FACTORs THAT INFLUENCE SUCCESSFUL RETIREMENT OF TSC TEACHERS IN KENYA: A CASE STUDY OF MUTOMO DIVISION IN KITUI DISTRICT

BY

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D53/CE/6422/03

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (HUMAN RESOURCE MANAGEMENT) IN THE DEPARTMENT OF BUSINESS ADMINISTRATION, KENYATTA UNIVERSITY

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AUGUST 2007
DECLARATION

This research project is my original work and has not been presented in any other university before.

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This research project has been submitted for examination with my approval as the University Supervisor.

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Kyule Alexander
Factors that influence successful
DEDICATION

To my loving wife Maureen Adhiambo, and my daughter Cindy Kavithe. My parents, Mary Kavithe and the late Philip Syindu.
ACKNOWLEDGEMENT

This work could not have been possible without the selfless support and guidance of my supervisor, Mr. S.K. Bett. Thanks go to my classmates and members of my academic discussion group, Mbuvi, Munyau, Muthui and Muthengi, who made the program fun to undertake. Special thanks to my wife, Maureen, for all the support and encouragement during this research project. I also acknowledge all the other members of staff of Kenyatta University, for their academic commitment in ensuring that our MBA class succeeded. Above all, I owe it all to God Almighty.
ABSTRACT

This study intended to find out the factors that influence successful retirement of TSC teachers of Mutomo Division, Kitui District, and determine if the current retirement policy met their needs, its limitations and suggest on the improvements that could be made. The study sample included thirty five teachers who were drawn from a population of 117 teachers who had retired in the previous ten years. Four independent variables; Coping with change and Psychological preparedness, Retirement benefits and the Role of saving schemes, Entrepreneurial skills and training and Membership to health insurance schemes were used to show how they affected the dependent variable, the factors that influence the successful retirement of TSC teachers in Mutomo Division, of Kitui District. The main instrument of data collection was the questionnaire and the simple random sampling technique was used to select the study sample. Analysis of data was done using descriptive statistics with coding of questionnaires responses done in a coding table, which were later fed to a statistical package.

The findings of the study established that it was important for prior planning for retirement in order for the retirees to cope well with change, and that the pension received was inadequate for needs after retirement. It was also established that entrepreneurial skills and training was necessary for sound investment upon retirement and that it was important for retired teachers to join health schemes. Based on these findings, it is recommended that the TSC introduces programmes which would help in preparing their workforce psychologically and otherwise so that they cope well with change upon retirement. Information on alternative pension and health schemes should be availed to would be retirees and that relevant entrepreneurial training should be given to the retiree.
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<td><strong>Pension plan</strong>       - a contract between a company and its employees, whereby the company agrees to pay certain benefits to the employees upon retirement.</td>
</tr>
<tr>
<td><strong>Retirement</strong>         - stopping to work after attaining a predetermined age.</td>
</tr>
<tr>
<td><strong>Retirement Benefits</strong> - amount of earnings or otherwise and payable primarily upon retirement or upon death, or upon termination of service.</td>
</tr>
<tr>
<td><strong>Successful Retirement</strong> - ability to cope well financially, emotionally, physically and socially during retirement.</td>
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<td><strong>Teachers Service Commission</strong> - the body that employs teachers for public schools in Kenya.</td>
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# ABBREVIATIONS

<table>
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<th>Full Form</th>
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<tr>
<td>TSC</td>
<td>Teachers Service Commission</td>
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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Retirement is stopping to work after attaining a predetermined age. In Kenya, like many other countries, retirement is compulsory after attaining a certain age. As such, secondary and primary school teachers, who are employees of the Teachers Service Commission (TSC), are expected to retire at the age of 55, after which they are given retirement benefits.

Rose (1986) asserted that retirement benefits protect individuals and families against loss of income in the retirement years by allowing workers to set aside and invest a portion of their income. This enables the retiree to harmonize his/her lifestyle during the retirement years with the savings set aside today. However, it was worth noting that most people do not cope well in retirement. According to Tuomi (2004) they do not seem to know where to go and what to do after retirement. Many grapple with issues such as loss of income and loss of self-worth; Teachers are not an exception.

A study published in 2005 by Money and Insurance indicated that people who retired at 55 had a significantly increased risk of death as compared with those who continued working after the retirement age. In this research, death was almost twice as likely in the first 10 years after retirement at age 55 compared with those who continued working. Similarly, Nzuve (1997) asserted that many employees after retirement were faced with several problems. They have very short lives, which is may be due to a combination of change of lifestyle or
financial problems and frustrations. There is therefore the need to maintain an adequate replacement income and address any persisting problems of low income in old age.

Retired teachers find themselves in the growing imbalance of time spent in work and in retirement. According to Sutherland (2005), at retirement they find themselves with too much free time they were not used to, and were not prepared on how to spend it. There is lack of knowledge about pensions and a general "financial illiteracy" amongst retirees (Nyayieka 2006). Nyayieka also notes that some retirees lack information on how benefits are calculated, while others lack sound plans on investing the benefits. This leads to poor use of benefits by the retirees. In addition to this, most of them have limited entrepreneurial knowledge.

