

Pension Plans

Comparative Study between Public and Private Pension Plans

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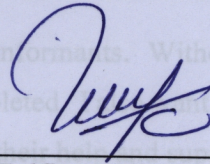
THESIS

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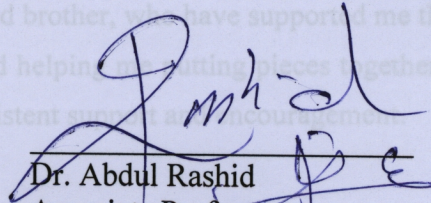
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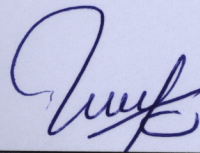
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Abstract:

Due to elevating old-age dependency around the globe, it is imperative that social security schemes mainly pension plan should be analysed. This analysis is immensely important due to the increasing trend displayed in poverty rates as well as increase in the old age population. The countries around the world are either going through demographic transition or have completed this transition. This transition has created hurdles in the functioning of social security schemes and it is necessary that these plans and schemes need to be evaluated and modified in order to meet the growing needs of the ever increasing older segments of the population. One of the major type of social security that is common around the world is pension plans. Pension plans are geared towards providing financial assistance to the elderly who have retired from their services. Reviewing and reforming of the pension framework requires in-depth analysis and is a very broad subject. The main purpose of this thesis is to determine which pension plan (public or private) is more financially sound. This aspect was examined by determining the financial satisfaction of people who possess either one of the two plans. The results reveal that employees and retirees of public plan are more financially satisfied as compared to their private counterpart.

Keywords: Pension plan, Retirement Schemes, Public pension plan, Demographic transition, financial satisfaction, Private pension schemes.

Dedication

This Thesis is dedicated to my parents and my siblings

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List of Acronyms

DB Defined Benefit

DC Defined Contribution

PI Pension Income

POF Pakistan Ordnance Factories

WN Wah Nobel

Chapter 1:

1.1 Introduction:

The increasing old-age dependency in many countries around the world has increased the relevance of analysing the pension and other types of social security schemes. This analysis has also gained importance due to the rising poverty rates as well as increase in the old age population. A number of countries are facing the demographic transition resulting higher number of elderly population. Bongaarts (2009) defines demographic transition and states that over the course of the transition the declining birth rates followed by declining death rates lead to an era of increasing population growth. The transition occurring is also accompanied by a development process which is transforming an agriculture based society into an industrialized society. Due to declining death rates, the elderly population of many countries is significantly increasing. The segment of the population who have mainly retired from their services are heavily dependent on the social security schemes since they are less productive. The retirees belong to both public and private sector. They need social security benefits for their survival. In order to combat this issue, policy makers across the globe are restructuring or re- establishing the social security schemes mainly consisting of pension funds. These re-modifications are needed in order to adapt to the demographic transition faced by many countries. Some countries have already achieved this transition in their population structure while others are still in the process. This increase in the elderly population will have significant financial and economic implications for the social security schemes. This will also increase the volatility regarding the sustainability of social security plans.

Social security comprises of the programs of benefits that are used for replacing or supplementing the income or providing for the prescribed expenditures. These benefits could be in cash or in kind and the allocation of these benefits depend upon the citizenship, public contributions and need. The main objective of the social security is to provide financial relief to different vulnerable segments of the population like poor, elderly, unemployed and retirees etc.

One of the major type of social security that is common in most of the countries is pension plans. Mitchell and Husted (2001) state that pension plans represent a long-term contract between the employers and the individuals that are participating in the scheme. The participants are giving up a portion of their current salary either by salary reduction or through foregone earnings. This

sacrifice is made in exchange for the pension benefits that will be paid by the pension plan at the time of retirement in future. In pension schemes the employees make their contribution towards the pool of funds which is then set aside for the future benefits of the employee after they retire and these funds are usually tax exempt. The employees make their contributions towards a pension fund. According to Reisen and Davis (1995) the pension funds act as institutional investors and its duty is to collect, pool and invest the funds that are being contributed by the beneficiaries and sponsors for the purpose of entitlement of the beneficiaries in the future.

Pension plans are geared towards providing financial assistance to the elderly who have retired from their services. After retirement the monthly income ceases. So in order to replace that income these plans come into action. After retiring the expenses continue despite the fact that the individual stops receiving monthly income. These expenses include the cost of basic necessities like food, water, shelter, clothing, health and security etc. In order to meet the cost of these necessities a specific monetary sum is needed. This amount comes in the form of pension. The pension amount received by the retired individual largely depends on the type of pension plan they have opted for during their years of service.

1.1.1 Types of Pension Plans:

The pension plans provide a financial support to the individuals who are unable to work as a result of old age, disability or if the wage earner of the family has died. Across the world the pension plans or schemes are provided by either the state or private enterprises to their employees or participating members. Public pension plans are provided by the government which include central, state and local government. Individuals that are working in state owned enterprises are provided pension payments after their retirement by the state. While the private pension plan is defined as benefit schemes that are being administrated by a private institution rather than the government. This pension fund is set up by enterprises that are functioning in the private sector like Multinational companies, Private Banks or Non-Governmental Organizations (NGOs) etc. These plans may either complement the public plans or can act as a substitute for the public pension plan.

Across the world, different types of pension methods are adopted. A system adopted by several countries in Latin America, which is utilizing both the resources of state and private enterprises for the provision of pension schemes to the citizens of the country. Bhatt (1996) stated that the

main challenge faced by India's pension system was that to build a system that would not only provide financial support but also become a tool for the growth. In order to achieve this goal it is imperative to share the burden of the increasing rate of elderly population by utilizing the saving and re-distribution sources of state and private sector.

1.1.2 Types of Pension Financing Mechanisms:

The most commonly known pension financing mechanisms used all around the world are following:

1. Pay-As-You-Go (PAYG) mechanisms.
2. Fully Funded Pension mechanisms.

1.1.3 Pay-As-You-Go (PAYG) Mechanism:

Barr and Diamond (2006) explain PAYG system as the pension mechanism in which the pensions are paid out of current income. These scheme are usually run by the government. In this mechanism, the workers that are currently employed, make contributions in order to pay the current retirees the pension benefits. The contributions are dependent on the employee's earning. The state makes a commitment with the contributing workers that they will receive the benefits according to their contribution when they become eligible for the pension benefits.

1.1.4 Fully-Funded Mechanism:

In this mechanism the workers make their contributions towards an account which is in their ownership. The contributions that are accumulated from the employees are not distributed among the present day retirees rather this amount is utilized to make investments. Barr and Diamond (2006) state that saving is the basis of this system and collected contributions are invested in physical or financial assets. The investment of the accumulated contributions are carried by either a monopolist state agency or competitively through the involvement of the private sector.

1.1.5 Types of Methods of Benefits:

Within the pension systems, one of the most important elements is the relationship between the worker's contributions and the benefits received by the worker. The benefits that are paid to the employees are also calculated according to two types of mechanism.

1. Defined benefit scheme

2. Defined contribution scheme

1.1.6 Defined Benefit Scheme (DB):

According to Barr and Diamond (2006) in DB scheme, the pension of the workers are not based on their accumulation rather on the wage history which might also include the length of their service. This scheme has assets held in a central pool. Schwarz (2006) state the benefit received in this scheme is the function of employees income but it can also be defined in numerous other ways. Ponds et al. (2011) state that in this scheme, benefits that are provided to the workers after retirement are guaranteed by the state as a sponsor. In this scheme the employees are given a guarantee by their employer that regardless of the performance of the investment pool they will receive certain amount of benefit at the time of their retirement.

1.1.7 Defined Contribution Scheme (DC):

In this scheme, the contribution by the employees is fixed as a percentage of the wages and rate is also defined by the state, employers and employees. The final pension benefits is determined on the basis of the amount present in the pension account of the individual at the time retirement. The pension which is received by the individual is dependent upon the contributions and the returns on the contributions that was invested. According to Ponds et al. (2011) as the cost of the government is limited to pre-specified rate of contribution so this scheme does not produce any fiscal liabilities in future. Pugh and Yermo (2008) state that the DC schemes are protected. The reason behind this is that the provider targets or guarantees a specific benefit or rate of return but is not liable to pay it if in the case of underfunding. They receive the benefit at the time of retirement depending upon the performance of investment pool. In general the system that uses the defined benefit mechanism are more PAYG type while the systems that are based on defined contribution mechanism are relatively more full-funded type.

Pakistan is a developing country in which the fertility and mortality rates are decreasing which is resulting in the process of ageing. Pakistan is now starting to enter into the demographic transition. There are also other factors contributing towards a higher old-age dependency. The system of family is moving from joint family systems towards a more nuclear family system. As the elderly segment of the population is increasing, its effects are becoming visible in the form of higher healthcare costs, higher demand of pension and other social security schemes, change in social relations as well as attitude of people towards their elderly. Increase in urbanization and

modernization along with economic pressure and reduction in the joint family system has resulted in erosion of support base for the older population. Due to these important factors it is imperative to review the situation of the social security and pension schemes in Pakistan. Presently the pension schemes in Pakistan are provided to the population employed in the formal sector including both the public and private sector. These schemes cover a very small portion of the older population. Within the formal sector another problem has risen which is the disparity in the provision of public and private pension plans. The people employed in the government owned enterprises are provided by the pension payments after they retire from the organization. But the private enterprises seldom provide pension plans to their employees. Some of the individuals seek pension plans or schemes from financial institution like banks and insurance companies. In Pakistan several private banks are providing pension schemes to help secure the future of the individual after they retire from their respective jobs.

In Pakistan one of the most prominent schemes is **Employees Old Age Benefit Program (EOBI)**. This benefit program is geared towards providing monetary support to the elderly population of the country through several programs such as Old Age Grants, Survivors pension, Old Age Pension and Invalidity Pension. The benefits are paid on monthly basis. The minimum pension income is Rs 5,250 per month. This may increase upto Rs 10,920 per month which depends upon the wages and period of insurance of the insured person. The old-age grant is rewarded in lump-sum amount which is equal to one month's average salary of the insured person for all the completed year of insurable employment. In Pakistan, there is an increasing trend in the population growth rate of elderly people as well transformation from joint family system to nuclear family system so the analysis of the pension structure has become imperative.

Benefits	July-March, 2016-17	
	Number of beneficiaries	(Rs. millions)
Old-Age Pension	248,740	11,278.511
Survivors Pension	148,829	6,326.908
Invalidity Pension	5,660	245.444
Old-Age Grant	2,231	70.836
Total	405,460	17,921.699
Source: Employees' Old Age Benefits Institution (EOBI), Karachi		

Table 1 Benefits disbursed during the period from July 2016–March 2017

1.2 Statement of the Problem:

Due to intensifying levels of poverty and old- age dependency, it is very significant for countries across the world, to start examining the framework of pension systems. The adaptation of the social security systems according to growing financial needs of the senior population has become a main concern for countries across the globe. Many nations are also going through demographic transition which is resulting in growing number of mature population. The elderly segment of the population is less productive and majority of them have retired from their services. This fragment does not have a steady source of income anymore. They require pension payments in order to fulfil their financial needs. Since many countries are either going through or have gone through demographic transition. This elderly division is growing at a very elevated rate. The younger and employed segment of the population has to bear the burden of providing pension payments to the current retirees. This burden is a result of type of pension plan prevalent in the country. Across the globe, the primary pension plan is provided by the state to the workers employed in the formal sector. The plan offered to the worker is defined benefit plan financed by PAYG mechanism. This scheme requires contribution from the current employees in order to pay benefits to the current retirees.

If variations in demographic structure continue to accelerate at this speed, the current PAYG system of pension of payments will become monetarily unstable and unsustainable in the near future. The fertility rates are continuously declining and when they are combined with declining death rates, this results in rising elderly population along with declining young population. Another severe effect of this transition is that the number of pensioners per worker is also increasing. So due to rising gaps in financing of the scheme combined with the significantly rising pension debts, the prevailing pension framework will become economically unsustainable.

1.2.1 Situation in Pakistan:

The issue of pension reforms is gaining significant importance in Pakistan. The present pension system of Pakistan is based on PAYG financing mechanism and distributes benefits calculated through defined benefit plan. This system will become economically unstable in the near future due to its shortcomings. The pension system in Pakistan does not cover the entire population rather it only provides financial security to the people who are employed in the formal sector. Within the formal sector, the pension coverage is mostly extended to solely public sector

employees or workers of semi-private institutions. The workers of private sector rarely have any coverage from the state. They are either covered by their employing company or do not have any coverage. These individuals have the option of taking a pension plan from private financial institutions like banks and insurance companies. In Pakistan the individuals who are employed in industrial or commercial enterprises regardless of the nature of the institution, whether it is public or private, are covered by EOBI. But the case of people who are employed in the informal sector is very harsh. These people are rarely covered by any kind of social security. The workers are usually employed at daily wages or piece wages. They do not have any definitive contract with their employer about their services. They are involved in various forms of temporary employment like street and market vendors, private transport service, retail shops and construction workers. Due to these inconsistencies of coverage and payment of benefits, it is extremely important that the pension structure of Pakistan should be reviewed and re-modified. The financing and benefit calculation mechanisms are based on old methods which are not appropriate for the changing atmosphere regarding the population division.

Reviewing and reforming of the pension framework requires in-depth analysis and is a very broad subject. So the main purpose of this thesis is to determine which pension plan (public or private) is more financially sound. This aspect will be examined by determining the financial satisfaction of people who possess either one of the two plans. The first objective of the thesis is to determine how much knowledge people possess about their own pension scheme. The rationale behind this objective is that it is imperative that people have accurate knowledge about their retirement scheme. This information includes type of pension scheme, percentage of premium, and employer contribution towards the plan and formula which is used to calculate their pension payments which they will receive after retiring. The second objective addresses the reasons behind their choice of a specific plan. The third objective of this thesis focuses on financial satisfaction of the people who have been given or bought a pension plan whether it is of public or private in nature. The term satisfaction used in this thesis encompasses that whether people's financial goals are being met by the pension payments that they receive from their firm or institution.

The first research question of this thesis focuses on financial education in relation with the retirement plans particularly pension schemes among the respondents of this study. OECD

(2005a) describes financial education as a process through which the financial investors/consumers acquire better understanding of financial concepts and products. Through financial instruction, objective advice and suitable information they can develop confidence and skills that will make them more aware of risks and opportunities. This will also facilitate them to make informed decisions about the help they require and to take appropriate actions that will improve their overall financial wellbeing. It is imperative that the need of financial education should be seen as universal and should be applied to all types of pension schemes. This kind of education enables an individual to understand the fine print of his/her pension plan. It facilitates the consumer in determining the cost and benefit of choosing a specific retirement scheme. In context of this thesis, the worker of the public company are automatically provided with a pension plan by the Government of Pakistan (GOP) from their first day of work. Financial literacy can benefit them in calculating the amount of pension they will be receiving after their retirement. As there is an increasing trend in private pension provider in Pakistan, financial literacy can help the public sector workers in determining if they require more than one pension plan to live a comfortable life post retirement. In many cases during employment, the involvement of the individual regarding pension issues and consequences is very limited and their knowledge about their pension plan is very low.

The private company taken as a sample only provides pension to their officers while rest of the labour remains uncovered. Financial education can help them in exploration of other pension options. They can choose the type of pension scheme that they require and more importantly afford. The main concern in this situation is that these individuals might be neither capable nor aware of investment options when choosing a pension scheme. They lack financial understanding about different pension options. Many individuals do not possess good forecast of their post retirement pension income. Pension knowledge will facilitate the individuals in determining if their pension payments will be sufficient and what measures they can take to avoid having an inadequate standard of living. Due to these reasons it is extremely important to provide individuals with financial education regarding their own pension schemes and other available retirement saving plans.

The second question will focus on the respondents' preference regarding a particular type of pension plan. This question will address the reasons based on which the individual has taken a

pension plan. In Pakistan, the state automatically provides the worker with a pension plan from the start of their employment in the government sector. The public company chosen for the analysis in this thesis provides public pension scheme to its workers. The situation of private workers are different. The provision of pension plan to the workers in the private sector varies from employer to employer. In the context of the thesis, the labours working in the private company, chosen in the sample, have limited coverage. The company only provides pension coverage to its officers while the factory workers are uncovered. They have other option which includes State Life Insurance, Voluntary Pension Scheme and EOBI but the employer themselves do not provide any kind of scheme.

The third question addresses the financial satisfaction of the respondents in their chosen pension plan. This question will focus on the financial viability of both the public and the private pension plan in the post retirement life.

1.3 Key Terms:

1.3.1 Pension Fund:

Co-operation and Development (2005) defines pension fund as a pool of assets which are purchased through the contributions of the participants of the plan and the function of this pool is exclusively to finance the retirement benefits of the plan members.

1.3.2 Fully-funded Pension Plan:

According to Kuné (2001) under the fully funded pension schemes, the employees contribute a portion of their monthly incomes into a fund consisting of financial assets and the pension is paid from this account. The retirement benefits are paid out from the contributions and investment earnings.

1.3.3 Pay-As-you-Go Pension Plan:

Kuné (2001) explains the PAYG system of pension and states that in PAYG plan each generation finances the pension income of the previous generation as a result of the understanding that their pension needs will be fulfilled by the future generation. The pension payments are given from the accumulated incomes of the current employees.

1.3.4 Defined Benefit (DB) Plan:

According to Bodie et al. (1988) under the defined benefit plan, the pension benefits of the individual are calculated through a formula which takes into account the years of the service and may also take into account the wage or salary. In some of the cases the formula also encompasses the social security benefits that the employee is entitled.

1.3.5 Defined Contribution (DC) Plan:

According to Bodie et al. (1988) the defined contribution (DC) plan is a pension plan in which the employees have their own accounts in which they make regular contribution along with their employer. The benefits acquired at the time of retirement are dependent upon the earnings on investments and the accumulated contributions in the account.

1.3.6 Public Pension Plan:

A report by Co-operation and Development (2005) describes that the public pension plans are retirement programs and social schemes provided by the government (which include local, provincial and central government). Commonly the pension plans provided by the state are PAYG plans.

1.3.7 Private Pension Plan:

A report by Co-operation and Development (2005) describes that these plans are administrated by institutions that are not under the ownership of the government. They can be provided by a plan sponsor from the private sector, private pension fund or a private provider. These schemes may function as substitute to the state program or complement the state provided pension programs.

1.3.8 Demographic Transition:

Weeks (2011) describes the demographic transition as the transition across which the country transforms from high birth rates and high death rates towards low birth and death rates with the population growing in interim.

