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Investor Decision for Retirement: An Exploratory Review on Financial Resource and Economic Force Influences

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Abstract: In Malaysia, many people exhibit sluggish retirement investor decisions despite the presence of investment platforms such as unit trusts, which provide a reliable source for asset accumulation. While prior literature advocates the influences of financial advisors; medical expense risk; and housing on retirement financial planning behaviours, there is a dearth of clarity on the roles these influences play in clarifying the investor behaviour aspect of retirement financial planning. This study is aimed at investigating the importance of these influences on individual retirement investor decisions through an inclusive review of relevant literature. Outcomes of the study mainly inform retirement planning researchers the value in further examining the extended lifecycle theory in the investment domain of retirement financial planning behaviour. The importance of financial advisors, housing, and medical expense risk further prove critical in explaining such behaviours, and accordingly deserves more attention in studies forthcoming. These influences are consequently proposed as factors to be considered in retirement investor decisions believed to stir decisions and in turn, wealth accumulation for late-life.

Key words: financial advisor; housing; medical expense risk; retirement investor behaviour; retirement
JEL code: H63

1. Introduction

The uncontested consensus concerning retirement planning today speaks one point — that effective retirement financial planning is key in reaching retirement preparedness and stability. Yet, globally, retirees are troubled with low financial readiness owing considerably to deficient planning (Aegon, 2017; Schroder Investment Management Limited [SIML], 2017). The cost of low planning and readiness in turn are enormous — the results being old age poverty and a burden to governments and societies, among others (Abdul Samad & Kari, 2007). In Malaysia, although the pension landscape is dominated by the Employees Provident Fund or EPF (i.e., the government agency mandating compulsory retirement savings of Malaysian private-sector and

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non-pensionable public-sector workers), evidence contrary to a delusional belief has shown that the EPF does not guarantee the delivery of sufficient retirement income ("Employees Provident Fund [EPF] – Investment", 2020; Hassan et al., 2015; Samad & Mansor, 2017). The predicament is felt despite dividends from EPF being at an average of 5.61% in the last nineteen years ("EPF - 2019 EPF Dividend", 2020), signifying that individual savings with the institution lacked sufficient compounding, and are incapable in supporting consumption during retirement, especially that these cohort of workers unlike the Malaysian public-sector, do not qualify for an array of retirement and healthcare benefits (Malaysia, 1980a, as cited in Chee, 1997; Hassan et al., 2015). This requires private-sector workers to manage retirement wealth more prudently to inhibit financial insolvency and poverty at old age. Recognizing the necessity in empowering these individuals with potential for higher returns and greater asset accumulation, the EPF's Members' Investment Scheme (EPF-MIS) was instituted and sought to resolve the setback, engaging these cohorts to spend part of their accumulated EPF savings on unit trust (UT) investments, especially that such investments have grown to be the choice of retail investors in search of liquidity and portfolio diversification (Jidwin et al., 2011; Tan, 2018, 2019). Dauntingly, at present negligible fractions take on active roles in leveraging upon the investment opportunity ("EPF – Publications", 2019; Goh, 2016), despite evidence of long-term profitability in the thriving Malaysian UT industry, comfortably outperforming yearly EPF dividend averages far and beyond (Goh, 2016; Ser, 2018; "Unit Trust Fund Summary of Statistics", 2019). While Hershey's retirement investor behaviour model may be effective in understanding the motivations that lie behind investor decision efforts (Hershey, 2004), a growing number of studies more recently have embarked on the extended life-cycle hypothesis (LCH) to allow for a more sensible clarification of retiree consumption and saving behaviour (e.g., Nakajima & Telyukova, 2012, 2013; Blundell et al., 2016). A pivotal focus of these theories involve the value financial resource and economic force influences radiate over retirement saving behaviour. This emphasis has driven both, economists and retirement researchers towards examining a collection of such influences on individual financial planning behaviours (Ang, 2009; Burke & Hung, 2015; DeNardi et al., 2010; Hershey, 2004; Nakajima & Telyukova, 2012, 2013). Interestingly, among the influences, a considerable amount of evidence verify the importance people attach to financial advisors, housing, and medical expense risk in completing financial tasking at retirement that include planning, saving, and dis-saving decisions. These influences are still however under-studied in the context of retirement investor decision, particularly within the asset accumulation phase, and especially within Malaysia (Jamaludin & Gerrans, 2015), with more of such studies originating from the U.S. and U.K. (e.g., Blundell et al., 2016; DeNardi et al., 2010; Nakajima & Telyukova, 2012, 2013). It is thus necessary that a clear understanding concerning the importance of financial advisors, housing, and medical expense risk in retirement investor decisions is established. Our exploratory review suggests that all three influences are fundamental in predicting the criterion, and thus is of value in addressing present issues in individual retirement investor decision, as well as attests to the usefulness of the extended LCH in the retirement investment domain.

