

Survival to Security Form: How Financial Literacy, Financial Attitude and Income Affect the Sandwich Generation to Plan Finance for Retirement

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Abstract. Retirement is a phase of life that often causes anxiety for some people. This period marks a significant turning point in a person's life, as they enter a less productive age and no longer work as they did when they were younger. It's important to recognize that there are three common and almost certain challenges faced during retirement: declining health, financial difficulties, and Post-Power Syndrome. To live a more prosperous old age and be able to meet daily living needs, early preparation is necessary. One way to achieve this is through retirement planning, starting while still in their productive years. Retirement planning is the process individuals undertake to prepare for their financial situation in retirement, eliminating the need for hard work in old age. According to (Kohar, 2020), retirement planning aims to create a better future through planned income management, encompassing savings, expenses, and investments. Properly executed retirement planning will lead to a more prosperous life in old age. Therefore, individuals need a clear understanding of their financial situation. Financial literacy plays a crucial role in this, as it encompasses the knowledge, skills, and confidence in managing their personal finances. With good financial literacy, personal financial management will be more focused and effective. Financial management itself is a component of personal financial management. In practice, successful financial management is also greatly influenced by an individual's financial attitude, which determines how a person plans and manages their daily finances.

Keywords: Financial Attitude; Financial Literacy; Income; Sandwich Generation; Survival.

1. Introduction

Retirement is a phase of life that often causes anxiety for some people. This period marks a significant turning point in a person's life, as they enter a less productive age and no longer work as they did when they were younger (Simanjuntak et al., 2019). It's important to recognize that there are three common and almost certain things that people will face during retirement: declining health, financial difficulties, and Post-Power Syndrome (Bukhari et al., 2020). To live a more prosperous old age and be able to meet daily living needs, early preparation is necessary. One way to achieve this is through retirement planning, starting while still in their productive years.

Retirement planning is a process individuals undertake to prepare for their financial well-being during retirement, eliminating the need to work hard in old age. According to (Kohar, 2020), retirement planning aims to create a better future through planned income management, encompassing savings, expenses, and investments. Properly implemented retirement planning can lead to a more prosperous retirement. Therefore, individuals need a clear understanding of their financial situation. Financial literacy plays a crucial role in this, encompassing an individual's knowledge, skills, and confidence in managing their personal finances (Simanjuntak et al., 2020).

With good financial literacy, personal financial management will be more focused and effective. Financial management itself is a component of personal financial management (Putri & Lestari, 2019). In practice, successful financial management is also greatly influenced by an individual's financial attitude, which determines how a person plans and manages their daily finances.

Rapid population growth has led to various social problems, one of which is the Sandwich Generation phenomenon. The term Sandwich Generation was first popularized by Dorothy A. Miller, an American professor of social work (Rita et al., 2024). The Sandwich Generation refers to a group of individuals who are generally middle-aged and have dual responsibilities. They are responsible not only for raising children but also for caring for aging parents and in-laws. Their position between these two generations is metaphorically likened to a "sandwich" (Rari et al., 2021).

2. Research Methods

The type of research used is explanatory research, which is a type of research that explains the relationship between variables through a hypothesis and aims to find and measure several independent variables and their influence on the dependent variable, the results of which will be known to strengthen or weaken the existing hypothesis. This study uses a quantitative method. According to Cohen, Manion, & Morrison (2011), explanatory research is research that explains the reasons for the existence of certain phenomena and can help increase

insight, broaden knowledge and test theories. The main objective of this study is to determine and identify the influence explained includes the variables of Financial Literacy, Financial Attitude on Retirement Financial Planning with Income as a Moderating variable.

3. Results and Discussion

3.1. The Influence of Financial Literacy on Retirement Financial Planning

Based on the results of the hypothesis testing, the Financial Literacy variable (X1) does not have a significant effect on Retirement Financial Planning (Y) among sandwich generation private sector employees in Bengkulu City. This is indicated by a path coefficient value of 0.096 with a p-value of 0.071 (> 0.05), so the hypothesis stating that there is a significant effect of financial literacy on retirement financial planning is rejected. This finding indicates that although respondents have a relatively high level of financial literacy descriptively, this financial knowledge has not automatically been translated into retirement financial planning behavior. This condition can be explained by the characteristics of the sandwich generation who face dual financial pressures, so that income allocation is more focused on short-term needs and family responsibilities rather than long-term needs such as pension funds. The results of this study are in line with the findings of Robb and Woodyard (2011) who stated that financial literacy does not always have a direct impact on financial behavior when individuals face limited resources. Research by Agarwal et al. (2015) also found that financial knowledge is often insufficient to drive long-term financial decisions without adequate economic support. In addition, Mansor et al. (2015) and Yushita (2017) emphasized that there is a gap between financial knowledge and its implementation in practice, particularly in groups with high economic pressure. These research findings reinforce the view that financial literacy is a necessary but not yet sufficient condition to encourage retirement financial planning behavior among the sandwich generation.