1.3.9 Financial Literacy:

Atkinson and Messy (2012) describes financial literacy as an amalgamation of awareness regarding knowledge, behaviour and skills that are essential when making an appropriate decision and to grasp their own financial wealth.

1.3.10 Financial Education:

OECD. (2005) describes financial education as a procedure where the consumer of financial investors/services advance their understanding of risks, products and notions associated with finances. This knowledge is acquired through instructions, information and objective advice. This will enhance their information about financial occasions and risks, built confidence and skills and facilitate in decision making and finding the appropriate help for refining their wealth.

Topic of the thesis:

The topic of this thesis is “Pension Plans: Comparative Study between Public & Private Pension Plans”.

1.4 Research Questions:

This thesis will address three research questions which are as follows:

1. How much information do people have about their pension plan?
2. What are the major reasons behind people’s preference of a specific plan in the study area?
3. Are people financially satisfied in their chosen pension plan?

1.5 Research Objectives:

The main objectives of this study are as follows:

1. To determine the amount of information people have about their pension plan.
2. To determine the major reasons behind people’s preference of a pension plan in the study area.
3. To examine the financial satisfaction of the people in their chosen pension plan.

1.6 Significance of this Study:

Pension plans are extremely important as they are the source to the older segment of the population that have retired or are unable to work due to their old age. Pakistan is a developing country which has an increasing rate of old age dependency. Due to declining birth rates and higher life expectancy, the older segment of the population is increasing and this portion of the population is heavily dependent upon their pension benefits. So it is imperative that Pakistan should have an

adequate and sustainable pension structure which will provide higher access, coverage and benefits to the elderly population. This thesis will study what type of pension plan is preferred by the people and the reasons behind this preference. This study will also try to learn if people are financially satisfied with their choice of pension plan. This study can help in determining the flaws in the pension structure of the country. Also it will help in determining the problems that people face regarding the access, coverage and benefits of the available pension schemes provided by both state and private sector.

1.7 Limitations of Study:

The large segment of the target population were factory workers whose maximum level of education was intermediate level. In light of this observation, the questions of the survey were oversimplified and there was limited usage of technical terms. Due to this hurdle, the construction of questionnaire took more time than I had allocated.

In order to conduct survey, I needed to have a security clearance to enter the factory premises of the public sector company. Not all factories were willing to give me permission to access their workforce. Due to this reason, I could conduct survey in only two factories out of fourteen.

Despite making it explicitly clear that their names would not be included in the data, they still were very hesitant in filling the questionnaires. The respondents had problems understanding the instructions as well. I verbally and written form issued instructions on how to fill the questionnaires but most failed to follow these instructions. Due to this setback, I had to get the questionnaires refilled from the respondents which took more time.

Chapter 2:

Review of Literature:

2.1 Introduction

As mentioned above in the introduction, the older segment of the population is increasing at a higher rate across the countries. It is imperative for every nation to provide a social security program to its elderly population. Pension plans benefit the elderly by becoming a source of income in their retirement years. But in order to accomplish this goal, there should be provision of well-adjusted and stable pension plans to the older segment of the country. Over the passage of time, extensive amount of literature has been written regarding pension funds and plans. The following review of literature is divided into four main themes. These themes are based on the trends observed within the literature regarding the efficiency of pension plans provided by state or the private sector. The ownership of pension system across the nation is divided into two major categories. One is the pension schemes provided by the public institutions and the second is the pension schemes provided by private institutions. There is a debate within the literature over the productivity of the two pension systems. There are certain scholars and analyst that believe that pension benefit systems that are provided by the state are much more productive and beneficial as compared to their private counterparts while at the same time, the others believe that the private counterpart is much more affective. On the other hand, there is also a segment of scholars who are neutral to both the systems while some believe that the blend of both public and private pension planning is the key to establishing a healthy and stable system of pension allocation. The following literature is divided into four themes.

1. Indifference between public and private pension schemes.
2. Public pension plans have greater stability and benefits then their private counterparts.
3. Partnership between state and private pension providers is more efficient and stable then both the plans in isolation.
4. Private pension plans have greater benefits and stability then their public counterparts.

2.2 Indifference between Public and Private Pension Schemes:

The first theme suggests that it is not important whether the country has publicly owned benefit system or a privately owned benefit system. This portion of scholars take a neutral approach within the debate over the productivity of the two systems.

Wiatrowski (1994) argues that including the social security and contribution of the employees leads to diminishing of the monetary gaps between private and public pension. This study states that it is still difficult to pin-point whether the public pension plans give more advantage in terms of benefits than the private pension plans. There are two characteristics that significantly affect the benefit gap. So the differences in benefits from public and private pension plans cannot be isolated from required contribution by the employee and the coverage of social security. This paper focuses on the benefits given by both public and private pension plans and the monetary differences can be diminished by social security coverage and required contributions. Similarly Burtless and Bosworth (1999) suggest in their paper that the policy makers and the general public are showing keen interest in the idea which entails replacement of the Social Security programs with a private system of individual retirement accounts. The main reasons behind this transition include lift of rate of return, elevate national savings and economic growth and higher taxes on payroll along with higher accumulation of social security reserves. However if the reserves of social security are allowed to be invested in private assets then it will also achieve the same rate of return. This privatization will also increase national saving. But the economic advantage that will be gained through privatization of social security can be acquired through either the public or private retirement systems. In both cases a short term sacrifice of the consumption is required.

Both the articles suggest that productivity of the pension systems is not related to their ownership. According to Burtless and Bosworth (1999) public pension system can be improved by investing its earnings into higher yielding assets rather than privatizing the whole system. Also Wiatrowski (1994) suggests that the benefit gap between the two systems cannot be isolated. When the employee contribution and coverage is added into the analysis then the benefit gap is diminished. So both the articles are suggesting that both systems are beneficial in their own way and there is no glaring benefit gap between the two systems.

Mitchell et al (1998) focus on the privatization of social security in the United States of America (USA). The paper recognizes the important issues that should be discussed within the debate

associated with privatisation of the social security system in the country. It provides a framework with the aim that through this framework a well-adjusted analysis can be performed regarding the pros and cons of the new privatised system of social security. The study concludes that the new two pillar system has certain advantages which include a decrease in political risk, increase in portfolio choices for the households and better work incentives. On the other hand, the new system is not free of flaws. The major disadvantages are inflated administrative costs and decrease in national risk-sharing and redistribution. So in conclusion the effects of these new reforms are quite modest. The effects can only achieve higher significance if there are subsequent changes in the political arena.

2.3 Public Pension Plans have greater stability and benefit payment then Private Pension Plans:

A significant portion of literature suggests that pension plans which are owned by the state itself are much more productive and efficient. They provide relatively higher and stable benefits and coverage. While the private system may provide a higher benefits but they are relatively expensive as well as having limited coverage. They are not easily accessible to the general public especially to the poverty stricken segment of the population.

Lovejoy (1988) raises the question that does public pension programs provide more benefit than private pension plans. The state and the local government usually provides more generous pensions than private enterprises. This discrepancy can be partially explained by the higher likelihood of the workers of public sector to contribute towards the cost of the benefits. According to the first survey carried by the Bureau of Labours Statistics, provision of benefits by the public pension plans are much more liberal as compared to its private counterpart but the state and local plans require a higher amount of contribution from the employees. Difference in the benefits provided by public pension plans as compared to private plans could be a fundamentally important reason behind people's tendency to tilt towards public pensions. Similarly Bewerunge and Rosen (2013) are raising the same question that whether the workers of local, state and federal government receive more liberal pension and wage compensation then their private sector counterparts. For this purpose a sample of labours who have full-time employment and are over 50 years of age in between the years 2004-2006, is taken. The results show that even after the worker characteristics is taken into account, the wealth accumulation through pension is far more in the workers of the

all three segments of government then employees of private sector. Munnell and Soto (2007) also explain that the public pension plans significantly differ from their private counterparts by analysing the difference in the employer-sponsored plans between two sectors. The pension schemes provided by the state and the local government are based on defined benefit system and provide universal coverage. On the other hand in the private sector the workforce is partially covered and everyone participates in the social security. In the public sector the defined benefit plans provide larger benefits than their private counterparts. The public pension schemes also provide adjustments in cost of living when the individual retires which is completely unheard of private sector.

On the other hand, the Pension Review Board published in August 2013 embraced a different approach in explaining the benefits of public pension system over its private counterpart. The PRB states that the risk of termination of pension plans is much higher in private sector than the public sector. The factors behind this are greater susceptibility of the private sector towards the stress on revenue stream which is accompanied by economic volatility and competition. The defined benefits plans are financially less risky in the public sector. In the private sector as their unpredictability regarding the revenue flow this leads to higher risks. The public sector also faces risk of sustainability regarding this type of pension planning. But they can maintain it better than their private counterpart due to greater predictability in the revenue flow and higher flexibility in the regulatory environment.

All the articles in this theme of literature derive the same results that the publicly owned systems of pension plans are much more productive, efficient and less risky as compared to the privately owned system. But they are taking different approaches to reach the same conclusion. Lovejoy (1988), Bewerunge and Rosen (2013) and Munnell and Soto (2007) adopted the same approach and concluded that workers of the public sector are receiving higher and much more pension payments. Whereas PBR analysed the riskiness of the two systems under-observation. It concluded that the public system is much stable and less risky as compared to the private benefit system.

Antolin, Payet, and Yermo (2012) explain in their research that several countries are now decreasing their Pay-as-you-go (PAYG) pension schemes and are increasing the retirement ages. So the funded pensions can play a significant role in reducing the adequacy gaps. But the coverage of the private pension schemes that are funded, measured through the enrolment rates, is extremely

uneven between the individuals as well as across countries especially if the voluntary systems are prevalent in the countries. There are some countries like Australia and Chile that have made funded pension schemes compulsory while there are some like Denmark and Netherlands that have made them quasi-mandatory. These measures are taken to ensure that more and more workers receive coverage and have easier access to the significantly high complimentary pension. But there are other countries where there is lower PAYG benefits which is accompanied by voluntary funded pension plans. The low levels regarding the coverage of funded pension programs is significant policy concern for these countries. In order to promote higher and evenly distributed coverage of these programs, the most efficient policy option is to make the enrolment compulsory. The compulsory enrolment might have its drawbacks. In order to counter these drawbacks, a new policy was introduced known as Automatic enrolment. This new concept was introduced at the national level in Italy and New Zealand in 2007. This new method had uneven levels of success. There are also a few other policy options which include financial education and making the conditions to join much more simplified. These policies have proved to be successful in elevating the contribution and coverage rates. But it imperative to take into account that these policies are effective in boasting the coverage levels in the countries with large formal economy. While in countries which have large proportion of informality, obtaining higher levels of coverage and contribution rates regarding these private programs is much more complex and challenging task. It is significant to remember that promotion of coverage and contribution levels of private funded pensions is just a part of solution needed to ensure that adequate benefits are paid by the plans. There are also other challenges that need to be addressed which include the costs associated with management and risks associated by the investments.

Moore (1998) states in the paper in order to combat the funding problems of social security systems, the recommendation of privatising the prevailing system is gaining popularity. The recommendation will provide the members the opportunity to earn rates of return which are prevalent in the market. This is a very attractive alternative to the present system. But the new system is plagued with numerous problems. The privatising of social security provides no guarantee regarding the participation. The participation of labours could be less than participation rate in the current system. The reforms will subject the members to the investment risks. The costs associated with the transformation of PAYG system to funded system will also be very high. The reforms will also encourage a mistaken idea of paternalism. The new scheme will necessitate the

individuals to start saving for retirement without specifying any rate of return. Lastly, privatisation may lead misunderstanding regarding the role of social security in the system of national retirement income. The paper concludes that privatising reforms seem very appealing and attractive on surface but they are not the solution for the long-term problems faced by the social security system.

2.4 Public and Private Partnership in the Pension Planning

The coverage of the pension system of a country will be higher if the state and private pension providers work together. The public sector has higher access to the public while at the same time the private sector has high value financial assets. If these two resources are combined together, more and more people can have easier and efficient access to pension schemes. A large portion of literature suggests that in order to achieve higher efficiency within the pension structure, it is more useful to combine the resources of state and private sector.

Natali (2009) focuses on the key aspects of the reforms in the pension system which have recently take place in Europe. This study covers the challenges faced by the pension system both presently and in future and on the complicated and ever changing relationship between social partners, market and state which is related to the supplementary pension schemes. It discusses the formation of three clusters of pensions. A new form of public-private interaction should be implemented. Public authorities and the social partners may play a significant role in mitigating failures in the market as evidenced by the tensions in the pension funds, assets and investments which have been recently observed. But this also requires a vast improvement in the governance. Bhatt (1996) also talks about combining the state and private sector in order to provide an efficient and productive pension system for a developing country like India. It states that the politicians and policy makers are facing the challenge of rapidly aging population in the country. So the main challenge is for design and formulate a pension system that will provide not only a safety net but also be a tool for growth. In this paper the system that can achieve these objectives is a combination of publicly managed system which provides subsistence benefits and funded private pensions. The basic idea is to share the burden of aging population between both public and private sources of saving and re-distribution. Another similar concept in the literature related to retirement plans is the concept of “Integration”. Perun (2002) states in this study that the concept of “Integration” with social security has been a characteristic of the privately managed pension system since the enactment of

social security. The integration helps the employers take into account of their contribution towards the social security and in their tax-qualified retirement plans they lessen the benefits of the less paid workers. The analysis carried out in this paper suggests that integration is a very constant and consistent feature of the private pension system. This study suggests that integration makes the plan sponsorship much more attractive to the small employers as they face the problem of pension coverage.

Within the literature regarding the partnership between state and private sector, the researchers have also discussed the “Chilean Model”. This model encompasses a pension system which is a blend of publicly managed PAYG pension plan and a privately managed fully funded DC plan. Mitchell and Barreto (1997) critically analyses the Chile’s pension reforms that is known as the “Chilean Model” and subsequent reforms that were being implemented by sister countries of Latin America. This model has captured the attention of policymakers across the world. The pioneer in pension reforms among the Latin American nations was Chile. In 1981, Chile adopted a funded, mandatory and privately managed defined contribution retirement system. Argentina, Columbia and Peru followed the Chile a decade later. Uruguay introduced its private pension plans in 1996. Mexico and Bolivia are not far behind. The Chilean Approach consisted of two pillar model which is as follows:

1. A funded, privately managed and defined contribution plan.
2. On Pay As You Go basis, the federal government gave a guaranteed minimum pension.

Based on the popularity of the Chile’s two pillar system among the nations of Latin America, it is suggested that by taking the two pillars apart far more appealing. It clarifies the paths through which the retirement system manoeuvres the accumulation and redistribution and also provides the employees a sense of ownership in their retirement accumulations. The most remarkable lesson brought by the pension reforms of Chile and other Latin American nations to the surface is that privatization of pension requires a very concrete role of the governments.

Pordes (1994) in Willmore (1999) has encouraged a mixed approach towards the problem of old age security. It has endorsed pension systems that are built on three distinctive pillars. The three pillars comprises of:

1. Redistribution
2. Forced savings

3. Voluntary Savings

In the first pillar, the elderly population is guaranteed a minimum monetary payment with the goal of minimising poverty and is non-contributory. In second pillar, the contributions are made compulsory for the workers along with the promise that they will receive higher benefit in return of higher contribution. The third pillar is contributory as well, but the contributions of the workers are solely voluntary. This option is available if the working class wants to enhance their pension income which is provided to them by the first two pillars. The consent is that the first pillar will function properly if it is left in the hands of the state as they are in a favourable position to finance indexed and flat pension on pay-as-you-go basis from the general revenue. Similarly the third pillar will function properly if its responsibility is given to private institutions granted that involvement of public should only be limited to regulating the financial institutions. The large portion of the debate regarding the second pillar revolves around ideology. The people defending the public pension give emphasis to social solidarity and the transferring of income between social groups. On the other hand the defenders of the private system focuses on limiting the role of state. In most of the developed nations along with many of developing nations, the functioning of the second pillar is handled by the state. It calculates its benefits on defined benefit mechanism and is financed through pay-as-you-go system. But this traditional system is now under debate. The conventional PAYG system has large potential of providing the elderly population with post-retirement income. But unfortunately, the participants of PAYG system are not treated equally and benefits are not related closely to the contributions. This results in some contributors receiving higher returns at the cost of other contributors who either receive low returns or negative returns. The reformers require that changes should be made in this traditional system. They are encouraging the privatisation of this public system and the transformation of defined benefit plan to defined contribution plan along with changing pay-as-you-go to fully-funded. The necessary changes in the second pillar can be achieved through privatisation or reforms. Both of them require an extension of the first pillar which will redistribute wealth and income.

2.5 Private Pension Plans have greater stability and benefit payment then Public Pension Plans:

Pension plan provide a financial backbone to people who are unable to work due to disability or old age. Retirement plans provide a steady stream of monthly benefits to the elderly population as a substitute to their wages when they were employed. Across the countries, state commonly

provides the pension plans to their citizens. But the people employed in the private sector also have the option for opting for a pension scheme. A significant amount of literature suggests that the pension programs that are provided by private sector is much more stable and provides higher compensations than the ones provided by the state owned institutions. Bender and Heywood (2010) examines the limit to which the compensations of the local and state government are comparable to the private sector compensation in the United States. The compensations of the workforce includes pay, pensions and other benefits. These compensation levels facilitate in determining both the efficiency and the competency of the services provided by the government. The study found that the local and state workers are comparatively less compensated than their counterparts within the private sector. The report presents certain implications. Firstly the compensation of the workers of local and state sector are not extremely high and this statement remains true when benefits are accounted. In the past 20 years the relative earning rates have also declined for the local and state workers as compared to the private sector. Another portion of literature focuses on the transition from publicly managed pension systems towards privately managed system. This transition is happening in numerous countries. Shaikh (2008) states that in early 1980s' government regulated pension systems had started to transform into privately managed pension plans especially in Eastern Europe and Latin America. The main objectives behind this transition was that the government of the countries were facing vulnerability towards the increasing pension liabilities and cannot support the financial burdens. Also the transition was carried to ensure the expansion of private sector old age security provisions and strengthening of individual responsibility for elderly pensioners. The study analysed Sindh Pension Fund (SPF) as the test case. The conclusion of this article suggests that if the pension system is privatized then it results in widening of margins of individual liberty. But in order to achieve the goal of privatizing the pension system the capacity of private sector as well as capacity of government is important. So the study suggests that few key ingredients are required in order to privatize the pension system of the country which are rigorous regulatory role of SECP, speedy expansion of pension funds, unwavering performance of stock exchange and robust legal system. The solution to the worries of state pension is to formulate a personalized funded privately owned and heavily redistributive pension system. This redistributive system should be carried out by the market forces under strict regulatory control. Both the articles have suggested the privatization of the pension system in order to achieve a better functioning pension plans which provides higher benefits and coverage.

