

BEST PAPER IN TRACK: CONSUMER WELL-BEING.

**UNLOCKING THE DYNAMICS OF SUBJECTIVE FINANCIAL WELL-BEING
IN RETIREMENT**

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Keywords: retirement, retirement planning, subjective financial well-being, life events.

Description: This large qualitative study, comprising of consumer focus groups and key informant interviews, explores the nuances and dynamics of subjective financial well-being that exist for Australian retirees.

EXTENDED ABSTRACT

Research Question

Finance is focal to wellbeing through all stages of life (Greenberg & Hershfield 2019), and retirement is no exception. However, people are saving less for retirement; while many fear not having money in retirement, this doesn't convert into savings behaviors (Brüggen et al. 2017). People who are unprepared financially for retirement experience a drop in living standard (Greenberg & Hershfield 2019), as well as decreased life satisfaction, subjective well-being (Yeung 2018), and health (Arber et al. 2014). While Australia is ranked 4th on the Mercer Global Pension Index (Mercer 2018), fear and anxiety still cloud Australian retirees as many are financially ill-prepared for retirement (ASFA, 2017).

Subjective financial well-being (SFW) is an “individual’s self-rating of their income adequacy to meet their general needs” (Arber et al. 2014, p.15), and is argued as a more accurate indicator of an individual’s overall well-being in contrast to objective financial metrics. Research calls for further exploration into the nuances, contexts and dynamics that frame SFW (Brüggen et al. 2017). The purpose of this study is to understand how SFW resonates in the Australian retirement context through addressing the following research question: *What unique dynamics exist in retirement that frame an individual’s subjective financial well-being?*

Method and Data

The researchers conducted 18 focus groups in 2018 across all Australian States and Territories in metropolitan and regional locations (reflective of national population distribution; ABS 2016). The groups included 168 ‘near retirees’ (who plan to retire within the next 5 years) and ‘recent retirees’ (who have retired within the past 5 years). We also conducted 69 key informant interviews with members of the Australian ‘retirement planning ecosystem’, representing 61 unique ecosystem perspectives (on occasion interviews were conducted with more than one person from the same organization). The ecosystem perspective considers how a community of subjects (firms, government & regulatory bodies, industry bodies, unions, the media) exist within a given environment comprising of various interactions, relationships and interdependencies between them (Pilinkienė & Mačiulis 2014; Frow et al. 2016). In total this produced 995 pages (565,399 words) of textual data.

Open coding was used to capture broad codes and categories before distilling into a smaller number of more comprehensive codes (axial coding), and then formulating themes (Gioia et al. 2013). Consistent with the SFW perspective, results from the focus groups form the central narrative to capture individual perceptions. Key informant insights provide context or

reflection on issues contributing to individual perceptions.

Summary of Findings

SFW in retirement has strong emotional and mental associations, potentially more than other phases of life, due to the ‘finite’ nature of retirement and inability to recover from financial instability after leaving the workforce. Financial vulnerability is highlighted, and at times sensationalized, by the media, to the detriment of retirees. Life events (redundancy, health issues, divorce) have a heightened impact on SFW for retirees as they may cause unrecoverable delays or impediments to retirement savings. Furthermore, the dynamic between immediate and anticipated financial well-being is more connected in retirement, as individuals no longer have an income from work. While key informants indicated that from ‘an objective standpoint’ retirees are financially adequate and should not be concerned, this contradicts the perceptions of many retirees who make decisions directed by fear. This divergence exemplifies the importance and impact of *subjective* financial well-being. The Government aged pension is a key contextual factor shaping SFW for retirees. Although considered somewhat of a safety-net (adequacy of support was debated), individuals felt skeptical of government changes to limit access to the age pension, as well as uncertainty and fear stemming from broader structural changes. Key informants acknowledge and take responsibility for some of these changes.

Key Contributions

Research calls for further enquiry into the relatively underdeveloped topic of financial well-being as a major contributor to an individual’s overall wellbeing (Brüggen et al. 2017; Netemeyer et al. 2018). Research has been “scarce and scattered across disciplines” (Brüggen et al. 2017, p.228), with an emphasis on objective measures of financial well-being (i.e.

income). SFW acknowledges a broader and more complex set of criteria, emotions and evaluations contributing to an individual's sense of financial well-being (Brüggen et al. 2017). This is distinct from income, which does not capture expectation nor *adequacy of income* for the individual (Arber et al. 2014). SFW is not static and is bounded by cultural considerations; therefore, researchers are urged to explore the nuances, contexts and dynamics that frame SFW (Brüggen et al. 2017). Retirement represents a *major life event* and a period of great personal transition, with substantial implications for subjective well-being (Luhmann et al. 2012). Therefore, this study explores how SFW resonates in the retirement context. To our knowledge, only one other study has attempted to consider SFW of retirees (Arber et al. 2014) albeit taking a narrow focus on the relationship between self-reported health and SFW (adjusting for income).