2. Literature Review

2.1 Hershey's Model

The deployment of Hershey's model in retirement motivated studies have been quite forthcoming (e.g., Hershey & Mowen, 2000; Jacobs-Lawson & Hershey, 2005; Jamaludin & Gerrans, 2015). An important conceptualization of Hershey's model relates to investor decision which signals the likelihood of individual

decisions to purchase market securities for retirement wealth accumulation. Among the major influences, financial resources and economic forces are depicted as shaping direct influences over retirement investor decision. An example of a financial resource factor includes financial advisors and their importance that lie therein. Relevant investigations pertaining this factor are emerging especially in the context of investing, documenting its important influence on investor behaviour (e.g., Jamaludin & Gerrans, 2015; Jordan & Treisch, 2010; Rickwood et al., 2017). With studies corroborating the application of Hershey's model, we likewise find use in this theory in order to replicate the direct effects of financial advisors over the retirement investor decisions of the Malaysian private-sector workers.

2.2 Life Cycle Hypothesis

One of the major contributions to literature fathoming people's saving and consumption behaviour stem from the life-cycle hypothesis [LCH] (Modigliani & Brumberg, 1954; Modigliani & Ando, 1957; Ando & Modigliani, 1963). The LCH unscrambles the puzzle of how people save for retirement while earning regular income streams, and dis-save stocked-up assets sharply when they retire. More recent investigations however illustrate that retirees do not dis-save as sharply as predicted by the model (e.g., Ang, 2009; Blundell et al., 2016) - an explanation for this outcome follows that retirees attach importance to factors that go beyond those theorised in the simple LCH in deciding on spending and saving plans. These studies show like-mindedness on the necessity to extend the simple LCH to include the influence of medical expense risk and housing, which as empirical evidence has shown enables a more sensible prediction of retiree's consumption and saving behaviour (e.g., Nakajima & Telyukova, 2012; Blundell et al., 2016). Expecting much value to flow from the extended LCH in expounding the savings-investment behavioural domain, our study capitalizes on the model, using it as a foundational framework to predict retirement investor decisions.

2.3 Financial Advisor

Burke & Hung (2015) characterise all financial advisory channels as having the investment and financial knowledge and expertise to help individual investors handle their investment portfolios. These advisory channels comprise a broad definition of financial advisors (FA)s to include investment advisors; brokers-dealers; financial planners; and/or unit trust consultants. The larger portion of literature surrounding the influence of FAs advocate its salient role in several individual financial planning decisions, this in turn enhancing individual retirement savings. Croy et al. (2010) for instance clarify that FAs emerged as one of the highest influence towards retirement saving decisions amid Australians. The participants were found to have faith in their FAs who were thought to be interested in clients making more contributions toward their superannuation funds. Jordan & Treisch (2010) likewise do not only find the decision to sign a retirement savings contract to be heavily influenced by investment consultants through social interaction (Jamaludin & Gerrans, 2015; Topa et al., 2018), but that investment consultants additionally saw their role as central agents in clients' retirement planning and decisions, persuading clients to think and discuss about retirement financial planning matters. Similar links concerning FAs have also been observed in a Canadian household survey showing that the presence of FAs promoted a significant positive influence on both, investors' tolerance of equity risk and stock market participation, signifying that individuals who leveraged on FAs in investment decisions benefited more than those who did not (Linnainmaa et al., 2018). Other studies suggesting similar conclusions include Bakar & Yi (2016) and MacTavish & Basapur (2015). Comparably, UT investors often considered FAs as the most important information source (e.g., Cici et al., 2017; Guiso & Jappelli, 2005) owing for instance to the many tangible tax-related benefits that these investors

reaped when associated with advice from their FAs — these ranged from avoiding taxable fund distributions to large and hard-to-predict tax liabilities (Cici et al., 2017). In retrospect, Chang (2005), Elmerick & Montalto (2002) and Hanna & Lindamood (2010) establish that many individuals tend source for FAs, and the inclination of which increases, owing to the greater need for specialized knowledge that is necessary in complex situations such as investment and retirement planning decisions. That is, FAs are appreciated as an important financial resource since these advisory channels are more knowledgeable of investments, and as such explained information associated with the varieties of investment products and services available, creating clarity for suitable investment decisions, as well as exhibiting skills in developing financial plans that serve both, the short and long-term goals of clients.