Similarly Kotlikoff, Smetters, and Walliser (1999) also discussed the privatization of social security. They used the new version of Auerbach-Kotlikoff model for considering the alternative paths towards privatization of social security system of United States (US). The intra- and inter-generational heterogeneity is incorporated into the new model and is closely calibrated to fiscal institutions of USA. In the study three key issues of privatization that are considered. These three key issues are financing the transition, rules of participation and progressivity. According to the analysis it is concluded that privatization of the social security system can increase the long run standard of living. But the gains that will be enjoyed by the future generations will come at the cost of welfare losses faced by the transition generation. This privatization will benefit the poor segment of the population even in the absence of an explicit redistribution mechanism. The private pension reform will also provide the initial workers the option of staying the present system and having low cost of transition and favourable macroeconomic conditions. The countries of Latin America have started undergoing pension systems reforms as they have observed that the standard PAYG schemes are not productive and are producing heavy financial liabilities. Queisser (1997) examines the performance of the newly-implemented privately owned pension funds in Columbia and Peru in their early years. In Latin America, Peru and Columbia were second and third countries respectively who had undergone a Pension System Reform. In the beginning, this new system of pension funds were faced with many challenges mainly because there were problems in the design and there were deficiencies in its implementation. In Peru the new privately managed pension funds faced with unfair competition from the public pension system. The public system required much less retirement age and less contribution rate. The financial results were also not good due to lack of permission granted to defer their high start-up cost and low salary levels. Similarly the new private pension system implemented in Columbia also had slow progress in its development. The reason behind that was that it co-existed with the public pension system. The pace of reform in the public system was very slow along with disincentives for elder workers to join the new system provided hurdles in its development. Despite all these challenges and a shaky beginning of their pension reforms for the countries, Peru and Columbia took various additional measures to eliminate or minimise the design problems. In conclusion this analysis suggests that although the flaws in the reforms may produce inefficiencies, this flaws can be rectified and the system can be made stronger. This can be made possible if the concerned authorities have strong commitment towards a systematic reform in the long run.

Obermann (2005) focuses on the effects of privatisation of pension systems in countries of Latin America. The effects were observed on regulatory and financial systems after these countries had privatised their pension systems. In 1980's and 90's the pension scheme of Latin American countries were based on conventional PAYG system. But unfortunately this system suffered from macroeconomic weaknesses and political risk. The glitches that plagued the prevailing system included high dependency on subsidies, conflict of interest between the role of government as an administrator and supervisor of the pension plans and inefficient handling of the funds by the government. Due to these problems, the state was placed in a very difficult position. They had two options. The first option was to reduce the benefits provided by the pension scheme but this was a politically undesirable option. The second option was to increase the payroll taxes. But this option might encourage people towards tax avoidance which has serious consequences. Despite the unfavourable conditions, privatisation of pension schemes had positive effects in the region. This measure contributed heavily to the development. It led to expansion of financial markets, inducing financial innovation and augmentation of the regulatory and financial framework. Due to the success of privatisation of pension systems, the chances of these countries reverting back to the traditional PAYG system are very slim. The new private pension system is not devoid of flaws and requires some reforms especially in the areas of investments, irregular participation of the labour force, high costs associated with commissions and challenges in the regulatory system.

Asaminew (2010) provides information about the background and analysis of a policy discussion whose subject matter is the introduction of private pension funds for the segments of population who are employed in the informal or the private sector of the economy. Unlike other developing and developed countries, the public pension system of Ethiopia is not adversely affected by demographic factors like increase in life expectancy, retirement of the baby boomers and decrease in the working age. The main problems lies in coverage. The current system of pension is lacking in coverage. The major segment of labour force is employed in the non-government sector and is devoid of any public benefit plan. The adoption of a fully-funded pension system will lead to efficient allocation of funds and mobilisation of capital. This new system will act as catalyst towards the development and growth of the financial sector. So efforts made towards formation of a complementary pension system will reap benefits in the form of stable society, expansion of the financial system and growth in economy. But the current financial environment provides certain

limitations and constraints in the path of successfully implementing a private pension system. So it requires very strong commitment to this agenda.

2.6 Conceptual Framework:

Most of the countries around the globe, either have gone through or are going through a demographic transition. Since the elderly population is increasing in many countries. The nations are evaluating their pension systems and are re-modelling their systems. The following figure shows the division and characteristics of pension systems that are currently functioning in various countries.

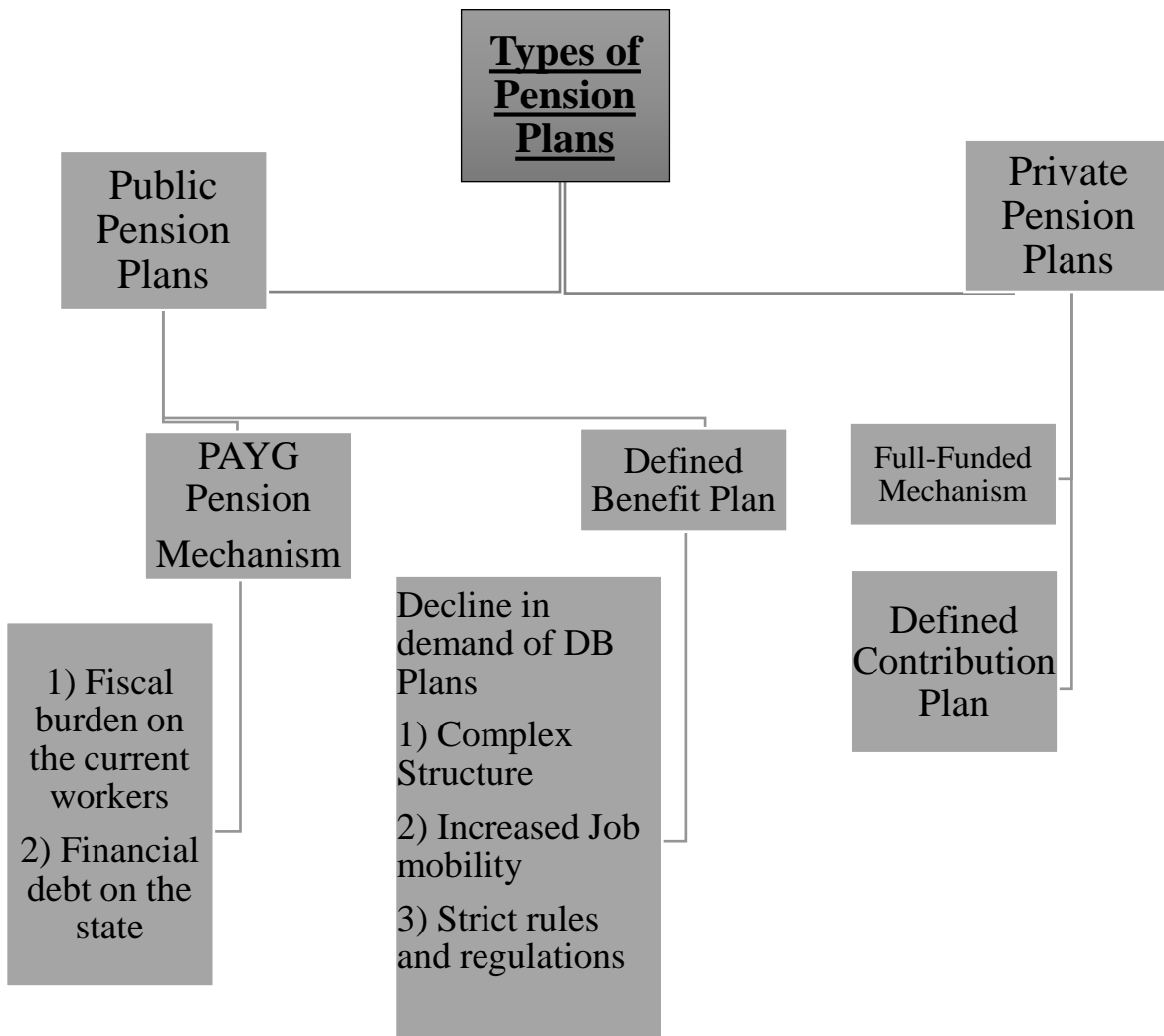


Figure 1 Conceptual Framework

Pension plans are exceptionally important for the older segment of the country. The basic objective behind these plans is to provide financial support to the elderly population in their retirement years. People after a certain age, which is commonly 65 years in several countries, are unable to work. So in order to finance themselves and their families after retirement they require a steady and efficient pension scheme. The pension benefits received act as a substitute to their monthly income that was being paid to them when they were employed. The pension plans are broadly divided into two types. The first plan is State provided pension programs that has high coverage but relatively low benefit payments. While the second is the private pension plans that have relatively lower coverage but higher benefit payments. The major reasons behind this difference is dependent upon two things that are financing mechanism and form of benefit payment. The pension programs and schemes that are provided by the state usually operate on PAYG mechanism. In this mechanism the participants of the scheme, who are the current employees, make financial contribution to a pension fund. This pension fund in turn pays pension benefits to the current retirees. This mechanism of financing the pension schemes may become fiscally unstable and will increase fiscal debt for the state in the future. The major contributor behind this is the changes occurring in the demographic structure of the countries across the world. The fertility rates around the world are continuously falling combined with the rising life expectancy due to modern medicine, in increasing the elderly population and decreasing the younger segment in the countries. Due to these reasons there is increased pressure on the younger population, which is smaller in numbers as compared to the older segment, to pay higher contributions to the pension fund so that the state is able to financially support its retired population. The pensioner per worker in rising and higher wages are required for the purpose of paying higher contributions to the fund. The combination of financial debt and the financing gap will make PAYG mechanism unsustainable across the countries.

2.6.1 Pension Reforms:

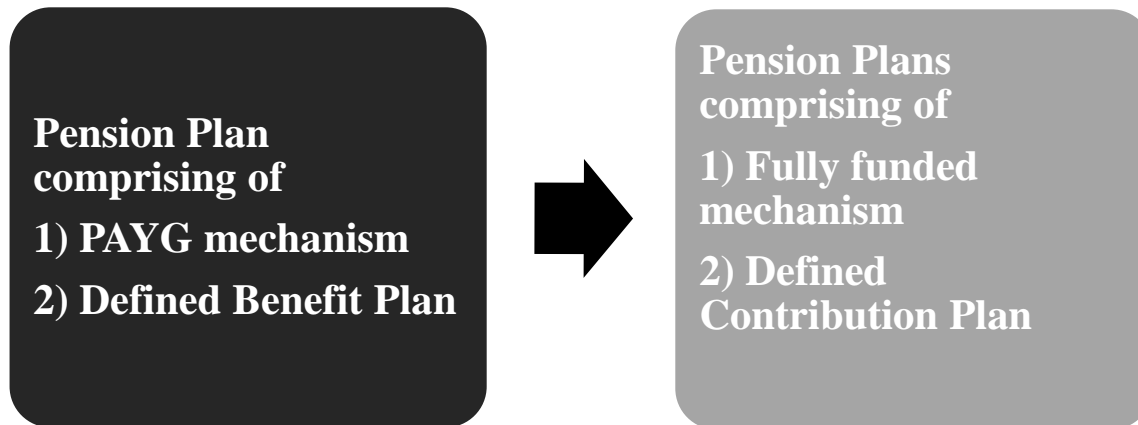


Figure 2 World Trend

The demand of defined benefit pension plans is also decreasing as many countries are moving towards funded defined contribution plans. Turner & Hughes (2008) state that scholars have identified various reasons behind the decline of defined benefit plans that are changes in the worker and employer characteristics, changes in the economy, changes in the rules, laws and regulations and in the accounting requirements. Due to increased job mobility among the workers makes defined benefit plans unsuitable. These plans also have strict laws and regulations regarding the funding and type of assets combined with various tax laws. All these factors makes the DB plans very complex.

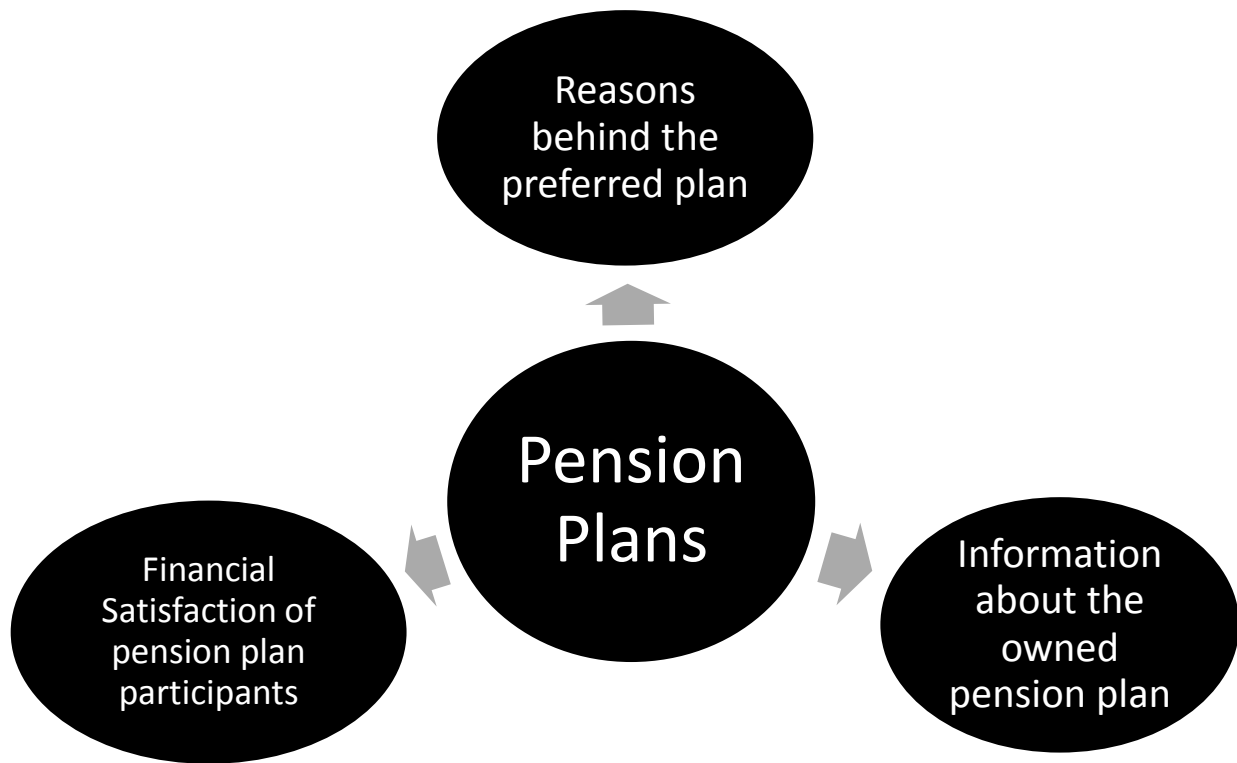


Figure 3 Research Areas

The major aim of the pension schemes is to provide financial relief to the people in their retirement years. State pension plans are the most commonly provided schemes. The workers employed in the public sector or the members of the pension plan have to contribute to the pension fund which is then returned to them in the form of pension benefits when they become eligible for it. But the pension structures are not flawless and sustainable. Pension plans in different countries follow different patterns of financing and benefits provision. Private sector also provides pension schemes to the citizens who are either employed in the private sector jobs or have taken a pension scheme from private institutions like banks or insurance companies. The pension schemes provided by the state usually operated on PAYG defined benefit mechanism. While the pension programs offered by the private sector are mostly funded and operate on defined contribution plan. In 1980's the focus of the literature of public finance shifted towards the social security specifically public and private pension programs. It was mainly concerned with the issue of management of old age dependence which would be faced by USA when the time came for the baby boomers retirement after the turn of 20th century. This analyses further strengthened after the popularity and success

of the Chilean Model of the pension in 1990's. Due to the rising cost of the PAYG schemes many countries started going through pension reform. The major pattern which emerged was that countries were moving from PAYG schemes to fully funded programs.

The thesis has three major objectives. The first objective is to determine if the individuals have sufficient knowledge about their pension plan. The second objective is to observe the major reasons behind people's choice of a particular pension plan. The third objective is to observe and analyse the major problems faced by the people after they have chosen their pension plans. The problems will be of financial nature. This objective will mainly focus on finding out if people are financially satisfied with their chosen program.

Chapter 3:

Research Methodology:

3.1 Methodology:

Matthews & Ross (2010) describe statistics as quantitative statements and facts. Statistics is any kind of numerical characteristics of a sample. In social research, statistics can be applied on the data which is either numerically expressed or is countable. It can also be implemented on structured data. The collection of data is usually done through survey (using questionnaires) or format. Several techniques of statistical analysis have been designed and derived from the usage of samples taken from population. The techniques are used as a base for collecting data in social and physical research. Statistical analysis is more appropriately applied in the research that collects data from the probability sample that is taken from a known population. The techniques of this type of analysis can be used on the sample. The findings can be extrapolated and generalised and can be applied on the whole population.

Garg and Kothari (2014) discuss the concept of methodology and states that methodology of a research is a path to solving the research problem. It can be understood as science of studying how to perform research scientifically. The methodology provides the information regarding the various steps that are undertaken by the researcher when they are studying the research problem and the logic behind the problem. Garg and Kothari (2014) describe research methods and states that it encompass all the techniques and methods that are adopted for the conduction of research. It also refers to all the methods employed by the researchers to carry out the research operations.

Creswell and Plano (2011) define mixed methods research as a method that is focused on the collection, analysis and the mixing of both qualitative and quantitative data in one study or series of different studies. The principle premise of this type of research is the usage of qualitative and quantitative approaches, in amalgamation, in order to provide an enhanced understanding of the research problems rather than using one approach in isolation. This study is mixed methods and is focused on statistically calculating the financial satisfaction of the respondents who either have a state provided pension scheme or private pension plan. Non-participant Observation will be also used to facilitate in determining the levels of satisfaction of people regarding their plan.

3.2 Research Design:

The research design of this study is explanatory. Creswell (2009) explains that this type of research means to explore and understand the meanings that the individuals and societies attach to human and social problems.

