

# Influence of Retirement Benefits and Its Impact on Socio-Economic Development of Retirees in Tanzania

Anthony Nyangarika and Felician S.M. Bundala

Department of Adult and Continuing Education Studies, Institute of Adult Education,  
P.O. Box 20679, Dar es Salaam, Tanzania

## ABSTRACT

*The study analysis of retirement benefits on socio-economic development of retirees was meant to find out the benefits of the retirement of retirees in Nyamagana District; to find out the level of socio-economic development of retirees; to find out the relationship between the retirement benefits, policies/regulations and the level of socio-economic development of retirees in Nyamagana. A survey conducted to 86 respondents was done in Nyamagana District to address the study objectives. The study's key findings include retiree's dependent too much on their small retirement benefits (pensions) for the rest of their lives after retirement from service; The old-age benefit, disability benefit, and health benefit are significant benefits during retirement. The monthly old-age pension and lump sum are the common benefits that are used by retirees for buying food, medicine for their health, paying education for their families, building houses, buying clothes, and other basic requirements. Though, retirees face a lot of problems in their lives since the benefits they get or receive do not match with the change of cost of living due to inflation. The monthly old-age pension is given on the flat rate basis without indexation of benefits due to economic changes such that they do not match with the relevant standard of living that makes the majority of the retirees live poorly. Some retirees fail even to get their basic requirements in life and become burdens to family members after retirement. The majority of them become frustrated, fall sick, and even die just after their retirement. However, more classical and quantitative studies should be done about retirement benefits for good living standards of retirees. This shows, the retirement benefits, socio-economic development, policies, and regulations were proved to be closely related.*

**Keywords:** Retirement Benefits, Economic Development, Nation Social Security Fund, Retirees, Nyamagana Tanzania

## 1. Introduction

Retirement benefits are funds paid as benefits to a retiree after the end of his employment contract. International Labor Organization Convention No. 102 (1952) ascertains that retiree benefits include old age, sickness, disability (invalidity), survivors, maternity, employment injury, unemployment, health care and subsidies for families with children. In many parts of the world, social security systems have been under challenges and that the labor organization systems are too expensive that they harm the process of socio economic development of employees. The report proceeded stating that; one of the key global problem facing social security today is the fact that more than half of the world's population (workers and their dependents) are excluded from any type of social security protection (89th session of ILO,2001). Around the world retirement kills more than hard work ever does. The life style of retiree changes relatively with income. As income from employment comes to the end the retirees face new experience of life difficulty resulting into failure to meet their normal life requirements as previously since the income a retiree gets on the monthly basis is little compared to the salary he was receiving (Forbe, 2008),(Nyangarika,2016c). In many African countries the lives of retirees are difficult in such a way that their benefits end in getting only the basic requirements while others do not. It has been a common burden to family members to take care of them since they are old enough to work and to

be sick is common to them. The small income the retirees get from their pensions are affected by the change of cost of living due to cost of production, war, famine, drought among others that bring unexpected prevailing prices of goods and services while their income remains the same (Oburu, 2011), (Nyangarika 2016a). According to Kayitare (2012), in Rwanda social security is a fundamental human right, considered as a right belonging to all as recognized and considered internationally for their future socio – economic development. Despite being a fundamental human right over 80% of the world's population has no access to social security protection. Tanzanian Social Security Regulatory Authority (SSRA) board member said that once a retiree thinks about money as income from employment that he will not get it he is in a position of getting double retirement. This means that the retiree may be thinking about how to generate income from unemployment since to get income from unemployment does not exist due to his retirement (Muhimbi: 2012).

The contribution for retirement benefit of an employee is mandatory as per legislation (laws and regulations) of the United Republic of Tanzania but it shows that the program is less significant to the retirees due to the fund being small and uniform to the rest of their life span without considering the change of cost of living standard as per inflation. This encounters to poor lifestyle in the future since the income of the majority is low and it is hard for them to plan for other income generating projects of business and investment meanwhile they are working as employees with minimum income (Mayunga: 2011).

In Nyamagana District the majority of the retirees face life difficulties resulting into poor life styles due to low and small monthly old-age pension that they receive. Unlike when they were employees before their retirement, these retirees used their small pension to buy only the basic requirements in their lives while other important requirements in life cannot be met by them and make them live poorly.