Considerable evidence also suggests the role of FAs in aiding individuals to achieve better financial health relative to those who did not use such advice (e.g., Cici et al., 2017; Leonard-Chambers & Bogdan, 2007). The latter concludes that these individuals were also more inclined to having retirement plans and goals (or monetary targets) and were more positive pertaining their retirement preparations - more of these individuals however had higher earning capacities. Byrne (2007) go on to suggest that one strategy available to retirement investors in making appropriate investment choices for their defined contribution plans (like the EPF-MIS) is to leverage on the role of advice, and that individuals who sought advice most commonly did so from FAs — more of these individuals likewise earning higher income. Still, Guillemette & Jurgenson (2017) maintained that in the presence of FAs, even low-income individuals benefited, improving their investor choice behaviour when tested within hypothetical education and retirement savings funds. The influence of FAs is also evident across other forms of financial tasking — such as within the life insurance domain. In Lin et al. (2017) for example, FAs did both, significantly and positively influence life insurance purchase decisions, as well as provided valuable information that pushed a higher fraction of participation in the market.

Putting it together, a considerable amount of evidence informs on the value of FAs in individual retirement saving and investing behaviour. Findings signify that people do not just have faith in the professional advice and judgement of FAs concerning retirement saving efforts, but that FAs shaped an essential element in pushing and augmenting these efforts toward greater financial health. This study thus summarizes that FAs are key in influencing individual retirement investor decisions, which is especially of concern given that Malaysian private-sector workers exhibit considerable inertia on the matter. Therefore, the following proposition is formulated:

P1: The perceived importance of financial advisors positively influences retirement investor decisions.

2.4 Medical Expense Risk

One of the most overlooked areas of retirement planning is the accounting for healthcare costs, consequences of which lead to an underestimation of healthcare costs at retirement. Blundell et al. (2016) refer to all uncertain out-of-pocket healthcare costs (OOP) as medical expense risk (MER). This encapsulates consultation fees, medication purchases, hospitalization bills, diagnostic expenses and laboratory tests (Xu et al., 2007), as well as co-insurance and medical expenses not covered by insurance, and long-term care expenses (e.g., nursing home and home care expenses) (Baird, 2016). These costs involve huge expenditure in addition to normal living expenses, and unlike some other expenses these are non-discretionary, and for the average retiree such costs spike up tremendously late in retirement (Pokorski & Berg, 2017).

According to Bellaby (2006), healthcare costs was found to play a major role in the decision to retire, and as insurance and medical care costs continue to surge, increasing numbers of older workers delay decisions to retire to accommodate these costs. Studies conducted by Himmelstein et al. (2005, 2009) using large datasets comprising American personal bankruptcy filers in 2007 revealed that medical bankruptcy rose by 49.6% as compared 2001, even in the presence of insurance and despite majority being well educated, are homeowners, with middle-class occupations, ultimately having to sell off homes due to the catastrophe suffered. Similarly, Xu et al. (2007) document high fractions of people worldwide facing financial hardships and poverty stemming from high medical costs incurred, and addressing such costs ultimately lead to a rapid drawdown on savings, inhibiting immediate and long term financial solvency especially among the poor (Russell, 2005; Wagner, 2011). In Malaysia, people experience high tendencies of falling within similar misfortunes with 89% comprising low and middle income earners (Department of Statistics Malaysia [DSM], 2020), exposing them to the risks of being unable to afford medical cost increases. These costs reported surges between 10% and 15% annually while healthcare spending as a share of gross domestic production rose from 2.7% in 1997 to 4.0% in 2013 (The Government of Malaysia [GOM], 2016; Wong, 2017), together forming the second highest cause for the increasing personal debt among Malaysians, with OOP accounting for a high of 36% of total spending relative to many others globally (The Star, 2018). More dauntingly, in countries such as the U.S (Crown, 2002) and Malaysia (Hassan et al., 2015; Daud, 2020) where uncertain OOP is rising more rapidly than the value of pension payments, a sharp and quick dissaving behaviour (especially among older people) at retirement is inevitable. Accounting for MER in individual retirement savings plans is therefore key especially for Malaysian private-sector workers as unlike the public-sector workers, the former do not receive governmental privileges protecting against various medical uncertainties (Hassan et al., 2015; Malaysia, 1980a, as cited in Chee, 1997).