3.3 Units of data collection:

In this research there will be four units of data collection. The first unit of data collection were the employees of the state owned enterprise who possess retirement plans provided by the state. The government organisation chosen for this study is Pakistan Ordnance Factories (POF). The second unit of data collection were the retired employees of this public company. The third unit of data collection were the current employees of the private company. The private company that is chosen for this study is Wah Nobel Pvt Limited. The fourth unit of data collection were the retired employees of this private company.

3.4 Data Collection Method:

In this study, the data was collected by conducting survey and using key informant technique.

3.4.1 Procedure of data collection:

I began my fieldwork from November 7, 2016 and ended it on January 30, 2017. My main data collection technique was survey which consisted of two sets of questionnaire. The first type of questionnaire was used to collect the data from the current employees from both companies. Pakistan Ordnance Factories (POF), which is the public company, is composed of fourteen factories. Due to security concerns, only two factories gave me permission to conduct my survey from their employees. The two factories were Weapons and Artillery Ammunition Factory. The same questionnaires was distributed among the current employees of Wah Nobel Pvt Limited (WN). The administration of WN were comparatively more helpful and allowed me access to their employees without much hindrance. Wah Nobel consists of six factories and one head office. I collected data from employees of the head office and Wah Nobel Chemicals. I used four key informants who facilitated me in the conduction of survey from both companies. The second type of questionnaire was used to collect data from retired respondents of POF or Wah Nobel. The task of conducting a survey from retired employees was more difficult. For this purpose, two key informants were used. They facilitated by introducing me to the retirees. The retirees themselves also gave me addresses of their former colleagues who have retired as well.

The questionnaires, both for the current employees and retirees, was translated into English and Urdu in order to help respondents in their understanding of the survey. I gave verbal instructions regarding how to fill the questionnaires. The instructions were also written on the questionnaires. The respondents were hesitant in giving their names but after assurance from me that their names will not be included in the study, they became more comfortable about their participation in the survey.

3.4.2 Questionnaire:

Matthews & Ross (2010) states that questionnaires are list of questions which have a range of answers. It is a format that allows a relatively organised and standardised data to be collected.

In this thesis, the survey questionnaires for currently employed and retirees was identically designed. It is divided into seven parts. In the first part, the respondent has to enter his/her basic information. The second part is concerned with the basic information regarding the respondent's pension plan that is provided by their employer. The third part is concerned with the reasons behind their choice of this particular pension plan. The fourth part comprises of questions regarding the financial satisfaction of the respondent in the pension plan they possess. In the fifth part, the respondents have to enter basic information about the pension plan that they have bought because either their employer has not provided them with a retirement plan or they have purchased another scheme despite having an employer provided pension plan. The sixth part of the questionnaires comprised of questions about the reasons based on which the respondent had chosen this specific pension plan. The seventh part of the questionnaire addresses the financial satisfaction of the respondents concerning their pension plan. The questionnaires, both for the current employees and retirees, was translated into English and Urdu in order to help respondents in their understanding of the survey.

3.4.3 Key Informant:

In order to gather information from the respondents, the help of key informants was taken. There were five key informant. For conduction of survey in POF, two key informants were used. The first key informant is Manager Administration of the Weapons Factory. The second key informant is the Manager Administration of the Artillery Ammunition Factory. In Wah Nobel, the survey was conducted with the help of Assistant Manager (AM) business development and Establishment Officer. The key informants themselves also filled out the questionnaire as they

are current employees of the companies chosen in the study. In the case of retirees, the key informant for POF is a retired officer who is the General Manager of POF Retired Association. For Wah Nobel, the key informant was the Establishment Officer, who facilitated in the survey taken from retired Wah Nobel workers.

3.4.4 Participant and Non-participant Observation:

Mack et.al (2005) explains participant observation as a qualitative method which has roots embedded into the conventional ethnographic research. This method can be carried out through observations made by the researchers. It also includes observations and participation of the researcher, on varying degrees, into the lives and daily activities of the community under-study. In this thesis, non-participant observation was carried out when conducting survey from current employees of POF and Wah Nobel as well as retirees of both the companies. This technique facilitated in determining people's reasons for choosing a particular pension scheme and levels of satisfaction regarding that the plan they have chosen.

3.5 Sampling:

In this thesis, the sampling used to collect data was stratified random sampling and purposive sampling. Fink (2003) defines stratified sampling as one in which population is distributed into subgroups or strata and from within each strata, a random sample is selected. The reason behind using this form of sampling is that in order to address the three research questions, the population needs to be divided into subgroups. The first strata is comprised of current employees of POF. The second strata encompasses current employees of Wah Nobel. The third strata has retirees of POF and fourth strata comprises of retirees of Wah Nobel. A random sample is selected from first and second strata. For the third and fourth strata purposive sampling is used. For the first strata which consisted of current employees of POF, the sample was of 150 respondents. In the second strata which comprises of current employees of WN, the sample was of 100 respondents. The sample size of third strata, consisting of POF retirees, was 75 respondents. For the fourth strata, which contains retirees of WN, the sample size was of 65 respondents.

Chapter 4

4.1 Analysis:

The sample in this thesis consisted of four stratas which are current employees of POF, current employees of WN, retirees of POF and retirees of WN. The data was collected by conducting survey from all four stratas. The questionnaires had closed ended and multiple choice questions. The questions that were concerned with reasons and level of satisfaction used likert scale technique. The responses of these questions ranged from strongly agree, agree, neutral, disagree and strongly disagree. Bertram (2013) defines likert scales as a psychometric response scale that is mainly used in survey questionnaires in order to collect respondent's degree of agreement and preferences regarding one statement or collection of statement.

With the help of SPSS software, responses were recorded and then they were given codes. In order to analyse the responses given by respondents, average response rate was calculated. This was done by summing up all the responses given to a question and then dividing the figure with number of respondents that had answered the question. The average response rates facilitated in determining the significant reasons of choosing a pension plan and respondents satisfaction regarding that plan. These averages were also extremely useful in comparing levels of satisfaction of public and private pension holders.

The structure of this section of the thesis is as follows:

1. Division of the sample of current employees of POF.
2. Financial Education of POF Current Employees.
3. Division of the sample of current employees of Wah Nobel.
4. Financial Education of WN Current Employees.
5. Division of the sample of Retirees of POF.
6. Financial Education of POF Retirees.
7. Division of the sample of Retirees of WN.
8. Financial Education of WN Retirees.
9. Reasons and levels of satisfaction of POF current employees.
10. Reasons and levels of satisfaction of WN current employees.
11. Reasons and levels of satisfaction of POF retirees.
12. Reasons and satisfaction of WN retirees.
13. Comparison between reasons and levels of satisfaction.

4.1.1 Division of the sample of current employees of POF:

Questions	Options	Results	Results (%)
Q1: Do you own a retirement plan provided by the employer?	Yes	150	100%
	No	0	0%
	No Answer	0	0%
	Total	150	100%
Q2: What type of retirement plan was offered to you by the employer?	Public Plan	150	100%
	Private Plan	0	0%
	N/A	0	0%
	Total	150	100%
Q5: Do you have more than one retirement plan?	Yes	41	27%
	No	109	73%
	No Answer	0	0%
	Total	150	100%
Q6: If yes, can name your other pension plan(s)?	State Life Insurance	26	17%
	efu Insurance	15	10%
	N/A	109	73%
	Total	150	100%

Table 2: Division of the sample of current employees of POF

A sample of 150 respondents was taken from POF. All the respondents answered “Yes” when asked if they possessed a pension plan that was provided by their employer. Subsequently all 150 respondents knew that the pension plan offered to them by their employer was public pension. Question 3 and 4 in the survey were not applicable for these respondents as those two questions

were to be only addressed if the individual did not have an employer provided pension scheme. Out of 150 respondents, 41 respondents possessed more than one pension plan. They have bought another pension plan along with their public pension plan. The rest of 109 respondents only have one plan that is provided by POF. The 41 respondents with more than one plan can be further divided into two subgroups. Out of 41 employees, 26, 17% of the total sample, workers had bought state life insurance while the 15 remaining workers, 10% of the total sample, had bought efu insurance plan along with their primary employer provided plan. Following is the division reflecting the choice of pension plan bought by the 41 respondents according to their answers given to question 6.

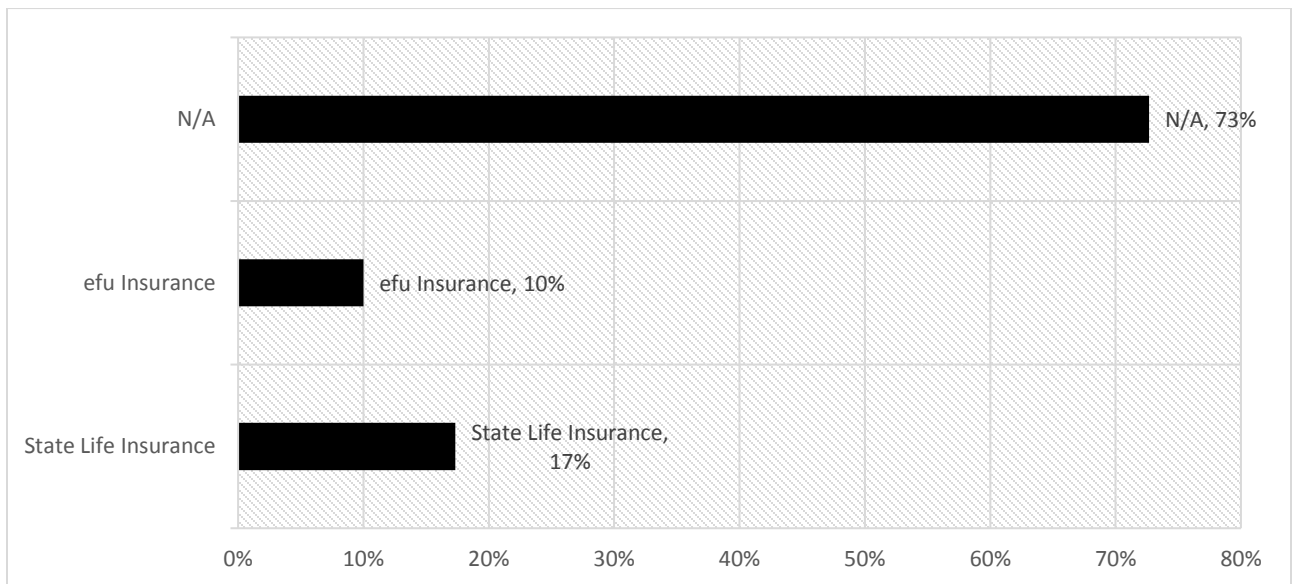


Figure 4: Division of POF Current Employees according to their answers given to question 6.

4.1.2 Financial Education of POF Current Employees:

Questions	Options	Results	Results (%)
Q7: What %age/Amount of your current salary is taken for your retirement plan?	0% - 20%	0	0%
	Don't know	150	100%
	Total	150	100%
Q8: Is your employer contributing towards your pension plan and how much?	Yes	67	45%
	No	0	0%
	Employer does not contribute	1	1%
	No Answer	82	55%
	Total	150	100%
Q9: What type of formula is used to calculate benefits that you will receive after retirement?	Length of service and last pay	104	69%
	No Answer	46	31%
	Total	150	100%
Q10: Do you know much you will be receiving after retirement?	Yes (Approx. 80% of Salary)	89	59%
	No	61	41%
	Don't Know	0	0%
	No Answer	0	0%
	Total	150	100%

Table 3: Financial Education of POF Current Employees about Employer Provided Plan

The section of the questionnaire comprising of questions 7, 8, 9 and 10 aimed at determining the financial awareness of the respondents regarding employer provided plan. In the answer to Q7, all the 150 respondents were not aware of the percentage/amount that was being deducted from their income for their pension plan. Out 150 respondents, 67 respondents knew that their employer i.e. POF, contributed towards their pension scheme, while only 1 respondent answered that their employer did not contribute. The rest of the respondents which were 82 in number were unaware if the employer had any contributory role towards their plan. The questions 9 and 10 are related to each other.

	Frequency	Percentage (%)
Q9 Length of service and last pay	104	69.3
no answer	46	30.7
Total	150	100.0

Table 4: Responses of POF Current Employees given to Question 9

Out of 150 respondents, 104 employees were aware of the formula that will be used to calculate their retirement benefits while 46 respondents were unaware of the formula.

	Frequency	Percentage (%)
Q10 Yes Approx. 80% of Salary	89	59.3
No	61	40.7
Total	150	100.0

Table 5: Responses of POF Current Employees given to Question 10

Question 10 asked the respondents if they knew the amount of pension they will be receiving at their retirement. 89 employees answered “Yes” while 61 employees answered “No”. There was a visible trend in the answers of Questions 9 and 10. The employees who were aware of the formula with which their retirement benefits were to be calculated were also aware of how much pension they will be receiving.

Income * Q9 Crosstabulation

Count

		Q9		Total
		Length of service and last pay	no answer	
Income	10,000 to 30,000	47	17	64
	30,001 to 60,000	43	10	53
	60,001 to 90,000	14	19	33
Total		104	46	150

Table 6: Crosstabulation of Income and Responses of Question 9

Above table shows cross tabulation between income of the employees and the responses given to question no 9 of the survey. This question was put forward in order to identify how many respondents were aware of the formula that will be used to calculate their pension income at the time of their retirement. In the sample of 150 respondents, 64 employees fall into the income group of Rs 10,000 to Rs 30,000. Out of these 64 employees, 47 were aware of the formula. A total of 53 respondents belonged to second income group. Out of these respondents, 43 were informed about their pension formula. The third income group composed of 33 respondents out of which only 14 respondents were aware of the formula while 19 respondents did not have any information regarding the formula. This shows that respondents belonging to lower income groups are much more aware of the formula which will be used to calculate their pension income.

Income * Q10 Crosstabulation

Count

		Q10		Total
		Yes Approx. 80% of Salary	No	
Income	10,000 to 30,000	35	29	64
	30,001 to 60,000	40	13	53
	60,001 to 90,000	14	19	33
Total		89	61	150

Table 7 : Crosstabulation of Income and Responses of Question 10

Above table shows cross tabulation between income of the employees and the responses given to question no 10 of the survey. This question was put forward in order to identify how many respondents were aware the amount of pension income they will be receiving at the time of their retirement. In the sample of 150 respondents, 64 employees fall into the income group of Rs 10,000 to Rs 30,000. Out of these 64 employees, 35 were well-informed about their pension payments. A total of 53 respondents belonged to second income group. Out of these respondents, 40 were informed about their pension benefits. The third income group composed of 33 respondents out of which only 14 respondents were aware of the amount pension benefits they will be receiving at the time of their retirement while the rest of the respondents did not know about their retirement benefits. This shows that respondents belonging to lower income groups are much more aware of their pension benefits.

The results of the above two tables show that respondents who belong to lower income groups are more financially aware about their pension scheme as compared to respondents who have higher incomes.

Questions	Options	Results	Results (%)
Q20: What %age/amount of your current salary is taken for your retirement plan?	Rs 0 - Rs 20,000/month	41	27%
	Rs 20,001 - Rs 40,000/month	0	0%
	Greater than Rs 40,000/month	0	0%
	N/A	109	73%
	Total	150	100%
Q21: What type of formula is used to calculate benefits that you will receive after retirement?	No Answer	41	27%
	Formula	0	0%
	N/A	109	73%
	Total	150	100%
Q22: Do you know much you will be receiving after retirement?	Yes	37	25%
	No	3	2%
	Don't Know	2	1%
	No Answer	0	0%
	N/A	108	72%
	Total	150	100%

Table 8: Financial Education of Current Employees of POF regarding the other Pension Plan

The section of the questionnaire comprising of questions 20, 21 and 22 aimed at determining the financial awareness of the respondents regarding pension plan bought from other financial institution. The sample of current employees taken from POF comprises of 150 respondents. Out of 150 respondents, 41 employees have bought another pension plan along with their employer provided plan. All 41 respondents were aware of how much they were paying as premium for their second pension plan. But they were not aware of the formula with which their benefits are going to be calculated. Out of 41 respondents, 37 employees knew that how much they will be receiving in the form of retirement benefits.

4.1.3 Division of the sample of current employees of Wah Nobel:

Questions	Options	Results	Results (%)
Q1: Do you own a retirement plan provided by the employer?	Yes	44	44%
	No	56	56%
	N/A	0	0%
	Total	100	100%
Q2: What type of retirement plan was offered to you by the employer?	Public Plan	0	0%
	Private Plan	44	44%
	N/A	56	56%
	Total	100	100%
Q3: If the employer has not provided you with a pension plan, have you bought a retirement plan?	Yes	20	20%
	No	36	36%
	N/A	44	44%
	Total	100	100%
Q4: If yes, can you name the retirement plan that you have opted for?	N/A	80	80%
	State Life Insurance	3	3%
	EOBI	1	1%
	efu Insurance	16	16%
	Total	100	100%
Q5: Do you have more than one retirement plan?	Yes	30	30%
	No	14	14%
	N/A	56	56%
	Total	100	100%
Q6: If yes, can name your other pension plan(s)?	efu Insurance	8	8%
	State Life Insurance	9	9%
	Jubilee Pension plan	6	6%
	Children Education Plan	7	7%
	N/A	70	70%
	Total	100	100%

Table 9: Division of the sample of current employees of Wah Nobel

The sample taken from WN comprised of 100 respondents. Out of 100 respondents, 44 employees have pension plan provided by their employer while the 56 respondents are not covered by the company’s pension plan. The pension plan provided by WN is a private pension plan which is structured and framed by the pension cell of Wah Nobel. The 56 uncovered respondents can be further sub-grouped. Out of 56 employees, uncovered by the company, 20 respondents had bought a pension plan from other financial institutions. While the remaining 36 respondents do not have any kind of retirement coverage. Following is the division reflecting the choice of pension plan bought by the uncovered 20 respondents according to their answers given to question 4.