As such, Nzuve (1998) is of the opinion that, employers are to assist in making retirement plans for their employees who are retiring. That is to help educate them on how to plan for their retirement and spend their retirement years. This is to be in the form of lectures or workshops on the financial and insurance aspects of retirement; connecting successful retirees to those about to retire; or even having magazine feature articles on retired teachers (Barnard 2005). It is against such a background that this study intended to establish the factors that influence successful retirement among retired teachers.

1.2 Statement of the Problem

Most teachers do not cope well in retirement. Tuomi (2004) assert that most retirees do not seem to know where to go and what to do after retirement as they are faced with new issues
such as loss of income. In addition, the retirement benefits they get are not enough for their retirement needs. Worse still, there are no programs to help these retirees cope with retirement. As such, this study sought to find out the factors that influence successful retirement of TSC teachers, with special reference to Mutomo Division of Kitui District and identify a sound program that would enable them cope well in retirement.

1.3 Objectives of the Study

The main objective of the study was to determine the factors that influence successful retirement of TSC teachers of Mutomo Division, in Kitui District.

The study also sought:

i) To find out if coping with change and psychological preparedness influence successful retirement among retired TSC teachers of Mutomo Division.

ii) To determine the extent to which retirement benefits influence successful retirement among retired teachers of Mutomo Division.

iii) To establish the relationship between entrepreneurial skills and training and factors that influence successful retirement of TSC teachers in Mutomo Division of Kitui District.

iv) To find out if membership to health insurance schemes affects successful retirement among retired TSC teachers of Mutomo Division in Kitui District.

1.4 Research Questions

Study sought information to answer the following questions:

i) Did coping with change and psychological preparedness influence successful
retirement among retired TSC teachers of Mutomo Division?

ii) To what extent did benefits received at retirement influence successful retirement among retired teachers of Mutomo Division?

iii) How did entrepreneurial skills and training influence successful retirement of TSC teachers in Mutomo Division of Kitui District?

iv) Did membership to health insurance schemes affect successful retirement among

v) Retired TSC teachers of Mutomo Division in Kitui District?

1.5 Importance of the Study

An identification of a sound retirement program would help the said retirees to cope well in retirement. This would enable the retirees to be well prepared for retirement and put into good use the retirement funds for a good life after work. The Ministry of Education (TSC) will find the findings important when formulating their retirement policies. The government is bound to earn more in taxes especially when pension funds are utilized well in investments. The findings of this research are important to other researchers since it will no doubt form a basis for further study in the area.

1.6 Scope of the Study

This study was focused on retired public primary and second school teachers of all grades in Mutomo Division of Kitui District. The retirees were those who had retired from service in the last ten years due to the limited time available to carry out the study. These retirees were those who had been working under the TSC, since they had defined terms of service.
1.7 Assumptions of the study

This study was based on the assumption that the respondents (retired TSC teachers in Mutomo Division) were objective and truthful in filling in the questionnaires, and that the findings of the study can be generalized to wider regions.
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter reviewed some of the research works that had been done by other scholars. It examined the literature related to this investigation.

2.1 Main Review

The review was presented in the following headings:

i. Retirement

ii. Retirement benefits and role of saving schemes

iii. Pointers to successful retirement

iv. Change and preparedness

v. Successful retirement

2.1.1 Retirement

Retirement can be defined as stopping to work after attaining a predetermined age. In Kenya, like many other countries, retirement is compulsory after attaining a certain age. Kenya's National Development Plan (2002 - 2008) defined people eligible for retirement due to old age as those people aged 55 years and above. They constituted 6.9% of the total population.

In Kenya, age 55 is the retirement age of most employees. Employees of the Teachers Service Commission (TSC) are expected to retire at the age of 55 after which they can be
employed on contract if they so wish.

For a teacher, who is employed by the TSC, to be eligible for pension he must have been employed on Permanent and Pension able terms. This is in accordance with the pensions Act, CAP 189 (Code of Regulations for teachers, 2005) however, this is so only if he retires in any of the following circumstances:

1. On the attainment of the age limit of 55 years.
2. On completion of 10 years continuous service and attainment of 50 years of age.
3. A teacher may retire or the commission may require him to retire from service.
4. On grounds of ill health. A teacher may apply to retire or be c lied upon to retire on grounds of ill health.
5. On retirement from employment in the public interest.

Teachers wishing to retire after the attainment of the age limit required, except under special circumstances deemed special by the commission give six months notice of their intention. The Commission normally gives a similar notice of six months or a shorter notice under the said circumstances when requiring a teacher to retire.

After retirement, a teacher willing to continue working under the TSC has to apply for employment under contract to the Secretary, TSC. If the secretary is convinced the teacher may continue in service, he is appointed on contract.

If an officer passes on while in office, his death gratuity is paid to dependants within 90 days, failure to which interest is payable at bank rates but or where the delay is not caused by a
According to the Teachers' Service Commission, a teacher who retires after the attainment of the age limit of 55 years is entitled to receive a pension calculated at 1/480th of annual pensionable emoluments for each completed month of service (Teachers' Code of Regulations 2005).