Studies in the insurance domain advocate the necessity in acquiring sufficient insurance coverage to help reduce challenges whilst realizing a comfortable retirement. Datta et al. (2018) for instance conclude that MER heavily influenced individuals in their insurance purchase decisions to protect against high OOP — expenses of which is especially critical for the elderly as they experience declining health conditions, nevertheless, the action of which must start early. On the contrary, individuals who made inadequate purchase decisions ended up being unhedged against greater MER (Flores & O'Donnell, 2013; Dobkin et al., 2018), having to dispose assets, succumbing to borrowing, chopping off important household expenditures, and/or forgoing required healthcare attention, consequently leading to declining health and loss of income (Russell, 2005; Datta et al., 2018). Yet, the consumption of life insurance globally (Crawford et al., 2018) and within Malaysia (Taruc, 2018; Asia Insurance Review, 2018; Damodaran, 2017) is still below desirable levels, placing most people in a predicament of being unprepared for MER especially at retirement.

Blundell et al. (2016) suggests that MER explains a low decumulation of wealth in retirement among older households. Although the authors predicted that lower MER in the U.K. (due to a sizable amount of such expenses covered by the National Health Service) would translate into a lesser motivation to save for old age and thus lower wealth and steeper drawdowns during retirement, the reverse surprisingly was true. They propose the differences in precautionary savings for medical expenses amongst the worthiest reasons for a motivation to augment savings and cautiously de-cumulate the same, implying the strong influence of MER on both, retirement saving and dissaving behaviours. Cheng (2016) produce similar evidence using a Health and Retirement Study dataset suggesting that even retirees with median and higher levels of wealth practice conservative dissaving behaviour, owing partially to MER, while recent examinations by Nakajima & Telyukova (2018) additionally conclude a

positive relationship between MER and retirement saving behaviour. In aggregate, these studies inform that retirees are cautious about unpredictable OOP, and as a result additional savings arise due to such behaviour — that is, MER exerted a key influence on both saving and dissaving behaviours to protect against various OOP spending, more of such behaviour however observed among the elderly. A strand of literature concluding comparable findings on the relationship between MER and retirement saving/dissaving behaviours include DeNardi et al. (2010), Kopecky & Koreshkova (2010), and Drew et al. (2016). Shin & Kim (2018) take a step deeper, quantifying individual retirement saving needs with the aid of large datasets from a Health and Retirement Study between 1992 and 2010 containing participant health trajectories in later years and resultant OOP levels. Their study produced consistent findings with Harlow & Brown (2017) — that more health problems and chronic health patterns led to larger OOPs, and uncertainty in healthcare needs especially in late-life signified the seriousness of MER and the lessons it highlighted for individual retirement savings efforts. In the absence of MER however (or its reduction therein), older retirees expected to save lesser and decumulate wealth much faster (DeNardi et al., 2010; Nakajima & Telyukova, 2013), suggesting that retirees were mainly inclined to stock up precautionary savings to provide for MER since most expenses incurred were related to OOP (DeNardi et al., 2015). Further, in reviewing a closely related study, Pokorski & Berg (2017) discuss investing efforts and conclude that individual retirement investor behaviour focusing on growth-oriented strategies such as unit trust investments represent viable approaches in counteracting healthcare cost inflation. This conclusion was also made in Drew et al. (2016). In the absence of suitable investment allocation directed at greater risk-return profiles, investors risked premature wealth depletion due to high MER. Additionally, the authors document that investors who anticipated and accounted for MER also experienced lower probabilities of retirement wealth depletion versus investors who failed to do so — signifying that people who account for MER are driven towards suitable investing efforts, which in turn enables better retirement wealth accumulation and one that responds to MERs.