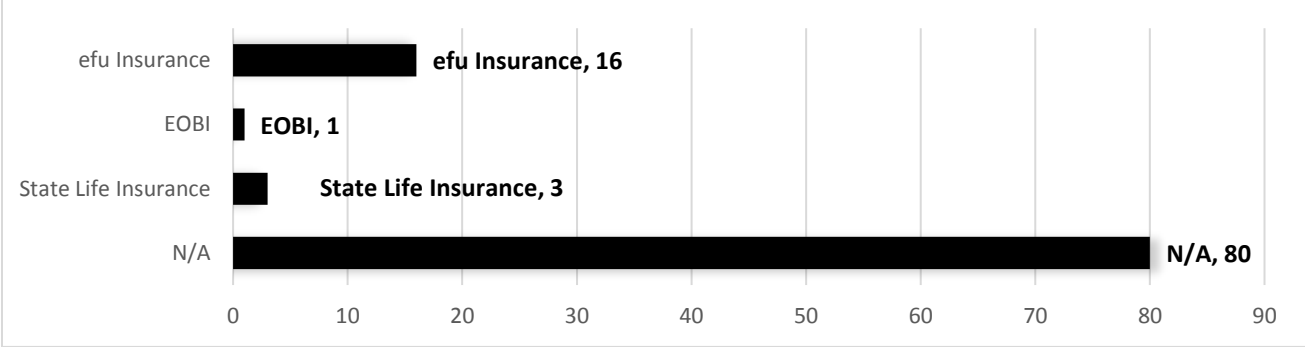


Figure 5: Division of WN Current Employees according to their answers given to question 4.

Question 5 of the survey asked the 44 respondents, who possessed an employer provided pension plan, if they had opted for another pension plan. Out of 44 respondents, 30 had chosen to buy an extra pension plan to complement their primary plan provided by WN while 14 employees had only pension scheme provided by WN. Following is the division reflecting the choice of pension plan bought by the 30 respondents according to the responses given in Question 6.

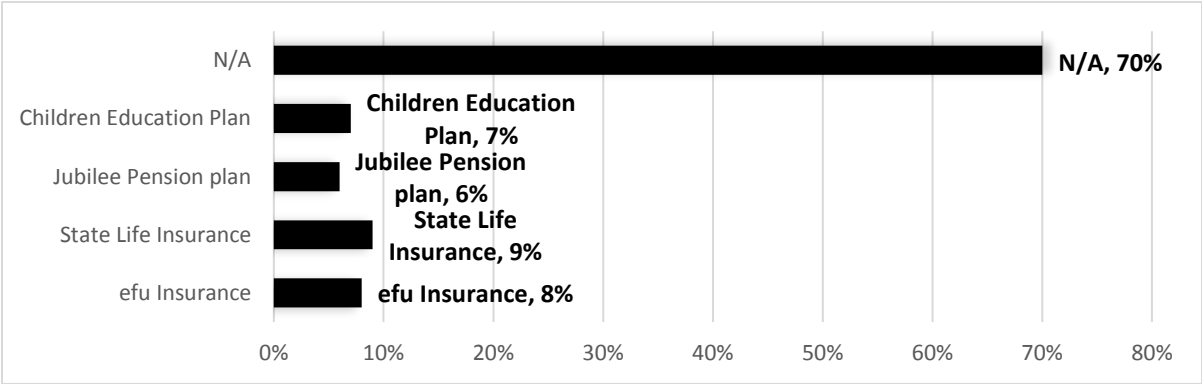


Figure 6: Division of WN Current Employees according to the responses given in Question 6.

4.1.4 Financial Education of Current Employees of WN:

Questions	Options	Results	Results (%)
Q7: What %age/Amount of your current salary is taken for your retirement plan?	17 Percent	31	31%
	No Answer	13	13%
	N/A	56	56%
	Total	100	100%
Q8: Is your employer contributing towards your pension plan and how much?	Yes	34	34%
	No Answer	10	10%
	N/A	56	56%
	No	0	0%
	Total	100	10%
Q9: What type of formula is used to calculate benefits that you will receive after retirement?	Formula	31	31%
	No Answer	13	13%
	N/A	56	56%
	Total	100	100%
Q10: Do you know much you will be receiving after retirement?	Yes	30	30%
	No	14	14%
	Don't Know	0	0%
	N/A	56	56%
	Total	100	100%

Table 10: Financial Education of Current Employees of WN regarding Employer Provided Pension Plan

This section of the questionnaire comprising of questions 7, 8, 9 and 10 aimed at determining the financial awareness of the respondents regarding employer provided plan. Out of sample of 100 respondents, 44 employees had employer provided pension plan. Among 44 respondents, 31 employees were informed of the percentage that was deducted from their income for their pension plan. While the 13 respondents did not have any information regarding the deduction in their incomes. In response to question 8 which asked respondent if they knew that whether their employer contributed in their pension scheme. 34 out of 44 respondents answered “Yes” while remaining did not answer the question. There was visible pattern seen between the answers of question 9 and 10.

	Frequency	Percentage (%)	
Q9	Formula	31	31.0
	No Answer	13	13.0
	N/A	56	56.0
	Total	100	100.0

Table 11: Responses of WN Current Employees given to Question 9

Out of 44 respondents that had employer provided plan, 31 individual were aware of the formula that will be used to calculate their pension payments.

	Frequency	Percentage (%)	
Q10	Yes	30	30.0
	No	14	14.0
	N/A	56	56.0
	Total	100	100.0

Table 12: Responses of WN Current Employees given to Question 10

In response to question 10, 30 respondents knew the amount of retirement benefits that they will be receiving. By observing the above two tables, a trend can be derived which shows that most of the respondents who had knowledge about the pension calculation formula also had the knowledge regarding their monthly pension income which they will receive after retirement.

Income * Q9 Crosstabulation

Count		Q9			Total
		Formula	No Answer	N/A	
Income	10,000 to 30,000	12	6	41	59
	30,001 to 60,000	13	5	12	30
	60,001 to 90,000	6	1	3	10
	greater than 90,000	0	1	0	1
Total		31	13	56	100

Table 13 Crosstabulation of Income and Responses of Question 9

Above table shows cross tabulation between Income of the employees and the responses given to question no 9 of the survey. This question was put forward in order to identify how many respondents were aware of the formula that will be used to calculate their pension income at the time of their retirement. In the sample of 100 respondents, 59 employees fall into the income group of Rs 10,000 to Rs 30,000. Out of these 59 employees, 41 employees did not have an employer provided plan. So this question was not applicable to these respondents. Out of the rest of 18 respondents, who are provided with pension plan provided by employer, 12 respondents were aware of their pension calculation formula.

A total of 30 respondents belonged to second income group. But this question was applicable to only 18 respondents. Out of these respondents, 13 employees were aware of their formula. The third income group composed of 10 respondents out of which 3 respondents did not answer the question since it was not applicable on them. Out of the rest employees, 6 respondents were aware of the formula and 1 respondent did not know the formula. There was only one respondent whose monthly income was above Rs 90,000 and they were also not aware of the formula. The results of the table show that the employees of Wah Nobel have very subtle differences between respondents of different income groups regarding the awareness about the pension calculation formula.

Income * Q10 Crosstabulation

Count

	Q10			Total
	Yes	No	N/A	
Income				
10,000 to 30,000	12	6	41	59
30,001 to 60,000	13	5	12	30
60,001 to 90,000	5	2	3	10
greater than 90,000	0	1	0	1
Total	30	14	56	100

Table 14: Crosstabulation of Income and Responses of Question 10

Above table shows cross tabulation between income of the employees and the responses given to question no 10 of the survey. This question was put forward in order to identify how many respondents were aware of the amount of pension benefit that they will be receiving at the time of retirement. In the sample of 100 respondents, 59 employees fall into the income group of Rs 10,000 to Rs 30,000. Out of these 59 employees, 41 employees did not have an employer provided plan. So this question was not applicable to these respondents. This leaves behind 18 respondents. All 18 employees had employer provided pension plan. Out of these 18 individuals, 12 respondents knew the amount of pension benefit they will be receiving at retirement.

A total of 30 respondents belonged to second income group. But this question was applicable to only 18 respondents. Out of these respondents, 13 employees were aware of the amount of their pension benefits. The third income group composed of 10 respondents out of which 3 respondents did not answer the question since it was not applicable to them. Out of remaining employees, 5 respondents knew the amount of benefit payments and 2 respondent were not informed. There was only one respondents whose monthly income was above Rs 90,000 and they answered “No”. The results of the table show that the employees of Wah Nobel have very subtle differences between

respondents of different income groups regarding the awareness about their monthly pension benefits.

Questions	Options	Results	Results (%)
Q20: What %age/amount of your current salary is taken for your retirement plan?	Rs 0 - Rs 20,000/month	32	32%
	Rs 20,001 - Rs 40,000/month	0	0%
	Greater than Rs 40,000/month	0	0%
	N/A	50	50%
	No Answer	18	18%
	Total	100	100%
Q21: What type of formula is used to calculate benefits that you will receive after retirement?	No Answer	24	24%
	Formula	26	26%
	N/A	50	50%
	Total	100	100%
Q22: Do you know much you will be receiving after retirement?	Yes	31	31%
	No	19	19%
	Don't Know	0	0%
	No Answer	50	50%
	N/A	0	0%
	Total	100	100%

Table 15: Financial Education of Current Employees of WN regarding other Pension Plan

The section of the questionnaire comprising of questions 20, 21 and 22 aimed at determining the financial awareness of the respondents regarding pension plan bought from other financial institutions. The questions 20, 21 and 22 were answered by 50 respondents while for the remaining 50 the questions were non-applicable. Out of 50 employees who answered the questions, 20 respondents do not have employer provided plan and they have bought a pension plan for themselves while the remaining 30 respondents have both a pension scheme provided by WN and another pension scheme. Out of these 50 respondents, 32 employees knew how much they were paying premium for their pension plan. While the remaining 18 were unaware. 24 respondents correctly told the formula of their benefit calculation while 26 respondents did not know the formula of their benefit calculation. Out of 50 respondents, 30 people knew the amount of retirement benefits they will be receiving while 19 were unaware.

4.1.5 Division of Sample of POF Retirees:

Questions	Options	Results	Results (%)
Q1: Do you own a retirement plan provided by the employer?	Yes	75	100%
	No	0	0%
	No Answer	0	0%
	Total	75	100%
Q2: What type of retirement plan was offered to you by the employer?	Public Plan	75	100%
	Private Plan	0	0%
	N/A	0	0%
	Total	75	100%
Q5: Do you have more than one retirement plan?	Yes	25	33%
	No	50	67%
	No Answer	0	0%
	Total	75	100%
Q6: If yes, can name your other pension plan(s)?	State Life Insurance	19	25%
	efu Insurance	5	8%
	N/A	50	67%
	Total	75	100%

Table 16: Division of Sample of POF Retirees

The sample taken from the POF retirees is 75 respondents. All the respondents are receiving retirement benefits through the pension plan provided by POF. The plan is based on the guidelines given by the Government of Pakistan (GOP). Out of 75 respondents, 25 retirees have bought another plan in order to complement their retirement benefits provided by their POF. Following is the division reflecting the choice of pension plan bought by 25 respondents according to the responses given in Question 6.

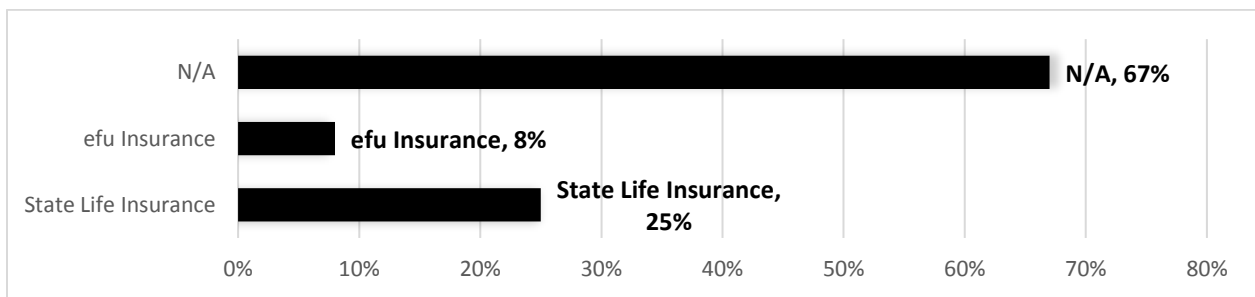


Figure 7: Division of POF retirees according to the responses given in Question 6.

4.1.6 Financial Education of Retired POF Employees:

Questions	Options	Results	Results (%)
Q7: What %age/Amount of your current salary is taken for your retirement plan?	0% - 20%	0	0%
	Don't know	75	100%
	Total	75	100%
Q8: Is your employer contributing towards your pension plan and how much?	Yes	35	47%
	No	0	0%
	Employer does not contribute	0	0%
	No Answer	40	53%
	Total	75	100%
Q9: What type of formula is used to calculate benefits that you will receive after retirement?	Length of service and last pay	44	59%
	No Answer	31	41%
	Total	75	100%
Q10: Do you know much you will be receiving after retirement?	Yes (Approx. 80% of Salary)	37	49%
	No	38	51%
	Don't Know	0	0%
	No Answer	0	0%
	Total	75	100%

Table 17: Financial Education of Retired POF Employees regarding Employer Provided Pension Plan

In the survey, Questions 7, 8, 9 and 10 are aimed at determining financial awareness of people regarding their employer pension plan. Out of 75 respondents, none of the respondents knew how much deduction was made from their income for their pension plan. In response to question 8, 35 retirees were aware that their employer was contributing towards their plan.

	Frequency	Percentage (%)
Q9		
Length of service and last pay	44	58.7
no answer	31	41.3
Total	75	100.0

Table 18 Responses of POF Retirees given to Question 9

	Frequency	Percentage (%)
Q10		
Yes	37	49.3
No	38	50.7
Total	75	100.0

Table 19: Responses of POF Retirees given to Question 10

In response to question 9, 44 retirees knew their pension calculation formula. Similarly in response to question 10, 37 retirees answered “Yes” when they were asked if they knew how much pension they will receive after their retirement while they were still employed.

There is a visible trend in the responses of these two questions. The respondents who knew the formula, most of them were also aware of the pension amount. Similar trend was also seen in the case of POF current employees.

PensionIncome * Q9 Crosstabulation

Count

	Q9		Total
	Length of service and last pay	no answer	
Pension Income			
Less than 10,000	4	11	15
Rs10,000 - Rs20,000	3	9	12
Rs20,001 - Rs30,000	17	2	19
Rs 30,001 - Rs40,000	12	3	15
Rs40,001 - Rs50,000	3	4	7
Greater than Rs 50,000	5	2	7
Total	44	31	75

Table 20 Crosstabulation of Pension Income and Responses given to Question 9

Above table shows cross tabulation between pension income (PI) of the retirees and the responses given to question no 9 of the survey. This question was put forward in order to identify how many respondents were aware of the formula that was used to calculate their pension income at the time of their retirement. In the sample of 75 respondents, 15 retirees fall into the income group of less than Rs 10,000. Out of these 15 employees, 4 were aware of the formula. A total of 12 respondents belonged to second income group (Rs 10,001 to Rs 20,000). Out of these respondents, 3 were informed about their pension formula. A total of 19 respondents belonged to third income group (Rs 20,001 to Rs 30,000). Out of these respondents, 17 were informed about their pension formula.

The fourth income group, which is Rs 30,001 to Rs 40,000, composed of 15 respondents out of which only 12 respondents were aware of the formula while 3 respondents did not have any information regarding the formula. The fifth income group, which is Rs 40,001 to Rs 50,000, included 7 respondents out of which only 3 respondents were aware of the formula while 4

respondents did not have any information regarding the formula. The sixth income group is respondents with monthly pension income above Rs 50,000. The total retirees in this income group are 7. Out these retirees, 5 respondents were aware of the pension calculation formula.

In the case of POF retirees, the differences between income groups regarding the knowledge about the pension calculation formula is not significant.

PensionIncome * Q10 Crosstabulation

Count

		Q10		Total
		Yes	No	
PensionIncome	Less than 10,000	4	11	15
	Rs10,000 - Rs20,000	3	9	12
	Rs20,001 - Rs30,000	12	7	19
	Rs 30,001 - Rs40,000	10	5	15
	Rs40,001 - Rs50,000	3	4	7
	Greater than Rs 50,000	5	2	7
Total		37	38	75

Table 21: Crosstabulation of Pension Income and Responses given to Question 10

Above table shows cross tabulation between pension income (PI) of the retirees and the responses given to the question no 10 of the survey. This question was put forward in order to identify how many respondents knew what their monthly pension income would be while they were still employed. In the sample of 75 respondents, 15 retirees fall into the income group of less than Rs 10,000. Out of these 15 employees, 4 were aware of their pension income while they were employed. A total of 12 respondents belonged to second income group (Rs 10,001 to Rs 20,000). Out of these respondents, 3 were informed about their monthly pension income during their employment. A total of 19 respondents belonged to third income group (Rs 20,001 to Rs 30,000).

Out of these respondents, 12 were informed about their pension payments while they were still employed.

The fourth income group, which is Rs 30,001 to Rs 40,000, composed of 15 respondents out of which only 10 respondents were aware of their pension benefits while 5 respondents did not have any information. The fifth income group, which is Rs 40,001 to Rs 50,000, included 7 respondents out of which only 3 respondents had information about their monthly pension benefits during their employment time period. The sixth income group is respondents with monthly pension income above Rs 50,000. The total retirees in this income group are 7. Out of these retirees, 5 respondents were informed about their pension benefits.

Questions	Options	Results	Results (%)
Q20: What %age/amount of your current salary is taken for your retirement plan?	Rs 0 - Rs 20,000/month	25	33%
	Rs 20,001 - Rs 40,000/month	0	0%
	Greater than Rs 40,000/month	0	0%
	N/A	50	67%
	Total	75	100%
Q21: What type of formula is used to calculate benefits that you will receive after retirement?	No Answer	25	33%
	Formula	0	0%
	N/A	50	67%
	Total	75	100%
	Q22: Do you know much you will be receiving after retirement?	Yes	23
No		2	3%
Don't Know		0	0%
No Answer		0	0%
N/A		50	67%
Total		75	100%

Table 22: Financial Education of Retired POF Employees regarding other Pension Plan

In the survey, questions 20, 21 and 22 are concerned with determining the financial literacy of respondents about the pension plan bought from other financial institutions. 25 out of a sample of 75 retirees have bought a second plan. All of them were aware of the amount they had paid as premium for their second plan. In response to question 22, 23 retirees answered that they were well informed about the amount of their pension benefits when they were employed while only 2 were not informed.