It is to be noted that a teacher might opt to commute any fraction of his pension up to one quarter and to receive in lieu thereof gratuity equal to 15 times the amount of pension to be commuted. Such option must be exercised prior to the last day of retirement.

The amended Pensions Act (189) requires that retiring teachers with effect from January 1, 2004 be paid their benefits. If the pension is not paid by the retiring date, the teacher is retained on the payroll. However, they would only be entitled to their basic salary which would be treated as advance payment and is to be deducted from their lump sum amount (Teachers' Image Vol. 6 2004). The money would be paid through the pay points in operation at the time of retirement.

In order to avoid delays in payment of the pension benefits, TSC agents and field officers are required to return duly completed pension documents to the TSC headquarters immediately after the retiring teacher has been served with retirement notification. The documents are launched with the Director of Pension, (Ministry of Finance) two months before the retirement date.
However, despite the enactment of the sound legislature, pension money is still heavily characterized with delays of as long as six months. This has heavy impact on the retired teacher who had no other retirement plans and solely relying on the government pension scheme.

2.1.2 Retirement Benefits and role of saving schemes

Upon retirement retirees are paid retirement benefits. This depends on the pension plan that the employees are in. A pension plan was a contract between a company and its employees, whereby the company agrees to pay certain benefits upon retirement (Meigs et al 1970).

Pension money is crucial to employees upon retirement. This is because upon stopping to work, it is assumed that the former employee did not have any other income. As such most governments force their citizens to save for retirement (Iglesias and Palacous 2001). It was worth noting that Governments influence investment policies in all funded pension schemes. The normal retirement age is usually specified in pension statutes.

According to The Retirement Benefits Act (2000) a Retirement Benefit Scheme is “any scheme or arrangement whether established by written law or by any other instrument which entitled members to benefits in form of payment determined by age, length of service, amount of earnings or otherwise and payable primarily upon retirement or upon death, or upon termination of service.” Different types of pension schemes exist, whose classification is based on ways of contribution, financing or the role of the government in the management of the pension funds.
With a Pension Scheme, on retirement, you may take up to a third (or a quarter if your scheme is non-contributory scheme) of your total retirement benefits as a lump sum. The balance, but at least two thirds of is to be used to pay you a monthly pension. On the other hand, with a Provident fund on retirement, you may take all your money as a lump sum. When making the decision about the amount to take lump sum, you must think carefully of your future needs and the tax implications of taking all your benefits in cash.

Contributory schemes involve both the employer and employee contributing certain percentage of the funds to the scheme. Non-contributory schemes on the other hand have only the employer contributing to the pension fund. A good example here is with teachers employed by the TSC. Defined-benefit schemes are such that retirement benefits to the retirees are assured, while fully funded defined benefit plan have accumulation of pension reserves totaling to 100% of the present value of all the liabilities owed to current members (World Bank Report 1997). Pay as you go is a method of financing where current outlays on pension benefits are paid out of current revenues from an earmarked tax, often a payroll deduction.

Knowing the retirement scheme one belongs to can form the foundation of ones planning for retirement. This is because knowing how ones retirement scheme works helps one to estimate how much one has saved, and how much one needs to save in future to reach ones retirement goals. Equally important, know how it is managed and invests and how returns are allocated
2.1.3 **Pointers to successful retirement**

It has been found that most retirees have very short lives. This may be due to various reasons. (Nzuve, 1997) felt that it may be due to a combination of change of lifestyle and or financial problems and frustrations. This is because many would be retirees grapple with issues such as loss of income and loss of self-worth, and are looking for ways to reconnect and bond with others as they rethink their future.

Researchers admit poor health may have been the reason for early retirement in the first place. In October 21, 2005 a study published indicated that people who retired earlier, or at the age 55 had a significantly increased risk of death as compared with those who retired at 65. In this research, death was almost twice as likely in the first 10 years after retirement at age 55 compared with those who continued working.

Previous research has shown that in many countries, the way that pension is calculated discourages work at older ages. This is because expected "pension wealth" usually falls with continued work after a certain age. As such, this diluted the reason of having pension schemes since they were meant to provide benefits to the members on retirement and relief for their dependants.

A World Bank publication on old age security in China (1997) indicated that people would not have saved enough towards retirement when they are young because of short sightedness,
and lack of enough instruments of long-term savings to protect against inflation and adverse conditions. Most retirees complained about having too much free time (Sutherland and 2005). Although reading, travel, relaxation, developing new interests, and spending time with family or friends were cited as positive aspects of retirement, those who did not have other employment opportunities or own investments to keep themselves busy find it difficult to cope.

Most people retiring at 55 were ready to take up other employment as they still felt energetic and were afraid that they may not have adequately prepared for retirement. A study published in 2005 by *Money and insurance* indicated that people who had already retired, most did not do so fully but had opted for another career, part-time work or volunteer activity, In fact, 53 percent of those surveyed were employed either part-time or full-time, while 36 percent had retired and 5 percent were looking for work.

2.1.4 Change and preparedness

It is very important that teachers plan in advance for retirement. Planning for retirement focuses on what can be done now to realize long-term financial goals. It is not a one-time act, but many related ones like budgeting, saving, investing, dependant’s needs planning and estate planning. Since it is expected that an individual spends 25% of their time in retirement, (Markan & Associates, 1998) it is therefore important for one to adopt the right attitude and approach so as to ensure a happy time in retirement.