An added concern in healthcare costs relates to long-term care expenses. With the increases in life expectancies globally, elderly Malaysians become part of the equation likely needing long-term nursing care or relying on family for such care. The cost of providing for such care (e.g., nursing home and home care) can be tremendously staggering (between RM1,000 and RM5,000 a month) and a burden to families especially if this aspect of healthcare is neglected from retirement financial planning (De Alwis, 2016). In accounting for long-term care expenses, De Nardi et al. (2010) and Curtis (2014) find that such expenses formed both, a substantial part of medical spending as well as the main driver of health expenses for people at older ages. De Nardi et al. (2015) go on to document that retired singles, not surprisingly, were more inclined to needing nursing care and consequently were more susceptible to larger long-term care expenses. Hence, with asset preservation a constant worry, the concern for long-term care expenses pushed retirees to save more as they grew older, and for the financially more privileged, to be more frugal (Kopecky & Koreshkova, 2014).

Studies overall tend to summaries that MER shaped precautionary motives for savings among retirees, while older retirees were even pushed against their borrowing constraints to sell their houses due to substantial medical expense shocks Since literature suggests that a large portion of retirement savings motives among retirees correlate to buffer against MER, it also implies the pressing need for working adults to account for such a factor well in advance to encourage greater saving/investing efforts that enhance retirement wealth. The absence of accounting for such a factor risks individuals to an inevitable budget bust, destroying immediate and long term financial solvency, particularly at retirement. The following proposition is therefore formulated:

P2: Accounting for medical expense risk positively influences retirement investor decisions

2.5 Housing

Housing refers to its different channels, to include (1) homeownership — entailing a mix of risk and returns (Blundell et al., 2016; Nakajima & Telyukova, 2011); and (2) housing wealth — denoting home equity which increases through housing price booms (Nakajima and Telyukova, 2011). For many, owning a home remains the first step on a pathway to wealth accumulation. Work by Di Zhu et al. (2003) suggests that even controlling for factors likely to account for household differences such as permanent income and the marginal propensity to save and invest, homeowners build wealth more quickly as compared to renter households. Zhao & Burge (2017) add that most older homeowners especially those in the lower-income brackets held the largest fraction of overall wealth in housing equity, whereas wealth possessed in financial assets were limited. However, the rapid rise in housing prices in many parts of the world, e.g., in the U.S. (Feldstein, 2018), including Malaysia (Zahiid, 2016), begs the attention on the role housing and its wealth on the financial security of people (and their families) as they prepare for, and move nearer to retirement.

Across literature, evidence concludes the relevance of housing in steering retirees' slow dissaving behaviour, inclining them in turn to save more: 1) utility benefits of owning a house meant that emotional costs and consumption flow gave retirees a sense of ownership, and to use and live in their houses on their terms versus renting, which may have otherwise exposed them to moving costs and future increases in rental costs (Yang, 2009); 2) compensations of tax advantages for holding property in the long-term; 3) its illiquid nature causing borrowing constraints to retirees and locking them into housing equity; and 4) housing price booms drove housing wealth growths for retirees (Blundell et al., 2016; Nakajima & Telyukova, 2012). Nakajima & Telyukova (2011) for instance estimate a model predicting retirement dissaving behaviour among homeowners and renters to find that housing is not only a key and robust contributor of slow de-cumulation of wealth at retirement (known to retirement researchers as the retirement savings puzzle), but this is especially true since housing is also viewed as a different type of asset owing to its cocktail of asset wealth. This is likewise true in Blundell et al. (2016). In the absence of housing, retirees' savings were found to be 22-40% lower, signifying the central presence of this factor towards better saving behaviour. This meant that while homeowner retirees are inclined towards a gradual dissaving behaviour, they are consequently inclined to adopt better saving behaviour (Nakajima & Telyukova, 2011). Congruent to these studies, Suari-Andreu et al. (2019) recently documents that housing emerged an influential predictor on wealth accumulation initiatives through saving for retirement, citing that housing acts as a commitment device for saving initiatives. In a more closely related investigation, Martin Jr. et al. (2018) attempt to characterize saving tendencies of pre-retirees using reasonably large samples and conclude a positive association between owning a home and both, calculating a retirement income need, and possessing wealth in a tax-advantaged retirement account. Alternatively put, evidence explains that housing was influential in stirring pre-retirees towards greater financial goals (or retirement goal clarity), and earmarking funds for retirement investment plans.