4.1.7 Division of Sample of WN Retirees:

Questions	Options	Results	Results (%)
Q1: Do you own a retirement plan provided by the employer?	Yes	44	68%
	No	21	32%
	N/A	0	0%
	Total	65	100%
Q2: What type of retirement plan was offered to you by the employer?	Public Plan	0	0%
	Private Plan	44	68%
	N/A	21	32%
	Total	65	100%
Q3: If the employer has not provided you with a pension plan, have you bought a retirement plan?	Yes	6	9%
	No	15	23%
	N/A	44	68%
	Total	65	100%
Q4: If yes, can you name the retirement plan that you have opted for?	N/A	59	91%
	State Life Insurance	4	6%
	EOBI	0	0%
	efu Insurance	2	3%
	Total	65	100%
Q5: Do you have more than one retirement plan?	Yes	25	38%
	No	19	29%
	N/A	21	32%
	Total	65	100%
Q6: If yes, can name your other pension plan(s)?	efu Insurance	12	18%
	State Life Insurance	8	12%
	Jubilee Pension plan	3	5%
	Children Education Plan	2	3%
	N/A	40	62%
	Total	65	100%

Table 23: Division of Sample of WN Retirees

The sample taken for retirees of Wah Nobel was of 65 respondents. Within the sample, 44 respondents were receiving pension from WN. While the remaining 21 WN retirees did not have a pension scheme provided by their company. Out of the 21 uncovered retirees, 6 respondents had bought a pension scheme from another financial institution. Following is the division reflecting the choice of pension plan bought by 6 respondents according to the responses given in Question 4.

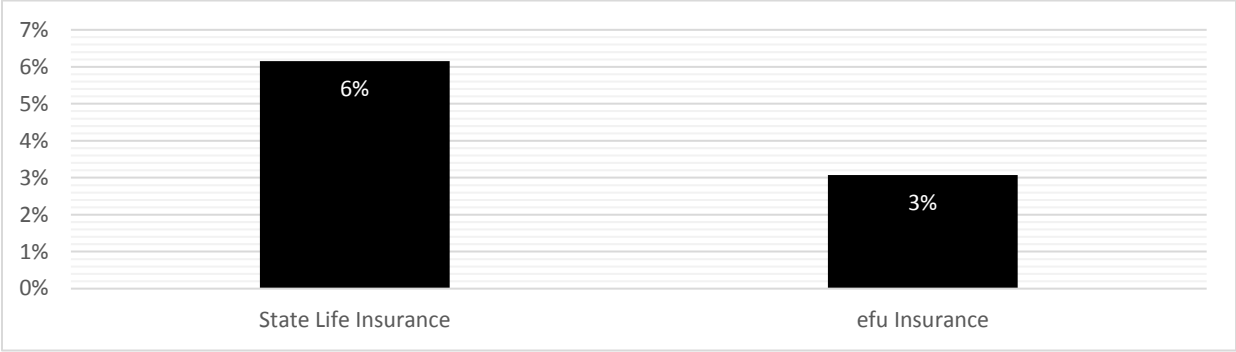


Figure 8: Division of WN Retirees according to the responses given in Question 4

Question no 5 and 6 was for respondents who have a pension scheme provided by WN and have also bought another pension scheme. Out of 44 respondents. 25 retirees bought a second pension plan along with their employer provided plan. Following is the division reflecting the choice of pension plan bought by 25 respondents according to the responses given in Question 6.

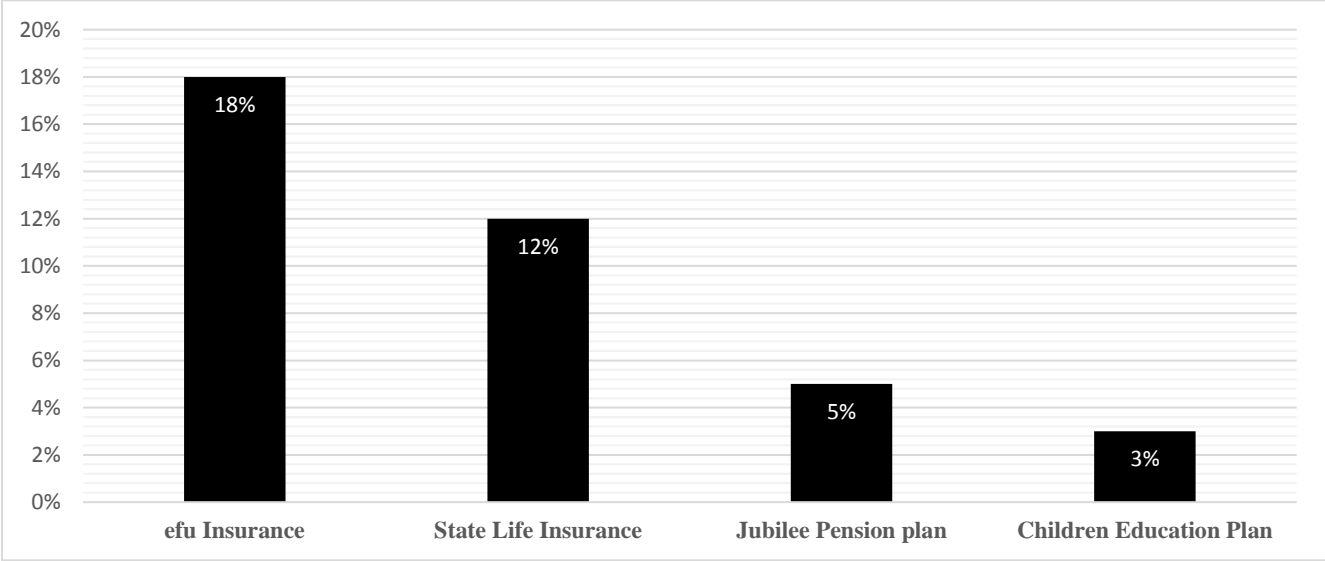


Figure 9: Division of WN Retirees according to the responses given in Question 6.

4.1.8 Financial Education of WN Retirees:

Questions	Options	Results	Results (%)
Q7: What %age/Amount of your current salary is taken for your retirement plan?	Yes	33	51%
	No Answer	11	17%
	N/A	21	32%
	Total	65	100%
Q8: Is your employer contributing towards your pension plan and how much?	Yes	33	51%
	No Answer	11	17%
	N/A	21	32%
	No	0	0%
	Total	65	100%
Q9: What type of formula is used to calculate benefits that you will receive after retirement?	Formula	33	51%
	No Answer	11	17%
	N/A	21	32%
	Total	65	100%
Q10: Do you know much you will be receiving after retirement?	Yes	26	40%
	No	18	28%
	N/A	21	32%
	Total	65	100%

Table 24: Financial Education of WN Retirees regarding Employer Provided Pension Plan

In the survey, Questions 7, 8, 9 and 10 are aimed at determining financial awareness of people regarding their employer pension plan. Out of 65 respondents, 33 retirees knew how much deduction was made from their income for their pension plan. In response to question 8, 33 retirees were aware that their employer was contributing towards their plan.

	Frequency	Percentage (%)	
Q9	Formula	33	51.0
	No Answer	11	17.0
	N/A	21	32.0
	Total	65	100.0

Table 25: Responses of WN Retirees given to Question 9

	Frequency	Percentage (%)	
Q10	Formula	26	40.0
	No Answer	18	28.0
	N/A	21	32.0
	Total	65	100.0

Table 26: Responses of WN Retirees given to Question 10

In the case of question 9, 33 respondents knew the formula of their benefit calculation. In case of question 10, 26 retirees answered “Yes” when asked if they knew how much their pension would be while they were still employed.

There was visible trend seen in the responses of these two questions. The respondents who knew the formula, most of them were also aware of the pension amount. Similar trend was also seen in the case of POF current employees and retirees as well as WN current employees.

PensionIncome * Q9 Crosstabulation

Count

	Q9			Total
	Formula	No Answer	N/A	
PensionIncome Rs20,000 - Rs30,000	7	10	4	21
Rs 30,001 - Rs40,000	22	1	2	25
Rs40,001 - Rs50,000	4	0	0	4
No PI	0	0	15	15
Total	33	11	21	65

Table 27: Crosstabulation of Pension Income and Responses given to Question 9

Above table shows cross tabulation between pension income (PI) of the retirees and the responses given to question no 9 of the survey. This question was put forward in order to identify how many respondents were aware, during their employment, of the formula that was used to calculate their pension income at the time of their retirement. In the sample of 65 respondents, 21 retirees fall into the income group of Rs 20,000 to Rs 30,000. Out of these 21 respondents, 4 retirees did not have an employer provided plan. So this question was not applicable to these respondents. Out of the rest of 17 respondents, who are provided with employer pension plan, 7 respondents were aware of their pension calculation formula.

A total of 25 respondents belonged to second income group (Rs 30,001 to Rs 40,000). But this question was applicable to only 23 respondents. Out of these respondents, 22 retirees were aware of their formula. The third income group (Rs 40,001 to Rs 50,000) has 4 respondents. All 4 retirees were aware of the formula for pension calculation.

PensionIncome * Q10 Crosstabulation

Count

	PensionIncome	Q10			Total
		Yes	No	N/A	
	Rs20,001 - Rs30,000	7	10	4	21
	Rs 30,001 - Rs40,000	15	8	2	25
	Rs40,001 - Rs50,000	4	0	0	4
	No PI	0	0	15	15
Total		26	18	21	65

Table 28: Crosstabulation of Pension Income and Responses given to Question 10

Above table shows cross tabulation between pension income (PI) of the retirees and the responses given to question no 10 of the survey. This question was put forward in order to identify how many respondents were aware, during their employment, of the monthly pension payment they would be receiving at the time of their retirement. In the sample of 65 respondents, 21 retirees fall into the income group of Rs 20,000 to Rs 30,000. Out of these 21 respondents, 4 retirees did not have an employer provided plan. So this question was not applicable to these respondents. Out of the rest of 17 respondents, who are provided with employer pension plan, 7 retirees marked “Yes” when asked if they knew how much pension they will be receiving after retirement while they were still employed.

A total of 25 respondents belonged to second income group (Rs 30,001 to Rs 40,000). But this question was applicable for only 23 respondents. Out of these respondents, 15 retirees knew about their pension benefits while they were still employed. The third income group (Rs 40,001 to Rs 50,000) has 4 respondents. All 4 retirees responded that they knew the pension income they would be receiving.

Questions	Options	Results	Results (%)
Q20: What %age/amount of your current salary is taken for your retirement plan?	Rs 0 - Rs 20,000/month	26	40%
	Rs 20,001 - Rs 40,000/month	0	0%
	Greater than Rs 40,000/month	0	0%
	N/A	34	52%
	No Answer	5	8%
	Total	65	100%
Q21: What type of formula is used to calculate benefits that you will receive after retirement?	No Answer	31	48%
	Formula	0	0%
	N/A	34	52%
	Total	65	100%
Q22: Do you know much you will be receiving after retirement?	Yes	31	48%
	No	0	0%
	Don't Know	0	0%
	N/A	34	52%
	Total	65	100%

Table 29: Financial Education of WN Retirees regarding other Pension Plan

In the survey, questions 20, 21 and 22 are aimed at determining the financial awareness of people regarding the pension plan bought from other financial institutions. The questions 20, 21 and 22 were answered by 31 respondents while for the remaining 34 the questions were non-applicable. Out of 31 employees who answered the questions, 6 respondents do not have employer provided plan and they have bought a pension plan for themselves while the remaining 25 respondents have both a pension scheme provided by WN and another pension scheme. Out of these 31 respondents, 26 employees knew how much they were paying premium for their pension plan. While the remaining 5 were unaware. None of the respondents correctly told the formula of their benefit calculation. But all of the 31 respondents knew amount of retirement benefits they will be receiving when they were employed.

4.1.9 Reasons and levels of satisfaction of POF employees:

Questions	Total (n)	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A	Average Response Rate	Total
q11	150	74% (111)	26% (39)	0% (0)	0% (0)	0% (0)	0% (0)	1.26	100%
q15	150	55% (82)	35% (52)	11% (16)	0% (0)	0% (0)	0% (0)	1.56	100%
q16	150	5% (8)	12% (18)	51% (77)	30% (45)	1% (2)	0% (0)	3.1	100%
q17	150	19% (29)	49% (73)	32% (48)	0% (0)	0% (0)	0% (0)	2.12	100%
q18	150	31% (47)	26% (39)	29% (43)	14% (21)	0% (0)	0% (0)	2.25	100%
q19	150	17% (26)	22% (33)	18% (27)	37% (56)	5% (8)	0% (0)	2.91	100%

Table 30: Average Response Rates of reasons and satisfaction levels for employer provided plan

In the survey that was distributed to the current employees of POF, questions 11, 12, 13 and 14 aided in determining the reasons based on which the respondent chose employer provided pension plan. In above table, Question 11 asked respondents if they did not choose this plan, rather it was provided to them by POF automatically after they have joined company. The average response rate is 1.26 which implies that the respondents strongly agreed with the statement. While questions 12, 13 and 14 were not applicable to them but all the respondents addressed these questions. There responses were calculated and can be found in Table in appendix. In the questionnaire, questions 15, 16, 17, 18 and 19 facilitated in determining the satisfaction level of respondents who possessed pension scheme provided by POF. Table shows that POF employees reported higher level of satisfaction towards the public pension plan being effective in financing retirement. But they reported high level of neutrality towards receiving frequent information about the plan. In response to the question that asked the respondents if the retirement they will be receiving will be adequate, the average response rate is 2.91. The respondents reported satisfaction towards the public pension plan. The mean response rate of question 17 and 18 are 2.12 and 2.25 respectively. These figures means that employees are moderately dependent on their pension benefits and their living standard will be lower in their retirement years.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total (n)	Average Response Rate (ARR)
q23	39% (16)	61% (25)	0% (0)	0% (0)	0% (0)	41	1.61
q24	0% (0)	0% (0)	0% (0)	83% (34)	17% (7)	41	4.17
q25	49% (20)	51% (21)	0% (0)	0% (0)	0% (0)	41	1.51
q26	49% (20)	51% (21)	0% (0)	0% (0)	0% (0)	41	1.51
q27	39% (16)	61% (25)	0% (0)	0% (0)	0% (0)	41	1.61
q28	51% (21)	49% (20)	0% (0)	0% (0)	0% (0)	41	1.48
q29	5% (2)	37% (15)	49% (20)	10% (4)	0% (0)	41	2.63
q30	27% (11)	63% (26)	10% (4)	0% (0)	0% (0)	41	1.82
q31	37% (15)	51% (21)	12% (5)	0% (0)	0% (0)	41	1.75
q32	17% (7)	68% (28)	15% (6)	0% (0)	0% (0)	41	1.97

Table 31: Average Response Rates of reasons and satisfaction levels for other pension plan

In the survey distributed to the current employees of POF, questions 23 to 32 were applicable to employees who either had company provided plan and another complimentary plan or individuals who have bought a pension plan if they do not have employer provided plan. In the case of POF employees, all 150 respondents were provided with pension scheme by POF. Out of 150 respondents, 41 employees had bought a pension scheme along with their employer provided plan. So 41 respondents gave their responses to the above mentioned questions.

The average response rate of q23 is 1.61. This shows that the employees who have another pension plan is due to the reason that they were not financially satisfied with their primary pension plan. The mean response rate of q24 is 4.17 which shows that the reason behind purchase of another plan was not due to the fact that they were uncovered by their company. The average response rates of questions 25, 26 and 27 is 1.51, 1.51 and 1.61 respectively. This shows that the employees also had other reasons motivating them to buy another pension scheme. The retirement benefits from the second pension plan not only complimented their benefits coming from their primary

pension plan but new plan also will give them the opportunity to maintain a comfortable life style and leave money for their children and significant other. In the survey, questions 28 to 32 are focused in determining financial satisfaction level of employees regarding the second pension scheme. The average response rate of question 28, which is 1.48, shows that majority of employees believe that this pension plan will be very effective in financing their retirement years. The mean response rate of question 29 is 2.63 which shows that most of the respondents do not receive frequent information about their second plan. The average response rate of question 32 is 1.97 which clearly shows that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure.

The mean response rate of question 30 and 31 are 1.82 and 1.75 respectively. These figures means that employees are extremely dependent on their pension benefits and their living standard will be lower in their retirement years.

4.1.10 Reasons and levels of satisfaction of WN employees:

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate (ARR)
Q11	50% (22)	39% (17)	11% (5)	0% (0)	0% (0)	44	1.61
Q15	11% (5)	32% (14)	34% (15)	23% (10)	0% (0)	44	2.68
Q16	0% (0)	2% (1)	7% (3)	36% (16)	55% (24)	44	4.43
Q17	45% (20)	50% (22)	5% (2)	0% (0)	0% (0)	44	1.59
Q18	32% (14)	57% (25)	9% (4)	2% (1)	0% (0)	44	1.81
Q19	2% (1)	14% (6)	20% (9)	50% (22)	14% (6)	44	3.59

Table 32 Average Response Rates of reasons and satisfaction levels for employer provided plan

In the survey that was distributed to the current employees of WN, questions 11, 12, 13 and 14 aided in determining the reasons based on which the respondent chose employer provided pension plan. In the case of Wah Nobel, the sample was of 100 respondents. Out of 100 respondents, 44 respondents had company provided pension scheme so these respondents gave their responses to questions 11 to 19. In above table, Question 11 asked respondents if they did not choose this plan, rather it was provided to them by WN automatically after they have joined company. The average response rate is 1.61 which means that majority of respondents strongly agreed with the statement. While questions 12, 13 and 14 were not applicable to them but all the 44 respondents addressed these questions. Their responses were calculated and can be found in Table in appendix. In the questionnaire, questions 15, 16, 17, 18 and 19 facilitated in determining the satisfaction level of respondents who possessed pension scheme provided by WN.

Above table shows that the mean response rate of Question 15 is 2.68 which shows that people are financially less satisfied with the employer provided plan. But they reported high level of neutrality towards receiving frequent information about the plan. The mean response rate of question 16 is 4.43 which implies that respondents did not receive frequent information about their pension plan. The ARR of question 19 is 3.59 shows that respondents are extremely dissatisfied with the plan provided to them by their employer. The mean response rate of question 17 and 18 are 1.59 and 1.81 respectively. These figures mean that employees are extremely dependent on their pension benefits and their living standard will be lower in their retirement years.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate (ARR)
Q23	73% (22)	27% (8)	0% (0)	0% (0)	0% (0)	30	1.26
Q24	75% (15)	25% (5)	0% (0)	0% (0)	0% (0)	20	1.25
Q25	46% (23)	48% (24)	6% (3)	0% (0)	0% (0)	50	1.6
Q26	62% (31)	38% (19)	0% (0)	0% (0)	0% (0)	50	1.38
Q27	54% (27)	44% (22)	2% (1)	0% (0)	0% (0)	50	1.48
Q28	66% (33)	28% (14)	2% (1)	4% (2)	0% (0)	50	1.44
Q29	0% (0)	0% (0)	14% (7)	50% (25)	36% (18)	50	4.22
Q30	54% (27)	44% (22)	0% (0)	2% (1)	0% (0)	50	1.5
Q31	52% (26)	40% (20)	6% (3)	2% (1)	0% (0)	50	1.58
Q32	40% (20)	52% (26)	4% (2)	2% (1)	2% (1)	50	1.74

Table 33: Average Response Rates of reasons and satisfaction levels for other pension plan

In the survey distributed to the current employees of WN, questions 23 to 32 were applicable to employees who either had company provided plan and another complimentary plan or individuals who have bought a pension plan if they do not have employer provided plan. In the case of WN employees, 44 respondents were provided with pension scheme by WN out of which 30 employees had bought a pension scheme along with their employer provided plan. Also 56 out sample of 100 respondents, did not have employer provided plan. Out of these 56 respondents, 20 employees had bought a pension plan from another financial institution. So a total of 50 respondents gave their responses to the above mentioned questions. For Question 23, only 30 respondents gave responses as this question only applied to those employees who had pension plan from WN and a second pension plan that they have purchased themselves.