Experts say that the best time to start planning for retirement is the day one goes to work.
However, these experts will concede that almost no one does so by looking at what their lives are going to be like at retirement and all the decisions they need to make before they take their gold watch and head for the door. Gitundu (2003) attributed lack of preparation for retirement to poverty. She was of the opinion that young people may have failed to set aside funds for use in retirement due to high poverty levels in their respective countries. Short sightedness and also lack of long-term investments to shoulder inflation and adverse economic times have also been found to affect retirement preparation.

Muigai (1996) observed that it would be necessary for the public to be made aware and educated on the need to join pension schemes since this would be a way of saving and also contributing directly to the economy. He further indicated that the provisions of retirement plans constituted a major part of retirement planning and should be included in an employment contract.

Both the employee and employer should have made adequate plans for retirement. It would not be surprising to note that very few employers and employees had any retirement plans other than the compulsory retirement schemes, which are a legal requirement. The majority of the workers have no plans of how to meet their financial needs after working life is over. It is the responsibility of employers to make retirement plans for their employees (Nzuve 1997). He further suggested that employers should educate employees on how to plan for retirement and how to spend their retirement years.
2.1.5 Successful Retirement

The responsibility for accumulating a nest egg and ensuring that it supports us throughout retirement has been placed squarely on the retiree’s shoulders (O’Neill, 2005) this responsibility could be daunting, but it is also manageable if one approaches retirement planning the correct way. One needs a plan in order to really enjoy the retirement years. There is no single formula for successful retirement because each individual has to decide for himself or herself how he/she wants to live during the retirement years.

However, everyone has to prepare for the emotional, physical and financial realities of retirement. Fortunately, the numbers of resources to help shape one’s plans are increasing every day (Ellison, 1989). In a recent survey, 68% of respondents admitted that they had no formal preparation for retirement. 24.3% answered that financial planning was the most important, but a surprising 23% indicated that developing interest to pursue in retirement was most important.

One big mistake that many people make is assuming that retirement is going to be a continuation of your old life (Simon & Schuster 1986). It should be noted that it is not really a vacation from the work world because one will not return to the work world. It involves major changes in the routine that govern every aspect of ones life. Once one retires, he has a full 45 to 50 hours a week of extra free time. Even the most absorbing of hobbies and interests may not fill that time entirely.

As one plans for retirement, he has to visualize the future and think through ones ideal post-
retirement day, in specifics and not generalities. He also has to begin developing interests and
activities before one is to retire that would provide him or her with a variety of pursuits, from
hobbies to volunteering to a part-time job or small business. Author Carole Sinclair advised,
"If a job gives your life structure, plan to replace that structure in retirement". It is important
to recognize and understand that many people, both men and women, receive a great deal
besides a paycheck from their jobs. “People depend,” Sinclair said, “on the structure a job
gave their lives, the income and cash flow, the benefits, and the sense of self-worth and
accomplishment they receive at work.” People also could find camaraderie and an
opportunity for involvement with other people on the job. Work is where many people find
most of their intellectual challenges.

Many national surveys showed that many people who retired really did not want to take
careful stock of whether one really wanted to lose the structure of the working world. If one
was forcibly retired, or was unhappy in their current job, one had other alternatives than just
a lifetime of unstructured leisure. Now more than ever, older adults are headed back to
school, or into other careers, or into volunteer work their long time careers end.

According to Kaplan (1990) here are just a few options to consider as one approached
retirement:

1. Keep working!! You don't have to retire -- if you can, stay on at your job past 65 or
begin in a new career.

2. Work part-time, either with your present employer or at another company.

3. Perform volunteer work at a local school, hospital, cultural institution, or community-
service organization. Once you are bitten by the volunteerism bug you may well find one type of volunteering leads to another. The emotional and intellectual rewards could be tremendous.

4 Start your own business for fun or profit.

Retirement changes ones life completely - it will increase ones leisure time, certainly, but it also affects ones relationships; and it intensifies ones fear of aging. Ones happiness depends on understanding own needs and structuring ones life to meet those needs.

2.2 The Conceptual framework

The dependent variable was the factors that influence successful retirement of TSC teachers in Mutomo Division. The variance was attempted to be explained by the four independent variables: Coping with change and Psychological preparedness, Retirement benefits and role of Saving schemes, Entrepreneurial skills and training, and Membership to health insurance scheme(s).
If the benefits given at retirement are inadequate or the saving schemes invested in are not good, then they affect successful retirement. Similarly, lack of relevant entrepreneurial skills will influence the business undertaking by the retiree. In addition, there exists other factors that come with retirement, such as poor health especially when the retirees are not members of insurance schemes and their inability to cope with change or lack of psychological preparation, either by the employer or employee to retirement.

2.3 Summary and gaps to be filled by the study

In this chapter, four independent variables; Coping with change and psychological
preparedness, Retirement benefits and role of saving schemes, Entrepreneurial skills and training, and Membership to health insurance scheme(s) were used to show how they affected the dependent variable - the factors that influenced successful retirement of TSC teachers in Mutomo Division.

