satisfaction: The role of financial self-efficacy. *Journal of Behavioral Finance*, *20*(1), 42-52.
5. Atmowardoyo, H. (2018). Research methods in TEFL studies: Descriptive research, case study, error analysis, and R & D. *Journal of Language Teaching and Research*, *9*(1), 197-204.
6. Cabarrubias, K. P. 2016. The Attitudes of Government Employees of the Technological University of the Philippines (TUP) on Early Retirement.
7. Choi, Y. C., and Jang, J. H. (2016). Relationships among social policy factors, national competitiveness, and happiness. Appl. Res. Qual. Life 11, 1189-1205. doi: 10.1007/s11482-015-9429-4
8. Ekici, T., and Koydemir, S. (2016). Income expectations and happiness: evidence from British panel data. Appl. Res. Qual. Life 11, 539-552. doi: Estela-Delgado, B., Montenegro, G., Paan, J., Morales-García, W. C., Castillo-Blanco, R., Sairitupa-Sanchez, L., & Saintila, J. (2023). Personal well-being and financial threats in Peruvian adults: The mediating role of financial well-being. *Frontiers in Psychology*, *13*, 1084731.
9. Gallardo, M. L. C., & Libot, B. (2017). Financial literacy and retirement preparedness among University of Bohol employees. *University of Bohol Multidisciplinary Research Journal*, *5*, 14-29.
10. Farrell, L., Fry, T. R., & Risse, L. (2016). The significance of financial self-efficacy in explaining women’s personal finance behaviour. *Journal of economic psychology*, *54*, 85-99.
11. French, E. (2022). *Savings after retirement* (No. 2022-13). Research Report.
12. Klapper, L., Singer, D., Ansar, S., & Hess, J. R. (2019). Financial Risk Management in Agriculture: Analyzing Data from a New Module of the Global Findex Database. *World Bank Policy Research Working Paper*, (9078).
13. Lin, Z., & Pei, X. (2016). Intergenerational exchange of resources and elderly support in rural China. *The International Journal of Aging and Human Development*, *83*(2), 108-127.
14. Lusardi, A. (2019). Financial literacy and the need for financial education: evidence and implications. *Swiss journal of economics and statistics*, *155*(1), 1-8.
15. Lusardi, A., & Mitchell, O. S. (2015). The economic importance of financial literacy: Theory and evidence. *American Economic Journal: Journal of Economic Literature*, *52*(1), 5-44.
16. Lusardi, A., & Mitchell, O. S. (2017). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness. Quarterly Journal of Finance, 7(03), 1750008.
17. Lusardi, A., & Mitchell, O. S. (2017). The economic importance of financial literacy: Theory and evidence. *American Economic Journal: Journal of Economic Literature*, *52*(1), 5-44.
18. Lusardi, A., & Mitchell, O. S. (2017). *Financial literacy and planning: Implications for retirement wellbeing* (No. w17078). National Bureau of Economic Research.
19. Lusardi, A., Hasler, A., & Yakoboski, P. J. (2021). Building up financial literacy and financial resilience. *Mind & Society*, *20*, 181-187.
20. Madero-Cabib, I., Le Feuvre, N., & König, S. (2023). Gendered retirement pathways across lifecourse regimes. *Ageing & Society*, *43*(10), 2394-2423.
21. OECD. (2019). An OECD learning framework 2030. In *The future of education and labor* (pp. 23-35). Cham: Springer International Publishing.
22. Kim, J. A., Lim, J., Naren, R., Yun, H. S., & Park, E. K. (2016). Effect of the biodegradation rate controlled by pore structures in magnesium phosphate ceramic scaffolds on bone tissue regeneration in vivo. *Acta biomaterialia*, *44*, 155-167.
23. Putra, O. P. B., Sambaka, M.E. F, & Priseha, R. (2024). Promoting financial well-being through financial literacy for gen z. *Journal of Economic Psychology*.
24. Sagar, S. (2024). Financial literacy and its impacts on retirement planning: An empirical analysis.
25. Topa, G., Jiménez, 1. and Pérez, S. (2017b). Death Anxiety and retirement saving: empirical data from Spanish clients of financial advisory firms aged over 40 years. Front. Hum. Neurosci.
26. Womack, B. K. (2015). *Relationship of financial literacy to retirement preparedness among female baby-boomer cohorts* (Doctoral dissertation, Capella University).
27. Xiao, J. J., & O'Neill, B. (2016). Consumer financial education and financial capability. *International Journal of Consumer Studies*, *40*(6), 712-721.
28. Xiao, J. J., & O'Neill, B. (2018). Propensity to plan, financial capability, and financial satisfaction. *International Journal of Consumer Studies*, *42*(5), 501-512.
29. Xiao, J. J., & Porto, N. (2017). Financial education and financial satisfaction: Financial literacy, behavior, and capability as mediators. *International Journal of Bank Marketing*, *35*(5), 805-817.
30. Xiao, X., Yu, M., Liu, H., & Zhao, Q. (2022). How does financial literacy affect digital entrepreneurship willingness and behavior—Evidence from Chinese villagers’ participation in entrepreneurship. *Sustainability*, *14*(21), 14103.
31. Yakoboski, P., Lusardi, A., & Hasler, A. (2022). How financial literacy varies among US adults: the 2022 TIAA institute-GFLEC personal finance index. *TIAA institute research paper series*, (2022-01).
32. Mustafa, W. M. W., Islam, M. A., Asyraf, M., Hassan, M. S., Royhan, P., & Rahman, S. (2023). The effects of financial attitudes, financial literacy and health literacy on sustainable financial retirement planning: The moderating role of the financial advisor. Sustainability, 15(3), 2677.
33. Safari, K., Njoka, C., & Munkwa, M. G. (2021). Financial literacy and personal retirement planning: a socioeconomic approach. Journal of Business and Socio-Economic Development, 1(2), 121-134.
34. Zaimovic, A., Torlakovic, A., Arnaut-Berilo, A., Zaimovic, T., Dedovic, L., & Nuhic Meskovic, M. (2023). Mapping financial literacy: A systematic literature review of determinants and recent trends. Sustainability, 15(12), 9358.
35. Desello, J. M. U., & Agner, M. G. R. (2023). Financial inclusion and the role of financial literacy in the Philippines. International Journal of Economics and Finance, 15(6), 27.