The average response rate of q23 is 1.26. This shows extreme financial dissatisfaction of the employees towards their WN pension plan and implies that the employees who have another pension plan in order to fulfill their retirement financial needs. Question number 24 is attempted by 20 respondents who did not have any pension plan given to them by WN.

The mean response rate of q24 is 1.25 which shows that the reason behind purchase of another plan was due to the fact that they were uncovered by their company. The average response rates of questions 25, 26 and 27 is 1.6, 1.38 and 1.48 respectively. This shows that the employees also had other reasons motivating them to buy another pension scheme. The retirement benefits from the second pension plan will give them the opportunity to maintain a comfortable life style and leave money for their children and significant other.

In the survey, questions 28 to 32 are focused in determining financial satisfaction level of employees regarding the pension scheme purchased from other financial institutions. The average response rate of question 28, which is 1.44, shows that majority of employees believe that this pension plan will be very effective in financing their retirement years. The mean response rate of question 29 is 4.22 which shows that most of the respondents do not receive frequent information about their second plan. The average response rate of question 32 is 1.74 which clearly shows that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure.

The mean response rate of question 30 and 31 are 1.5 and 1.58 respectively. These figures means that employees are extremely dependent on their pension benefits and their living standard will be lower in their retirement years.

4.1.11 Reasons and levels of satisfaction of POF retirees:

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate (ARR)
Q11	59% (44)	36% (27)	5% (4)	0% (0)	0% (0)	75	1.6
Q15	56% (42)	44% (33)	0% (0)	0% (0)	0% (0)	75	1.44
Q16	0% (0)	0% (0)	9% (7)	60% (45)	31% (23)	75	4.21
Q17	61% (46)	35% (26)	4% (3)	0% (0)	0% (0)	75	1.77
Q18	39% (29)	33% (25)	28% (21)	0% (0)	0% (0)	75	1.89
Q19	13% (10)	25% (19)	12% (9)	36% (27)	13% (10)	75	3.1

Table 34: Average Response Rates of reasons and satisfaction levels for employer provided plan

In the survey that was distributed to the retirees of POF, questions 11, 12, 13 and 14 aided in determining the reasons based on which the respondent chose employer provided pension plan. In above table, Question 11 asked respondents if they did not choose this plan, rather it was provided to them by POF automatically after they have joined company. The average response rate is 1.6 which means that majority of respondents strongly agreed with the statement. While questions 12, 13 and 14 were not applicable to them but all the respondents addressed these questions. There responses were calculated and can be found in Table in appendix. In the questionnaire, questions 15, 16, 17, 18 and 19 facilitated in determining the satisfaction level of respondents who possessed pension scheme provided by POF.

Above table shows that the mean response rate of Question 15 is 1.44 which shows that people are financially satisfied with the employer provided plan. But they reported high level of dissatisfaction towards receiving frequent information about the plan. The mean response rate of question 16 is 4.43 which implies that respondents did not receive frequent information about their pension plan. The ARR of question 19 is 3.1 shows that respondents are moderately neutral towards the plan's ability to be financially adequate to pay for their household expenditures.

The mean response rate of question 17 and 18 are 1.77 and 1.89 respectively. These figures means that employees are extremely dependent on their pension benefits and their living standard will be lower in their retirement years.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate (ARR)
Q23	64% (16)	36% (9)	0% (0)	0% (0)	0% (0)	25	1.36
Q24	0% (0)	0% (0)	0% (0)	0% (0)	0% (0)	0	0
Q25	60% (15)	40% (10)	0% (0)	0% (0)	0% (0)	25	1.4
Q26	60% (15)	40% (10)	0% (0)	0% (0)	0% (0)	25	1.4
Q27	52% (13)	48% (12)	0% (0)	0% (0)	0% (0)	25	1.48
Q28	84% (21)	16% (4)	0% (0)	0% (0)	0% (0)	25	1.16
Q29	0% (0)	0% (0)	0% (0)	28% (7)	72% (18)	25	4.72
Q30	68% (17)	20% (5)	12% (3)	0% (0)	0% (0)	25	1.44
Q31	4% (1)	32% (8)	20% (5)	44% (11)	0% (0)	25	3.04
Q32	56% (14)	44% (11)	0% (0)	0% (0)	0% (0)	25	1.44

Table 35: Average Response Rates of reasons and satisfaction levels for other pension plan

In the survey distributed to the retirees of POF, questions 23 to 32 were applicable to retirees who either had company provided plan and another complimentary plan or individuals who have bought a pension plan if they do not have employer provided plan. In the case of POF retirees, all 75 respondents were provided with pension scheme by POF. Out of 75 respondents, 25 employees had bought a pension scheme along with their employer provided plan. So 25 respondents gave their responses to the above mentioned questions.

The average response rate of q23 is 1.36. This shows that the retirees who have another pension plan is due to the reason that they were not financially satisfied with their primary pension plan. The average response rates of questions 25, 26 and 27 is 1.4, 1.4 and 1.48 respectively. This shows that the retirees also had other reasons motivating them to buy another pension scheme. The retirement benefits from the second pension plan not only complimented their benefits coming from their primary pension plan but new plan also provides them the opportunity to maintain a comfortable life style and leave money for their children and significant other.

In the survey, questions 28 to 32 are focused in determining financial satisfaction level of retirees regarding the second pension scheme. The average response rate of question 28, which is 1.16, shows that majority of retirees believe that this pension plan is very effective in financing their

retirement years. The mean response rate of question 29 is 4.72 which shows that most of the respondents do not receive frequent information about their second plan. The average response rate of question 32 is 1.44 which clearly shows that retirees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure.

The mean response rate of question 30 and 31 are 1.44 and 3.04 respectively. The ARR of question means that retirees are extremely dependent on their pension benefits while ARR of question 31 shows a moderate and neutral approach of retirees towards the statement that their living standard will be lower in their retirement years.

4.1.12 Reasons and satisfaction of retirees of WN:

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate
Q11	91% (40)	9% (4)	0% (0)	0% (0)	0% (0)	44	1.09
Q15	20% (9)	27% (12)	7% (3)	30% (13)	16% (7)	44	2.93
Q16	0% (0)	0% (0)	5% (2)	45% (20)	50% (22)	44	4.45
Q17	97% (34)	23% (10)	0% (0)	0% (0)	0% (0)	44	1.22
Q18	18% (8)	30% (13)	25% (11)	11% (5)	16% (7)	44	2.77
Q19	2% (1)	11% (5)	7% (3)	55% (24)	25% (11)	44	3.88

Table 36: Average Response Rates of reasons and satisfaction levels for employer provided plan

In the survey that was distributed to the retirees of WN, questions 11, 12, 13 and 14 aided in determining the reasons based on which the respondent chose employer provided pension plan. In the case of Wah Nobel, the sample was of 65 respondents. Out of 65 respondents, 44 respondents had company provided pension scheme so these respondents gave their responses to questions 11 to 19.

In above table, Question 11 asked respondents if they did not choose this plan, rather it was provided to them by WN automatically after they have joined company. The average response rate is 1.09 which means that majority of respondents strongly agreed with the statement. While questions 12, 13 and 14 were not applicable to them but all the 44 respondents addressed these

questions. These responses were calculated and can be found in in Table in appendix. In the questionnaire, questions 15, 16, 17, 18 and 19 facilitated in determining the satisfaction level of respondents who possessed pension scheme provided by WN. Above table shows that the mean response rate of Question 15 is 2.93 which shows that people are financially less satisfied with the employer provided plan. But they reported high level of dissatisfaction towards receiving frequent information about the plan. The mean response rate of question 16 is 4.45 which implies that respondents did not receive frequent information about their pension plan. The ARR of question 19 is 3.88 shows that respondents are extremely dissatisfied with the plan provided to them by their employer. The mean response rate of question 17 and 18 are 1.22 and 2.77 respectively. These figures means that employees are extremely dependent on their pension benefits and neutral approach of retirees towards the statement that their living standard will be lower in their retirement years.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Average Response Rate (ARR)
Q23	84% (21)	16% (4)	0% (0)	0% (0)	0% (0)	25	1.20
Q24	84% (5)	16% (1)	0% (0)	0% (0)	0% (0)	6	1.16
Q25	58% (18)	42% (13)	0% (0)	0% (0)	0% (0)	31	1.41
Q26	81% (25)	19% (6)	0% (0)	0% (0)	0% (0)	31	1.19
Q27	65% (20)	35% (11)	0% (0)	0% (0)	0% (0)	31	1.35
Q28	81% (25)	19% (6)	0% (0)	0% (0)	0% (0)	31	1.19
Q29	0% (0)	0% (0)	26% (8)	52% (16)	23% (7)	31	3.96
Q30	71% (22)	29% (9)	0% (0)	0% (0)	0% (0)	31	1.29
Q31	13% (4)	32% (10)	26% (8)	16% (5)	13% (4)	31	2.83
Q32	81% (25)	19% (6)	0% (0)	0% (0)	0% (0)	31	1.19

Table 37: Average Response Rates of reasons and satisfaction levels for other pension plan

In the survey distributed to the retirees of WN, questions 23 to 32 were applicable to retirees who either had company provided plan and another complimentary plan or individuals who have bought a pension plan if they do not have employer provided plan. In the case of WN retirees, 44 respondents were provided with pension scheme by WN out of which 25 retirees had bought a pension scheme along with their employer provided plan. Also 21 out sample of 65 respondents, did not have employer provided plan. Out of these 21 respondents, 6 retirees had bought a pension plan from another financial institution. So a total of 31 respondents gave their responses to the above mentioned questions. For Question 23, only 25 respondents gave responses as this question only applied to those employees who had pension plan from WN and a second pension plan that they have purchased themselves.

The average response rate of q23 is 1.20. This shows extreme financial dissatisfaction of the retirees towards their WN pension plan and implies that the employees who have bought another pension plan in order to fulfill their retirement financial needs. Question number 24 is attempted by 6 respondents who did not have any pension plan given to them by WN but bought a pension plan themselves.

The mean response rate of q24 is 1.16 which shows that the reason behind purchase of another plan was due to the fact that they were uncovered by their company. The average response rates of questions 25, 26 and 27 is 1.41, 1.19 and 1.35 respectively. This shows that the retirees also had other reasons motivating them to buy another pension scheme. The retirement benefits from the second pension plan will give them the opportunity to maintain a comfortable life style and leave money for their children and significant other.

In the survey, questions 28 to 32 are focused in determining financial satisfaction level of retirees regarding the second pension scheme. The average response rate of question 28, which is 1.19, shows that majority of employees believe that this pension plan will be very effective in financing their retirement years. The mean response rate of question 29 is 3.96 which shows that most of the respondents do not receive frequent information about their second plan. The average response rate of question 32 is 1.19 which clearly shows that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure.

The mean response rate of question 30 and 31 are 1.29 and 2.83 respectively. These figures means that employees are extremely dependent on their pension benefits. While ARR of question 31

shows a moderate and neutral approach of retirees towards the statement that their living standard will be lower in their retirement years.

4.2 Comparison:

4.2.1 Comparison between Reasons of Choosing Employer provided Pension Plan:

In the case of POF employees, the employer provides the workers with a pension plan after they join the company. They do not choose to opt for this plan rather they are automatically given the plan. This is the major reason that all POF employees have a public pension plan. The reasons are different in the case of WN employees. The difference between POF and WN is that POF covers all of its employees by providing them with a retirement plan while WN only provides pension coverage to its administration officers. The labours are uncovered and do not receive monthly retirement benefits from the company. In the sample taken from WN employees, out of 100 employees only 44 employees were covered by the company. Among these covered respondents, the major reason of choosing this company provided plan was that this plan was automatically bestowed to them by their employer.

Similar trend was seen in the case of retirees. All the POF retirees had public pension plan provided plan given to them by POF when they had started their jobs. The retirement life of most of POF retirees was being supported by the monthly benefits received through their employer provided plan. But in the case of WN retirees, only 44 out of 65 respondents were covered by company plan. The major reason for opting the plan was similar as POF employees.

4.2.2 Comparison between Reasons of Choosing Pension Plan from other Financial Institutions:

In the case of POF employees, all the 150 respondents were provided by employer pension plan. But 41 out of 150 respondents had purchased another pension plan. These respondents reported financial dissatisfaction towards the POF provided plan. They bought a second plan because they believed that their primary plan was not financially sufficient to fulfill their retirement needs. The new plan also gave them the opportunity to leave money for their family. In the case of WN employees who had bought second plan along with their employer provided plan, the similar reasons were visible. But WN does not cover all of its employees. 56 respondents did not have any

coverage plan from their employees. So 20 out of 56 respondents bought a pension plan from another source. The major reason of buying this plan for these respondents was that they were not provided a pension scheme by WN. They also chose their respective plan because it provided them with the opportunity to not only receive monthly benefits themselves but also provides them with the opportunity to leave money for their family.

Similar trend was seen in the case of retirees. All the POF retirees had public pension plan provided plan given to them by POF when they had started their jobs. But out of 75 respondents, 25 respondents had bought a second pension plan. These respondents reported financial dissatisfaction towards the POF provided plan. They bought a second plan because they believed that their primary plan was not financially sufficient to fulfill their retirement needs. The new plan also gave them the opportunity to leave money for their family. In the case of WN retirees who had bought second plan along with their employer provided plan, the similar reasons were visible. But WN does not cover all of its employees. 21 respondents did not have any coverage plan from their employees. So 6 out of 21 respondents bought a pension plan from another source. The major reason of buying this plan for these respondents was that they were not provided a pension scheme by WN. They also chose the particular plan because it provided them with the opportunity to not only receive monthly benefits themselves but also provides them with the opportunity to leave money for their family.

4.2.3 Comparison between Levels of Satisfaction regarding Employer provided Pension Plan:

In the case of POF employees, the respondents reported high level of satisfaction towards their pension plan provided by their employer. They reported high level of neutrality towards receiving frequent information about the plan which means people do not receive information about their plan. In response to the question that asked the respondents if the retirement benefits they will be receiving will be adequate, the respondents were satisfied towards the public pension plan. In the case of WN employees, they reported financial dissatisfaction towards their employer provided pension plan. Due to this reason 30 out of 44 respondents bought another pension scheme to complement their employer provided plan. The respondents also reported that they did not receive frequent information about their pension plan.

The retirees of POF also showed moderate financial satisfaction towards their pension plan that is provided by POF. But they reported high level of dissatisfaction towards receiving frequent information about the plan. It means that respondents did not receive frequent information about their pension plan. The respondents reported in the survey that they are moderately neutral towards the plan's ability to be financially adequate to pay for their household expenditures. There is a stark difference as the respondents who are currently employed showed that they believed that this plan was adequate enough to fulfill their retirement needs but after retirement they are moderately neutral or slightly dissatisfied towards their plans ability to meet their financial needs. On the other hand, the retirees of WN show that people are financially less satisfied with the employer provided plan. This pattern is also seen in the current employees of WN. Both the current employees and retirees of WN believe that their company plan is not financially sufficient to meet their retirement needs.

4.2.4 Comparison between Levels of Satisfaction regarding Pension Plan purchased from other Financial Institutions:

In the case of POF employees, they showed overall financial satisfaction towards their employer provided plan. But 41 out 150 respondents had bought another pension scheme. Among these 41 respondents, majority of them believe that their second pension plan will be very effective in financing their retirement years. According to their responses, they receive frequent information about their second plan. Their responses also implied that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure. In the case of WN employees, they had showed financial dissatisfaction towards their employer provided plan. According to their responses, majority of employees believe that their second pension plan will be very effective in financing their retirement years. It also implied that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure. As WN did not cover all of its employees, so the uncovered employees also reported that pension scheme that they have opted for from other financial institution is adequate enough to fulfill their retirement needs.

In the case of POF retirees, they showed moderate financial satisfaction towards their employer provided plan. But 35 out 75 respondents had bought another pension scheme. Among these 35 respondents, majority of them believe that their second pension plan will be very effective in

financing their retirement years. According to their responses, they do not receive frequent information about their second plan. Their responses also implied that employees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure. In the case of WN retirees, they had showed financial dissatisfaction towards their employer provided plan. According to their responses, majority of retirees believe that their second pension plan will be very effective in financing their retirement years. It also implied that retirees are financially satisfied with their second plan because it is adequate enough to pay for their household expenditure. As WN did not cover all of its employees, so the uncovered retirees also reported that pension scheme that they have opted for from other financial institution is adequate enough to fulfill their retirement needs.

4.2.5 Results of Non-Participant Observation:

In this thesis, the data was collected with the help two different techniques. The first tool of data collection was the survey. The survey was carried out with the help of questionnaires which were distributed among the employees and retirees of POF and Wah Nobel. The second tool of data collection was the non-participant observation. This technique was applied along with the survey. Non-participant observation facilitated in capturing certain behaviour and attitude of the respondents which would have been very difficult to capture using other data collection methods. This techniques also assisted in observing the work environment of the employees. Following are the observations that were made during field work using non-participant observation:

1. During the conduction of survey, it was observed most of the POF employees belonging to lower income groups had higher number of dependents. This can also be verified from the table no 41 in Appendix. In the questionnaire the respondents were only asked about the number of children but their ages were not asked. During filling out of the survey questions, several respondents also gave the ages of their children. The trend in ages showed that they ranged from infant to teenage. This trend was seen more clearly in the POF employees.
2. The second observation is related to the financial awareness among the respondents about different pension plans. There was striking difference between the respondents of POF and WN in this context. Employees and retirees of WN were much more informed about other retirement benefit options other than the scheme provided by their company. Some

of WN respondents, can be seen in Tables 8 and 22, had bought another pension plan along with their employer provided plan. But in the case of POF, many of the respondents did not have any financial awareness about other retirement schemes other than their own employer provided plan. They were not even aware of other government provided retirement plans for example Employees Old Age Benefit Plan (EOBI).