It was noted that there did not seem to be an outlined way of preparing teachers for retirement. This in turn led to lack of preparation to retirement amongst these teachers. Possible and practical ways of preparing the retirees ought to be sought. It was assumed that these challenges facing the would be retirees should be therefore be overcome by for example using sound retirement programs, that would be tailored towards their retirement needs- given the challenges they faced.

The findings from on study are also applicable to teachers out of Mutomo Division and other employees in the public sector.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This chapter gives information about the study area, study population, sample size, sampling procedures, development of research instruments, data analysis and data interpretation methods that were followed in executing the study so as to achieve its objectives.

3.1 The Study Area

Mutomo Division is in Kitui District in Eastern Province of Kenya. The Division has two zones, Ikanga and Mutomo Zone, with a total of 7 public secondary schools, one private secondary school, 50 public primary schools, and one private primary school. In the last ten years, there were 117 teachers who had retired from the teaching profession (AEO’s Office).

3.2 Study Population

The target population for this study comprised of 117 secondary and primary school teachers who had retired from service in the last ten years, after attaining the compulsory age of 55.

3.3 Sample Size

The sample that was expected to participate in this study comprised of thirty-five retired teachers Mutomo Division, Kitui District. This was chosen as thirty percent of the population of 117 retired teachers in the last ten years. They were randomly selected from a total of 117, who had been working in the seven secondary schools and fifty primary schools from the two
zones making Mutomo Division.

Retirees from private schools did not constitute of the study sample as the teachers there were not employed by the Teachers' Service Commission.

Table 3.3.1 Distribution of retired teachers in the last ten years in Mutomo Division

<table>
<thead>
<tr>
<th>Zone</th>
<th>Number of retired teachers in the ten years</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Mutomo</td>
<td>66</td>
<td>66 x 100 = 56%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>117</td>
</tr>
<tr>
<td>Ikanga</td>
<td>51</td>
<td>51 x 100 = 44%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>117</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Author (2007)

3.4 Sampling Procedure

Simple random sampling was used to select thirty-five retirees from a total of 117. A manageable sample of thirty-five retirees was preferred because a sample provided reliable and detailed information and at the same time saved on time and finances (Wanwick and Lineger, 1975)
Table 3.4.1 a sample of 30% of the retired teachers selected

<table>
<thead>
<tr>
<th>Zone</th>
<th>Population</th>
<th>Ratio</th>
<th>Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutomo</td>
<td>66</td>
<td>0.3</td>
<td>20</td>
</tr>
<tr>
<td>Ikanga</td>
<td>51</td>
<td>0.3</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td></td>
<td>35</td>
</tr>
</tbody>
</table>

Source: Author (2007)

3.5 Instruments for Data Collection

The main instrument for data collection was the questionnaire. Warwick and Linger (1975) stated that researchers would settle on instruments, which provided high accuracy, generalizability and explanatory power with low cost, rapid speed, and a minimum of management demands, with high administrative convenience. The data collection procedure involved the researcher and the research assistants handing out questionnaires to respondents and then collected them at a later date.

3.6 Data analysis

The first phase of analysis of data in this study was coding questionnaire responses in a coding table and then feeding them into the computer for analysis. Frequency distribution tables were prepared and totals for each item calculated. These were further displayed in tabular form to find the sum total of the weight of the views given to each item. From the frequencies calculated, the results were analyzed using descriptive statistics.
3.7 Limitations of the study

Due to limitation of time and other resources available to carry out the study, the scope of the research was limited to Mutomo Division in Kitui District only.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter presents analysis and data collected from the field. Data was analyzed and sequentially presented in tables and pie charts. A content analysis of the open ended and closed questions were quantitatively and qualitatively analyzed.

This study investigated the factors that influence the successful retirement of TSC teachers in Kenya. The population of interest comprised of 117 secondary and primary school teachers who had retired from the service within the last ten years after attaining the compulsory age of 55 years.

The quantitative analysis is as shown in the following tables and figures.

4.1 Quantitative analysis

On the question of the respondents’ gender distribution, the table 4.1 and figure 4.1 below summarizes it.

Table 4.1 Representation of gender

<table>
<thead>
<tr>
<th>GENDER</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>21</td>
<td>64</td>
</tr>
<tr>
<td>Female</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: field data (2007)
On the question of gender, the table 4.1 below summarizes it.

Figure 4.1 Representation of gender

Source: Field data (2007).

From the above analysis, majority of the respondents (64%) were male by gender. We can observe that the number of female respondent was more than half of the male respondents.

The question of the respondents' ages, the table 4.2 below summarizes it.

Table 4.2 Respondent's ages

<table>
<thead>
<tr>
<th>AGE</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>40-50</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50-60</td>
<td>18</td>
<td>55</td>
</tr>
<tr>
<td>60-70</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>70&gt;</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (55%) were on the 50-60 age bracket. We can observe that the number of the respondent were also on the 60-70 age bracket.