3.2. The Influence of Financial Attitude on Retirement Financial Planning

The test results show that Financial Attitude (X2) has a positive and significant effect on Retirement Financial Planning (Y), with a coefficient value of 0.593 and a p-value of 0.000 (< 0.05). Thus, the hypothesis stating that financial attitude influences retirement financial planning is accepted. This finding indicates that positive financial attitudes, such as prudence in financial management, future orientation, and control over the use of loans, have an important role in encouraging individuals to undertake retirement financial planning. In the context of the sandwich generation, financial attitude is an internal factor that can direct individuals to continue prioritizing long-term needs even under financial pressure. The results of this study are consistent with Ajzen's (1991) research through the Theory of Planned Behavior which states that attitude is the main determinant of behavior. Research by Xiao and Porto (2017) and Ramadhanty et al. (2022) also found that financial attitude has a significant influence on long-term financial planning behavior. Furthermore, Adiputra and

Patricia (2020) emphasized that individuals with positive financial attitudes tend to have better retirement planning than individuals who only have financial knowledge.

3.3. The Influence of Income on Retirement Financial Planning

The test results show that Income (Z) does not have a direct, significant effect on Retirement Financial Planning (Y), with a p-value of 0.107 (> 0.05). Thus, the hypothesis stating that income has a direct effect on retirement financial planning is rejected. This finding indicates that the amount of income an individual has does not necessarily guarantee good retirement financial planning. In the sandwich generation, increased income is often accompanied by increased family burdens, so the space for saving or investing remains limited. This condition causes income to not directly influence retirement financial planning behavior. These results are in line with research by Perry and Morris (2005) which states that income is not the sole determinant of financial behavior, but must be accompanied by good financial attitudes and control. Research by Lusardi (2019) and Brilianti and Lutfi (2020) also found that high-income individuals do not necessarily have good financial planning behavior if their financial management is ineffective. Furthermore, Herawati et al. (2018) showed that family pressure can neutralize the positive influence of income on financial planning.

3.4. The Moderating Role of Income in the Relationship between Financial Literacy and Retirement Financial Planning

The test results show that income does not moderate the relationship between financial literacy and retirement financial planning, with a p-value of 0.515 (> 0.05). This indicates that income levels neither strengthen nor weaken the influence of financial literacy on retirement planning. This finding indicates that even though individuals have higher incomes, their financial knowledge may not be implemented in retirement planning, especially when family pressures remain high. This result is in line with research by Tang and Baker (2016) which states that income does not always strengthen the relationship between financial knowledge and financial behavior when there is a conflict of consumption needs. Research by Woodyard (2013) and Kholilah and Iramani (2013) also found that psychological factors and life priorities are often more dominant than income factors.

3.5. The Moderating Role of Income in the Relationship Between Financial Attitude and Retirement Financial Planning

The test results show that income does not moderate the relationship between financial attitude and retirement financial planning, with a p-value of 0.117 (> 0.05). Thus, this moderation hypothesis is rejected. This finding indicates that a positive financial attitude remains important in encouraging retirement planning, regardless of high or low income. This means that individuals with a positive financial attitude will continue to strive for retirement financial planning even with limited income. This result is in line with research by Xiao et al.

(2014) and Falahati et al. (2012) which stated that financial attitudes have a relatively stable influence on financial behavior, even when income conditions vary. Research by Sabri et al. (2010) also shows that long-term orientation and a cautious attitude are more determinants of financial planning behavior than income factors alone.

4. Conclusion

Based on the data analysis and discussion outlined in Chapter IV, it can be concluded that the Retirement Financial Planning behavior of sandwich generation private sector employees in Bengkulu City is influenced by financial literacy, financial attitudes, and the individual's income level. The sandwich generation, which faces dual financial pressures—supporting both children and parents—makes retirement financial planning a strategic and urgent need. The results show that sandwich generation employees with a good level of financial literacy tend to be better able to understand the importance of long-term financial management, including retirement planning. Furthermore, a positive financial attitude encourages individuals to be more prudent in managing their income, saving, and investing for financial security in retirement. Furthermore, income plays a key supporting factor that enables individuals to translate their financial knowledge and attitudes into concrete actions.

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