Further, in relation to the housing wealth aspect, studies clarify that retirees' dissaving behaviour remained slow, marking little or no response towards positive housing wealth shocks (Nakajima & Telyukova, 2011, 2012; Banks et al., 2012; Blundell et al., 2016; Jefferson et al. (2017), owing again to the mix of risks and returns linked to housing. Davidoff (2014) goes on to establish that housing and its wealth also replaced formal long-term care insurance, and thus contributed to explaining the slow dissaving behaviour. Hence, in line with the importance of housing, retirees are predisposed to dissaving less, while saving more, even in the light of such housing wealth

shocks. The authors infer that housing wealth increases inclined these groups to save more to accommodate the resulting housing utility and maintenance costs increases, as well as reasons to bequeath more in the way of housing and/or non-housing wealth — promoting the notion that housing shapes a commitment device for saving efforts. On the flip side, Zhao & Burge (2017) establish that while older pre-retirees and lower-income elderly homeowners were more responsive to workforce participation due to housing wealth shocks, Begley and Chan (2018) extrapolate evidence from a health and retirement survey concluding that even moderate negative housing wealth shocks pushed pre-retiree men to delay both, retirement and claims on social security benefits, whereas retirees reacted by reversing retirement. Here, housing wealth had driven these groups of people toward making such work-related and retirement decisions to ensure continued income streams and to subsequently maintain sufficient savings to accumulate adequate retirement wealth for a variety of consumption purposes (including MER), and intentions to bequeath housing assets and/or non-housing assets (Suari-Andreu et al., 2019). Still, Skinner's notes (1989, 1996) that younger homeowners had contrasting tendencies. Younger individuals perceived housing to be a precautionary saving, deciding to increase consumption instead of improving current savings, since overall wealth holdings have improved due to home equity increases. Attanasio et al. (2009) however argue that income may be as much of a driver here since all these variables escalate during economic booms. Nonetheless, if savings plans of households are dependent on expected housing wealth increases, retirement plans may be inadequate when house prices remain constant or take a downturn in the future. Alternative retirement plans are thus no longer an option.

Although housing and its wealth form the main and overall component of the wealth holdings of retirees and older homeowners, surprisingly little is known on its influence among younger and pre-retiree working individuals, and as such how this construct inclines saving and investing tendencies among these groups (Apgar & Di Zhu, 2005; Zhao & Burge, 2017). Evidence documented so far signifies the centrality of housing to retired groups, shaping an important push towards more saving and less dis-saving at retirement. This in turn leads the present work to infer the construct's ability to also act as a savings motive among younger and pre-retiree working cohorts, consequently translating into increased individual retirement investor decisions for greater asset accumulation. Therefore, the following proposition is formulated:

P3: The importance of housing positively influences retirement investor decisions.

3. Conclusion and Implications of Study

The enduring focus on retirement related studies signify one message — that retirement problems are globally distressing and predictable. People can no longer act sluggishly, relying merely on national pension fund systems for sufficient retirement wealth accumulation. For Malaysians, this emphasizes the expectation to be more accountable — one of which is reflected in the EPF-MIS retirement investor decision. Evidence on various retirement financial planning behaviour are growing, nevertheless somewhat diverse, indicating that these behaviours are guided by multiple complexities and rationalities. Malaysia for one will benefit from more thorough investigations to develop greater understanding and thus favourable behavioural changes and reforms.

We find that Hershey's modelling offers a clear explanation on the role of FAs as a key financial resource, and the proximal and persuasive influence it plays on retirement investor decisions. In conceptualizing this relationship, we summaries a wide range of benefits that flow from this construct towards retirement financial planning behaviours. FAs made up important information sources and advisory channels of knowledge and