The question of the respondents' years into retirement, the table 4.3 below summarizes it.
Table 4.3 Years into retirement

<table>
<thead>
<tr>
<th>YEARS</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>4-5</td>
<td>16</td>
<td>49</td>
</tr>
<tr>
<td>6-10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>10+</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (49%) were between 4 and 5 years.

On the question of whether the respondents were satisfied with their life after retirement, the table 4.4 below summarizes it.

Table 4.4 Satisfaction with Retirement

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>21</td>
<td>64</td>
</tr>
<tr>
<td>NO</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

Figure 4.2 below shows a chart representation of table 4.4

Figure 4.2 Satisfaction with Retirement

Source: Field data (2007).
From the above analysis, majority of the respondents (64%) gave a Yes response. This implied that they were satisfied with their life after retirement.

On the question of respondents' description of their retirement from previous normal working time, the table 4.5 below summarizes it.

Table 4.5 description retirement from normal working time

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>there's too much free time after retirement</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>there's enough time to rest and run normal errands at retirement</td>
<td>20</td>
<td>61</td>
</tr>
<tr>
<td>there's adequate time at retirement to do things I have longed to do</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>there's no enough time for my day to day activities at retirement</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (61%) said that there is enough time to rest and run normal errands at retirement.

On the question of respondents' view of the best time to start preparing for retirement, the table 4.6 below summarizes it.

Table 4.6 the best time to prepare for retirement

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>immediately after employment</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>5 years after employment</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>10-20 years after employment</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>5 years before retirement</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).
Figure 4.3 shows a chart representation of table 4.6

![Chart showing the best time to prepare for retirement](image)

Source: Field data (2007).

From the above analysis, majority of the respondents (45%) said that retirement was best started immediately after retirement.

On the question of whether the respondents considered planning for retirement important, the table 4.7 does summarizes it.

Table 4.7 Importance of planning for retirement

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>33</td>
<td>100</td>
</tr>
<tr>
<td>NO</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (100%) gave a YES response implying that it was important to plan for retirement.
From the above analysis, majority of the respondents (100%) gave a YES response implying that it was important to plan for retirement.

The question of whether the respondents considered themselves as having been well prepared for retirement is summarized by the table 4.8 does below.

Table 4.8 preparation for retirement

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>16</td>
<td>48</td>
</tr>
<tr>
<td>NO</td>
<td>17</td>
<td>52</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (52%) gave a NO response implying that the majority were not well prepared for retirement.

On the question of whether the respondents knew the exact amount of money they were to receive in the form of pension, the table 4.9 does summarize it.

Table 4.9 knowledge of amount of pension money

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>NO</td>
<td>28</td>
<td>85</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

Figure 4.4 below shows a chart representation of table 4.9.
From the above analysis, majority of the respondents (85%) gave a NO response implying that a majority of them did not know the amount of pension they were to receive.

On the question of whether the respondents knew of any other saving schemes outside their pension schemes, the table 4.10 does summarize it.

Table 4.10 knowledge of other pension scheme

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>28</td>
<td>85</td>
</tr>
<tr>
<td>NO</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (85%) gave a YES response implying that a majority of them knew of other saving schemes outside their pension schemes.
On the question of whether the respondents knew whether there was another retirement benefit scheme for civil servants under the docket they belonged to, the table 4.11 does summarizes it.

Table 4.11 knowledge of other schemes

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>NO</td>
<td>30</td>
<td>91</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

Figure 4.5 below shows a chart representation of table 4.11

From the above analysis, majority of the respondents (91%) gave a NO response implying that a majority of them did NOT know of other saving schemes.
On the question of whether the respondents had other sources of income other than their pensions, the table 4.12 does summarize it.

Table 4.12 other sources of income

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>30</td>
<td>91</td>
</tr>
<tr>
<td>NO</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (91%) gave a YES response implying that a majority of them had other sources of income other than their pension.

On the question of whether the respondents had any training related to their other sources of income, the table 4.13 does summarize it.

Table 4.13 training related to other source of income

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>NO</td>
<td>30</td>
<td>91</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (91%) gave a NO response implying that a majority of them did not have any training.

The question of the respondents views as to whether their alternative sources of income would perform better if they had done some training related to it, the table 4.14 does
summarize it.

Table 4.14 performance of alternative sources of income

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>25</td>
<td>86</td>
</tr>
<tr>
<td>NO</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td>29</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

From the above analysis, majority of the respondents (86%) gave a YES response implying that those other sources would have performed better.

On the question of the respondent’s views as to whether they currently belonged to any health scheme, the table 4.15 does summarize it.

Table 4.15 membership to health schemes

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>12</td>
<td>52</td>
</tr>
<tr>
<td>NO</td>
<td>11</td>
<td>48</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2007).

Figure 4.6 below shows a chart representation of table 4.15
From the above analysis, majority of the respondents (52%) gave a YES response implying that they belonged to a health scheme.

On the question of the respondent’s views as to whether they considered it important for retired teachers to join health schemes, the table 4.16 does summarize it.