3. The third observation is related to respondent's attitude towards the survey. Most of the employees and retirees who were asked to fill the questionnaires believed that it was futile exercise since these surveys will not facilitate them in any capacity. They believed that it was a tedious task that will not reap any benefits for them. This behaviour was not displayed by all the respondents.

Chapter 5:

Across the globe as the elderly population is increasing, evaluation of pension and social security schemes has gained significant relevance. Countries around the world are making efforts towards restructuring their pension plans in order to adjust them according to the present day needs. Population ageing has elevated concerns regarding the sustainability of pension plans provided by the state. Similarly financial burden is increasing on the contributors due to high levels of old-age dependency. These pension plans are the safety valves which are aimed at providing protection to the elderly segment of the population in their retirement years. The basic objective of these pension schemes is to provide security to the individuals from decline in monthly income in post-retirement years.

In Pakistan, the ageing process has gained significant pace due to decreasing fertility and mortality rates and the elevation in the average life span. The elderly and vulnerable segment of the population has increased massively resulting in significant burden on the budget allocated for pension and other social schemes. Simultaneously, people are shifting from joint family system to a relatively more nuclear family system. This is a result of rapid pace of urbanisation. This has also raised concerns regarding increasing ratios of old-age dependency and adequate provision of family support for the elderly population. So Pakistan not only faces resource management problems at national and regional levels but it also faces economic and social challenges at individual and family levels. Modernisation and urbanisation, decline in the value of combined family system and economic pressures has contributed in the erosion of support base of the elderly population of the country.

Like in other developing countries, Pakistan does not have an extensive pension system to provide financial support to the elderly segment of the population. The pension policy is adopted by the state is limited to the organised sector and the wide majority of the work force in the unorganised sector is deprived of any kind of pension coverage. In the informal sector, pension coverage might be provided by different organisations of civil society like nongovernmental organisations, mosques, financial institutions and philanthropists etc. who aim to provide financial security to the vulnerable segment of the population. Unfortunately the coverage is very limited and the benefits are very low. Raziq (2005) states that current pension plans offered by the state is defined benefit

plan. The pension payments are calculated based on length of service and monthly income. The expenditure is financed by the provision that are acquired in the annual budget.

This thesis focused on the formal sector. The units of data collection were chosen from the organised sector. Two companies were selected for the data collection. The major objective of this thesis was to observe the satisfaction levels of the individuals regarding their pension schemes. For this purpose a questionnaire was designed and was distributed among the respondents of two different companies. The respondents were divided into two categories. The first category were the current employees of the companies and the second category were retirees of the same companies. The two companies which were chosen have different pension plans. POF offers pension schemes to its employees which is structured by the Government of Pakistan which is categorised as the public pension plan. On the other hand, Wah Nobel (Pvt) Limited (WN) offers the pension plan that is constructed and framed by their own pension cell which is categorised as private pension plan. But WN only provides pension schemes to its administration department while the rest of the work force remains uncovered.

The satisfaction level was measured by asking a series of questions from the respondents. The responses were based on the likert scale. The answers of the respondents were recorded and analysed by using the average response rate (ARR). With the help of ARR, major reasons for choosing a pension plan and levels of satisfaction were identified. The trends observed in the data reflected the major reasons behind people's choice of a particular pension plan. The responses also reflected the satisfaction of respondents regarding the pension scheme that will be financing their retirement years.

5.1 Conclusion:

The thesis focused on three key aspects of pension plan. The first research objective focused on determining the level of financial education of respondents regarding their retirement plan. In the case of POF employees, the respondents belonging to lower income groups were relatively better informed about their retirement plan as compared to the respondents who belonged to higher income group. The trend was not observed in POF and WN retirees. This pattern was present in current employees of WN but was relatively more subtle than its POF counterpart. The second research question focused on the reasons behind people's choice of a particular pension scheme. All the POF employees and retirees were provided with the retirement plan by their employer

while in the case of WN employees, the retirement plan is only given to the administration officer while rest of the workforce is uncovered. The same pattern was observed in the retirees of WN. This uncovered mass of labour force has to purchase pension plans from other sources. But this is dependent on if the individuals are financially educated about pension schemes and have financial resources to purchase a pension scheme by themselves. The third research question is focused on determining the levels of satisfaction of the respondents. The results reveal that employees and retirees of POF are more financially satisfied as compared to their Wah Nobel counterpart.

5.2 Policy Recommendations:

Following are few policies that can be implemented by government that can reduce the shortcomings regarding pension coverage in Pakistan:

1. The government should focus on the financial education of people of the country so they can make informed decision regarding savings and pension coverage for their retirement life.
2. In this thesis, the people who were employed in POF were given automatic coverage but employees of Wah Nobel are not given coverage so bulk of their work force remains uncovered. The government should provide rules and guideline to private companies which makes it mandatory for them to provide retirement benefits to all of their labour force.
3. The government should also enforce the private companies to take feedback from their employees and retirees in order to assess the levels of satisfaction regarding the pension that they have provided to their workers.
4. Prior to the 2017 population census, the last census was carried out in 1998. The average annual growth rate of population is 2.40. So it is important that the pension system of Pakistan needs to be adjusted according to the present day population of the country.
5. The management of the pension funds is a key aspect of pension system. The state should efficiently manage the contribution and investment of the pension fund.

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Appendix:
Basic Information provided by the Respondent:

Questionnaire for Current Employees

Name (optional)	
Gender	
Income	
Grade	
Job Title	
Factory/Department	
Company	
Years in Service	
Marital Status	
Children	
Monthly Income	

I. Do you own a retirement plan that is provided by the employer?

1. Yes
2. No
3. No Answer

(If No, please skip to question no III).

II. What type of retirement plan is offered to you by the employer?

1. Public Pension Plan
2. Private Pension Plan
3. N/A

III. If no, have you bought a retirement plan?

1. Yes
2. No
3. N/A

IV. If yes, what type of retirement plan have you opted for? _____

V. Do you have more than one retirement plan?

1. Yes
2. No
3. N/A

VI. If yes, can you name your other pension plan(s)? _____

This section is to be filled by respondents that have pension plan provided by their employer:

Information about this pension plan:

VII. What percentage/amount of your current salary is taken for your retirement plan?
_____.

VIII. How much your employer is contributing towards your retirement plan?

1. Yes
2. No
3. Employer does not contribute
4. No answer
5. N/A

IX. What type of formula is used by your employer to determine your retirement benefit?
_____.

X. Do you know how much pension you will be receiving at the time of retirement from this plan?

1. Yes
2. No
3. Don't Know
4. N/A

Reasons for choosing the pension plan provided by the employer:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XI. You did not choose this program rather it was automatically provided to you by your employer?						
XII. You chose this program because it would provide you with guaranteed monthly amount during retirement until you live?						
XIII. You chose this program because it gives you the opportunity to leave money to your heirs from your retirement savings?						
XIV. You chose this program because it provides you with guaranteed monthly payments for the rest of your life and regular payments to your spouse if they outlive you?						

Satisfaction towards the pension plan provided by the employer:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u>
XV. The pension plan is very effective in helping you in financing your retirement?						
XVI. You frequently receive information about your plan benefits?						

XVII. You will be extremely dependent on the pension payment.						
XVIII. Your standard of living will be lower in your retirement years?						
XIX. The retirement benefits will be adequate enough to pay for your household expenditure.						

This section is to be filled by respondents:

- a) The respondents having no pension plan provided by the employer.
- b) The respondents that have bought another pension plan along with having an employer provided plan.

Information about the other pension plan:

XX. What percentage of your current salary is taken for your retirement plan? _____.

XXI. What type of formula is used by your employer to determine your retirement benefit?
_____.

XXII. Do you know how much pension you will be receiving at retirement from this plan?

- 1. Yes
- 2. No
- 3. Don't Know
- 4. No answer

Reasons for choosing the other pension plan:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XXIII. You chose this plan because that the employer provided retirement plan is not financially sufficient? (This question is for respondents who have both employer provided pension plan and also have taken another pension plan)						
XXIV. You chose this plan because your employer has not offered you a retirement plan?						
XXV. You chose this program because it will provide you with guaranteed monthly amount during retirement until you live?						
XXVI. You chose this program because it gives you the opportunity to leave money to your heirs from your retirement savings?						
XXVII. You chose this program because it provides you with guaranteed monthly payments for the rest of your life and regular payments to your spouse for the rest of their lives if they outlive you?						

Satisfaction towards the other pension plan:

<u>Statement</u>	<u>Strongly</u> <u>Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly</u> <u>Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XXVIII. The pension plan is very effective in helping you in financing your retirement?						
XXIX. You frequently receive information about your retirement plan?						
XXX. You will be extremely dependent on the pension payment.						
XXXI. Your standard of living will be lower during your retirement years?						
XXXII. The retirement benefits will be adequate enough to pay for your household expenditure.						

Basic Information provided by the respondent:

Questionnaire for Retirees:

Name (optional)	
Gender	
Income	
Grade	
Job Title	
Factory/Department	
Company	
Years in Service	
Retired Years	
Marital Status	
Children	

I. Do you own a retirement plan that is provided by the employer?

1. Yes
2. No
3. No Answer

(If No, please skip to question no III).

II. What type of retirement plan was offered to you by the employer?

1. Public Pension Plan
2. Private Pension Plan
3. N/A

III. If no, have you bought a retirement plan?

1. Yes
2. No
3. N/A

IV. If yes, what type of retirement plan have you opted for? _____

V. Do you have more than one retirement plan?

1. Yes
2. No
3. N/A

VI. If yes, can name your other pension plan(s)? _____

This section is to be filled by respondents that have pension plan provided by their employer:

Information about this pension plan:

VII. What percentage/amount of salary was taken for your retirement plan? _____.

VIII. How much your employer had contributed to your retirement plan? _____.

IX. What formula was used to determine your retirement benefit? _____.

X. When you were employed, did you know how much pension you would have received?

1. Yes
2. No
3. Don't Know
4. No answer
5. N/A

Reasons for choosing the pension plan provided by the employer:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XI. You did not choose this program rather it was automatically provided to you by your employer?						
XII. You chose this program because it will provide you with guaranteed monthly amount during retirement until you live?						
XIII. You chose this program because it gives you the opportunity to leave money to your heirs from your retirement savings?						

XIV. You chose this program because it provides you with guaranteed monthly payments for the rest of your life and regular payments to your spouse if they outlive you?						
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Satisfaction towards the pension plan provided by the employer:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XV. The pension plan is very effective in helping you in financing your retirement?						
XVI. You frequently receive information about your retirement plan?						
XVII. You are extremely dependent on the pension payment.						
XVIII. Your standard of living is lower than when you were employed and was receiving monthly income?						
XIX. The retirement benefits are adequate enough to pay for your household expenditure						

This section is to be filled by respondents:

- a) The respondents having no pension plan provided by the employer.
- b) The respondents that have bought another pension plan along with having an employer provided plan.

XX. What percentage/amount of your monthly income was taken for your retirement plan?
_____.

XXI. What type of formula was used to determine your retirement benefit?
_____.

XXII. When you were employed, did you know how much pension would be receiving at retirement?

1. Yes
2. No
3. Don't Know
4. No answer

Reasons for choosing the other pension plan:

<u>Statement</u>	<u>Strongly Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XXIII. You chose this plan because that the employer provided retirement plan is not financially sufficient? (This question is for respondents who have both employer provided pension plan and also have taken another pension plan)						
XXIV. You chose this plan because your employer has not offered you a retirement plan?						
XXV. You chose this program because it will provide you with guaranteed monthly amount during retirement until you live?						
XXVI. You chose this program because it gives you the opportunity to leave money to your heirs from your retirement savings?						
XXVII. You chose this program because it provides you with guaranteed monthly payments for the rest of your life and regular payments to your spouse for the rest of their lives if they outlive you?						

Satisfaction towards the other pension plan:

<u>Statement</u>	<u>Strongly</u> <u>Agree</u> <u>(1)</u>	<u>Agree</u> <u>(2)</u>	<u>Neutral</u> <u>(3)</u>	<u>Disagree</u> <u>(4)</u>	<u>Strongly</u> <u>Disagree</u> <u>(5)</u>	<u>N/A</u> <u>(6)</u>
XXVIII. The pension plan is very effective in helping you in financing your retirement?						
XXIX. You frequently receive information about your retirement plan?						
XXX. You are extremely dependent on the pension payment.						
XXXI. Your standard of living is lower during years of retirement as compared to when you were in service?						
XXXII. The retirement benefits are adequate enough to pay for your household expenditure.						

Questions	Total	Strongly				Strongly		N/A	Total
		Agree	Agree	Neutral	Disagree	Disagree			
q11	150	74%	26%	0%	0%	0%	0%	100%	
q12	150	47%	29%	25%	0%	0%	0%	100%	
q13	150	38%	29%	33%	0%	0%	0%	100%	
q14	150	49%	33%	18%	0%	0%	0%	100%	
q15	150	55%	35%	11%	0%	0%	0%	100%	
q16	150	5%	12%	51%	30%	1%	0%	100%	
q17	150	19%	49%	32%	0%	0%	0%	100%	
q18	150	31%	26%	29%	14%	0%	0%	100%	
q19	150	17%	22%	18%	37%	5%	0%	100%	
q23	150	11%	17%	1%	0%	0%	72%	100%	
q24	150	0%	0%	0%	23%	5%	73%	100%	
q25	150	13%	14%	1%	0%	0%	72%	100%	
q26	150	13%	14%	1%	0%	0%	72%	100%	
q27	150	11%	17%	1%	0%	0%	72%	100%	
q28	150	14%	14%	0%	0%	0%	72%	100%	
q29	150	1%	10%	14%	3%	0%	72%	100%	
q30	150	8%	17%	3%	0%	0%	72%	100%	
q31	150	11%	14%	3%	0%	0%	72%	100%	
q32	150	5%	19%	5%	0%	0%	72%	100%	

Table 38: Response Table of Current Employees of POF

Questions	Total	Strongly				Strongly		N/A	Total
		Agree	Agree	Neutral	Disagree	Disagree			
q11	100	22%	17%	5%	0%	0%	56%	100%	
q12	100	22%	18%	4%	0%	0%	56%	100%	
q13	100	10%	23%	10%	1%	0%	56%	100%	
q14	100	14%	20%	10%	0%	0%	56%	100%	
q15	100	5%	14%	15%	10%	0%	56%	100%	
q16	100	0%	1%	3%	16%	24%	56%	100%	
q17	100	20%	22%	2%	0%	0%	56%	100%	
q18	100	14%	25%	4%	1%	0%	56%	100%	
q19	100	1%	6%	9%	22%	6%	56%	100%	
q23	100	22%	8%	0%	0%	0%	70%	100%	
q24	100	15%	5%	0%	17%	13%	50%	100%	
q25	100	23%	24%	3%	0%	0%	50%	100%	
q26	100	31%	19%	0%	0%	0%	50%	100%	
q27	100	27%	22%	1%	0%	0%	50%	100%	
q28	100	33%	14%	1%	2%	0%	50%	100%	
q29	100	0%	0%	7%	25%	18%	50%	100%	
q30	100	27%	22%	0%	1%	0%	50%	100%	
q31	100	26%	20%	3%	1%	0%	50%	100%	
q32	100	20%	26%	2%	1%	1%	50%	100%	

Table 39: Response Table of Current Employees of WN

Questions	Total	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A	Total
q11	75	59%	36%	5%	0%	0%	0%	100%
q12	75	63%	28%	9%	0%	0%	0%	100%
q13	75	52%	35%	13%	0%	0%	0%	100%
q14	75	65%	28%	7%	0%	0%	0%	100%
q15	75	56%	44%	0%	0%	0%	0%	100%
q16	75	0%	0%	9%	60%	31%	0%	100%
q17	75	61%	35%	4%	0%	0%	0%	100%
q18	75	39%	33%	28%	0%	0%	0%	100%
q19	75	13%	25%	12%	36%	13%	0%	100%
q23	75	21%	12%	0%	0%	0%	67%	100%
q24	75	0%	0%	0%	0%	0%	100%	100%
q25	75	20%	13%	0%	0%	0%	67%	100%
q26	75	20%	13%	0%	0%	0%	67%	100%
q27	75	17%	16%	0%	0%	0%	67%	100%
q28	75	28%	5%	0%	0%	0%	67%	100%
q29	75	0%	0%	0%	9%	24%	67%	100%
q30	75	23%	7%	4%	0%	0%	67%	100%
q31	75	1%	11%	7%	15%	0%	67%	100%
q32	75	19%	15%	0%	0%	0%	67%	100%

Table 40 Response Table of POF Retirees

Questions	Total	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A	Total
q11	65	62%	6%	0%	0%	0%	32%	100%
q12	65	26%	11%	31%	0%	0%	32%	100%
q13	65	15%	14%	38%	0%	0%	32%	100%
q14	65	18%	12%	37%	0%	0%	32%	100%
q15	65	14%	18%	5%	20%	11%	32%	100%
q16	65	0%	0%	3%	31%	34%	32%	100%
q17	65	52%	15%	0%	0%	0%	32%	100%
q18	65	12%	20%	17%	8%	11%	32%	100%
q19	65	2%	8%	5%	37%	17%	32%	100%
q23	65	32%	6%	0%	5%	5%	52%	100%
q24	65	8%	2%	0%	12%	26%	52%	100%
q25	65	28%	20%	0%	0%	0%	52%	100%
q26	65	38%	9%	0%	0%	0%	52%	100%
q27	65	31%	17%	0%	0%	0%	52%	100%
q28	65	38%	9%	0%	0%	0%	52%	100%
q29	65	0%	0%	12%	25%	11%	52%	100%
q30	65	34%	14%	0%	0%	0%	52%	100%
q31	65	6%	15%	12%	8%	6%	52%	100%
q32	65	38%	9%	0%	0%	0%	52%	100%

Table 41 Response Table of WN Retirees

Income * Children Crosstabulation

Count

		Children			Total
		0-3	4-7	No Children	
Income	10,000 to 30,000	21	21	22	64
	30,001 to 60,000	33	11	9	53
	60,001 to 90,000	23	4	6	33
Total		77	36	37	150

Table 42: Crosstabulation of Income and Number of Children