expertise that enhanced client participation in retirement financial tasking as well as helped individual investors achieve greater wealth accumulation and financial health. We also find that MER is often ignored in retirement planning and thus an unexpected medical shock wipes away a person's accumulated wealth, exposing the individual to immediate and long term insolvency. The accounting for MER as a critical economic force factor is therefore paramount in the pursuit of stocking up adequate precautionary savings and should hence motivate greater retirement planning initiatives such as through retirement investor decisions. Finally, the focus on examining housing also receives the lion's share as this represents another important financial resource factor making up an overall wealth component of total wealth held by most people, especially for retirees and older retirees. We find that housing entails a mix of important costs and benefits that characterize its influential nature on retirees' saving behaviour and gradual asset trajectory in retirement. That is, for most retirees, housing is not precautionary saving and de-cumulating housing wealth is not an option for reasons related to the benefits of keeping it or costs of selling it. Hence, parallel to studies examining retiree saving and dissaving behaviour, we find that the solicitation of the extended LCH is also necessary to fully appreciate the forces that lie behind individual retirement investor decisions in the wealth accumulation phase, and thus provides the present study with reasoned advice to propose that working individuals account for MER and housing as saving motives in this decision behaviour. Put together, FA, MER, and housing are applied as predictors representing a working individual's financial resource and economic force premise that influences pre-retirement investment tendencies, with retirement investor decision forming the dependent construct of the study. The conceptual framework summarizing relevant propositions are hence presented in Figure 1.

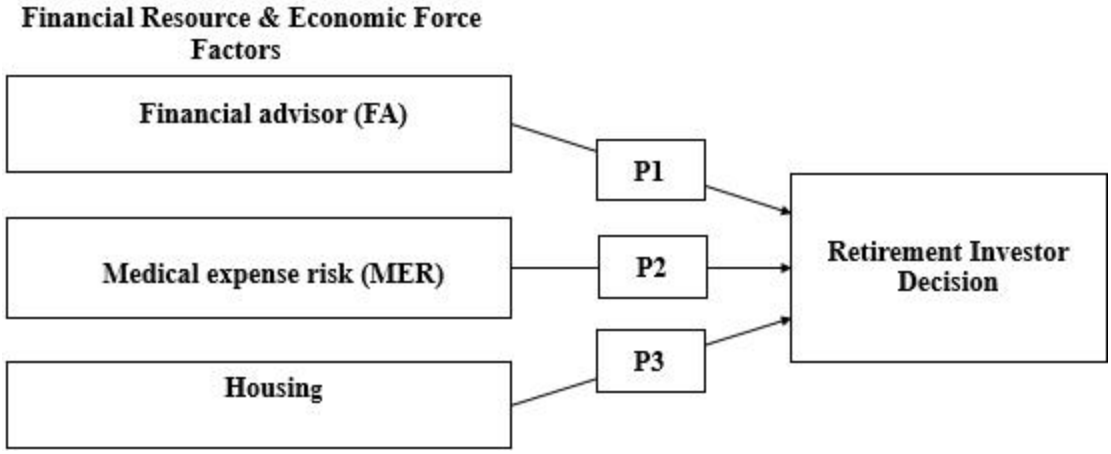

Figure 1 Conceptual Framework on the influence of FA, MER & Housing on Retirement Investor Decision

With more understanding needed on the effects of FAs, housing, and MER on individual retirement investor behaviour, and especially within Malaysia, the present study makes important proposals pertaining these determinants and retirement investor decisions, which in turn highlights the usefulness and applicability of theories solicited in constructing the study's proposed framework. Further empirical work is nonetheless necessary in both, uncovering the influences of FAs, housing, and MER on retirement investor decisions of younger and pre-retiree working adults, as well as other issues concerning retirement investor behaviour. For future researchers in the field, the proposed model will assist in forming a foundation as they make further enquiries into the important predictors that navigate a variety of retirement financial planning behaviours, especially with those related to the constructs in this study. The study's framework can be of value to the EPF as retirement policy

makers, assisting the institution to gain a better grasp of how these financial resource and economic force factors contribute to important knowledge creation and management to aid in policy making, strategy development, and advise for active retirement investor participation. For the FMIs, such understanding extends to the development of better marketing strategies in reaching individuals and subsequently motivating them into demonstrating favourable retirement investor decisions. For FAs, results translate into effective guidelines to obtain more complete sets of customer profiles, the understanding of which is key to further influence greater individual retirement investor decisions which ultimately direct people towards improved attainment of long-term financial needs and goals. Finally, our framework is useful to retirement investors since it can create awareness on the impact of financial resources and economic forces toward retirement investor decisions, and therefore crucial as these individuals make conscious efforts to capitalise on important factors that lead to rational retirement investor decisions.

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