Table 4.16 importance in joining health schemes

<table>
<thead>
<tr>
<th>VIEW</th>
<th>FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>33</td>
<td>100</td>
</tr>
<tr>
<td>NO</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above analysis, majority of the respondents (100%) gave a YES response implying that it was very important for retired teachers to join health schemes.
4.2 Qualitative analysis

4.2.1 Retirement

On the issue of what affected successful retirement of TSC teachers of Mutomo Division, there were repeated suggestions that teachers who were approaching retirement age should be prepared well in advance by being informed on how to spend their retirement money and engaging in activities that will reduce boredom and idleness during this period.

4.2.2 Change and preparedness

As far as suggestions on the need to prepare TSC teachers who were about to retire in coping with change at retirement, there were several suggestions that training programs to be introduced which should cover the challenges they were to face. There were also repeated calls on teachers to be advised on how to cope with retirement especially on making good decisions on investment.

4.2.3 Retirement benefits

The amount of money TSC retirees in Mutomo Division received as pension was considered to be inadequate. There were repeated calls that the amount was too little and needed to be increased. There were further calls that other lucrative schemes be introduced and that they should continue subscribing in such schemes.

4.2.4 Entrepreneurial skills and Training

According to the respondents there were several suggestions that TSC should train the
retirees to be on how to invest their pension through rigorous training and equip them with the necessary skills that they need. There were also repeated calls that TSC should form a body that advices the retirees to be on better methods of investing their money.

4.2.5 Membership to other health schemes

Most of the respondents, the TSC retirees, could be encouraged to join health schemes through availing to them information about the existence of such schemes that are available in the market. There were also repeated calls that retirees should continue subscribing to health schemes such as NHIF when they start their retirement preferably with the check-off system, as had been when they were working.
CHAPTER FIVE.

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter the major findings, conclusions, and recommendations of the study are discussed. This targets answers to reserve questions as indicated in section 1.4. It mainly covered on the factors that influence the successful retirement of TSC teachers in Kenya.

5.1 Summary of findings

On the issue of whether coping with change and psychological preparedness influenced successful retirement among the retired TSC teachers of Mutomo Division in Kitui District, the majority (100%) of the respondents were of the view that it was important to plan for retirement. Most of the respondents felt that the best time to prepare for retirement was immediately after employment. However, a number (52%) of respondents considered themselves as having NOT been well prepared for retirement.

As far as the extent to which retirement benefits influence successful retirement among the TSC retirees in Mutomo Division, a number of the respondents (52%) suggested that the pension they received was NOT enough for their needs after their retirement. This in effect led to most of the respondents (85%) indicating that they belonged to other schemes outside their pension schemes. However, most respondents (85%) indicated that they did NOT know the exact amount of money they were to receive as pension upon retirement. Most of them were not aware of other retirement schemes for civil servants under their docket (91%)
In seeking to find out if entrepreneurial skills and training influence successful retirement among the TSC retirees in Mutomo Division of Kitui District, a majority of the respondents (91%) indicated that they had other sources of income other than the pension they received from the TSC. Quite a number of them (91%) indicated that they had no training related to their other sources of income, whereby most (86%) of them felt that the alternative sources of income would have performed better had they some training related to it.

On whether membership to other health insurance schemes affected successful retirement, most of the respondents (52%) said that they currently belong to a health scheme. It was also noted that all of the respondents considered it important for retired teachers to join health schemes. However, most of the retirees found the procedure of joining the health schemes quite discouraging.

5.2 Conclusion

From the findings, it can be concluded that the successful retirement of TSC teachers is influenced by Coping with change and psychological preparedness, Retirement benefits and the role of saving schemes, Entrepreneurial skills and training and Membership to insurance health schemes.

Although the retirees felt that it was crucial to plan for retirement immediately after employment, it can be concluded that the TSC teachers of Mutomo Division in Kitui District were NOT psychologically prepared to cope with change during retirement because they were not well prepared for retirement.
In as far as retirement benefits and role of saving schemes is concerned, it is worth noting that most of the retired TSC teachers of Mutomo Division felt that the pension they received was NOT enough for their needs after their retirement. This in effect led to most them joining other schemes outside their pension schemes to enable them increase the amount of income they would receive during their retirement. Most of them NOT aware of the exact amount of money they were to receive as pension upon reaching their retirement. We can clearly observe that they were NOT well informed by their pension body about how much they should expect to receive upon retirement. This meant that they could not effectively budget for their pension money.

On the issue of entrepreneurial skills and training, we can conclude that most of the retirees had other sources of income other than their pension because they had felt that the money they received in the form of pension was not enough to cater for their daily needs. We can also conclude that most respondents had no training related to their other sources of income (although they felt this could help the other source of income perform better) because they were not trained on this before or during retirement by the TSC and other arms of the government in the education sector.

On the issue of membership to other health schemes, we can conclude that a majority of the respondents (married) belonged to some health schemes. This could be because their spouses belonged to some health schemes that covered them. Others managed with the help of pension money received during retirement that could not be enough to buy drugs they needed.
in case they fell sick. It can also be concluded that due to lack of continuity with the health scheme they used to belong to when they were working, they found it difficult to rejoin the health scheme due to the procedures involved.

5.3 Recommendations

Based on the research findings discussed above, it can be recommended that:

1. The TSC should introduce programmes which would help in preparing their workforce psychologically and otherwise so that they cope well with change upon retirement.

2. TSC retirees should be well informed by the body in charge of their pension about the amount they are to receive in the form of pension. In addition, they should strive to make the pension money adequate to the retirees.

3. The TSC teachers should also be made aware of other pension schemes that would help boost their pension money.

4. TSC teachers should be well trained with entrepreneurial skills that will enable them have an alternative source of income apart from their pension during retirement, and also help them invest their pension money wisely.

5. The government should introduce retirees- friendly-health schemes and or make it easy for them to remit their dues to them. These would help the TSC retirees cater for their medical needs during retirement
5.4 Recommendations for further research

Further research should be done on methods of improving the lives of retirees of TSC teachers in other parts of Kenya. The Teachers Service Commission should conduct a more detailed survey that will pinpoint on the major issues covering the successful retirement of teachers.
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Markham Associates (1998) *Retirement Planning*


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APPENDIX I

COVER LETTER

Alexander K Kyule,
P.O Box 40,
MUTOMO.

Dear Respondent,

RE: REQUEST TO FILL QUESTIONNAIRE

I am a student undertaking a research study for my Masters in Business Administration, in Kenyatta University. The title for my research is: *Factors that influence successful retirement of TSC teachers in Kenya (A case study of Mutomo Division in Kitui District.)*

The purpose of this letter is to request you to fill the questionnaire attached herewith. May I assure you that the information that you will provide is intended for academic purposes only and will not be used for any other reason whatsoever. Also note that the information will be treated with utmost confidentiality between you and me.

Thank you.

Yours Sincerely,

Alexander K. Kyule
APPENDIX II
QUESTIONNAIRE

Put a tick (✓) in the appropriate box.

Section A- General

Gender
Male □
Female □

Marital status
Single □
Married □
Other (Specify) __________________________

Age
40 -50 □
50 -60 □
60 -70 □
Over 70 □

Highest level of education attained

How many years are you in retirement?
1- 3 □
4 -5 □
6-10 □
Section B – Retirement

1. Are you satisfied with life after Retirement?
   Yes ☐
   No ☐

2. What do you think affects or influences successful retirement?

3. Which of the following statements correctly describes your retirement from the previous normal working routine? (Tick as appropriate).

   | There is too much free time after retirement | ☐
   | There is enough time to rest and run normal errands at retirement. | ☐
   | There is adequate time at retirement to do things I have longed to do. | ☐
   | There is no enough time to for my day to day activities at retirement. | ☐

4. What word below correctly describes how you spend time at retirement?
   Boring ☐
   Busy ☐
   Relaxing ☐
   Interesting ☐
   Stressful ☐
5. Which of the following activities do you spend most your time doing?

Running my Business  
Attending to house chores  
Visiting friends and relatives  
Listening to Radio/watching TV/reading newspapers and books  
Attending to community welfare  
Other

Section C- Change and Preparedness

1. Which do you think is the best time to start planning for retirement?

   Immediately after employment  
   5 years after employment  
   10–20 years before retirement.  
   5 years before retirement.

2. Do you consider planning for retirement important?

   Yes  
   No

3. To what extent do you feel that your employer did to prepare you for retirement?

   To a less extent  
   To some extent  
   To a modest extent  
   To a large extent
4. Which of the following retirement programs did your employer use to prepare you for retirement?

- Counseling
- Advance notification
- Extended benefits
- Retraining programs
- None

5. Do you consider yourself as having been prepared for retirement?

- Yes
- No

What would you suggest on the need to prepare and cope with change for those about to retire?

Section D—Retirement Benefits

1. Did you know exactly the amount of money you were to receive in form of pension when you retired?

- Yes
- No

If yes, what made you want to know the amount?

How did you know about it?
2. Did you belong to any other savings scheme outside your pension scheme?
   Yes □
   No □

3. Was there a retirement benefit scheme the civil servants under your docket known to you?
   Yes □
   No □

4. How much do you receive per month in form of pension?
   Kshs 0-5,000 □
   5,001 – 10,000 □
   10,001- 15,000 □
   Over 15,000 □

5. How much did you receive as lump sum?
   Kshs 0-200,000 □
   200,001-400,000 □
   400,001-600,000 □
   Over 600,000 □

6. Do you think the pension you received will be enough for your needs after retirement?
   Yes □
   No □

7. What suggestions do you have on the amount of money retirees receive?
Section E - Entrepreneurial skills and Training

1. Have you had any other source of income other than your pension?
   - Yes □
   - No □

2. Did you have any training related to your other source of income?
   - Yes □
   - No □

3. Do you think your other source of income could have performed better had you some training related to it?
   - Yes □
   - No □

4. What do you think the TSC should do on training as a measure to prepare teachers for retirement?

Section F - Membership to other health schemes

1. Do you belong to any Health Scheme currently?
   - Yes □
   - No □
   a) If yes, which is it? __________________________________________
   b) If not, which of the following are reasons why you have not joined one?
      - Am not aware of a health scheme to join □
      - I do not consider it necessary to join one □
      - I consider it expensive to join a health scheme □
      - Other reasons __________________________________________

2. Suggest what could be done to encourage retired teachers to join health schemes