However, these retirees face much problems in their lives, since the benefits they get on receive do not match with the change of cost of living as far as inflation and other economic uncertainties are concern. The monthly old-age pension is given on the flat rate basis without indexation of benefit or economic adjustment due to economic changes such that the pensions or benefits do not match relevantly with the current standard of living that make the majority of the retirees to live poorly. Some retirees fail even to get their basic requirements of food, shelter and clothing in life that make the majority of them become burdens as they depend mostly assistance from their family members. Many of them become frustrated, fall sick and even die few die years after retirement.

In Tanzania, retirees face a lot of problems such as lack of food, lack of care, sickness, failure to meet good living standards, frustration and stress due to insufficient income from their pension that they receive. The small pension that retirees receive as lump sum and old-age monthly pension do not favor their reasonable standards of living since the value of money depreciates as time goes. The retirees receive small amounts and fixed on the flat rate payment of benefits to the whole period of their lifespan without considering economic changes due to inflation and other related economic factors. Most of the retirees fail to meet their life basic requirements from their retirement benefits. They become dependent to their families; others become confused, permanently sick and even die few years after their retirement (Saruni, 2009). This study therefore analyzed the retirement benefits in relation to socio-economic development of retirees in Nyamagana District.

The main objective of this research study was to analyze the retirement benefits on socio-economic development of retirees in Nyamagana District. This study was based on retirement benefits as independent variable, socio-economic development as dependent variable and the policies and regulations as intervening variable between them.

## 2. Material and Methods

There are a lot of debates on retirees' benefits after employment. Various pension funds have been emphasizing on the retirement preparation for their members. According to Muhimbi during the 22ndPPF Annual General Meeting and paper presentation held between 10th and 12th October, 2012, one of the meeting proceedings was titled "Preparing for life after retirement"; with the objective of ascertaining how workers should prepare themselves before retiring. In that meeting it was underscored those majorities of retirees die soon after retirement or end up with frustration. In 2001, Horton argues in his studies if there is life after retirement? He concluded that there is no promising life after retirement due to insufficient income for retirees. The styles of life after office are correlated not with their management styles while on active duty but with their identification with heroic status and their quest, in varying degree for immortal status (Asasi, 1999).

ILO convention vol. 102 of 1952 which was ratified in Tanzania prescribe nine benefits which are old ages, sickness, disability (invalidity), survivors, maternity, employment injury, unemployment, health care and subsidies for families with children. Of the mentioned retirement benefits the basic ones are old age, disability (invalidity) and survivors. The pension funds in Tanzania including Parastatal Pension Fund (PPF) provide all the three basic benefits. PPF requires that for the member to receive the old age pension one has must have contributed for the period not less than 180 months or 15 years. The retirees should be from 55 years by his or her own will and 60 years as per regulation.

The ownership of property by retirees is another challenging area since most of the retirees obtain their benefits without any knowledge on how to invest. In other developed economies nations, retirees invest their benefits in buying stocks in public traded centers. Backman, in 2002 pointed out that the challenge to retirees or corporate coincide with a profound shift in the pattern of stock ownership for decades; ownership of public stock had been migrating from fabricated holdings indirect beneficial ownership through large and governmental pension fund.

In the study by Lopez-Murphy and Musalem (2004), data from 43 countries, both in Organization for Economic Co-operative and Development (OECD) and developing countries to examine whether accumulation of pension funds financial assets have an effect on national savings. The study found out that Mandatory pension savings fostered

socio-economic development of retirees and the national savings while voluntary pension savings either in form of pension savings or in form of insurance had no significant effect on national savings (Nyangarika. A (2016a).

Davis (2006) found a positive relationship between retirement benefits assets and savings while Reisen and Bailliu (1997) using data from eleven countries both from OECD and non OECD countries found out that pension asset accumulation had a positive and significant impact on private savings, but to a varying degree. However, Bosworth and Burtless (2004) found evidence that pension saving substitutes other forms of private saving in OECD countries. Beck and Levine 2004; Davis, 1998; 2006; Levine and Zervos, 1998; Filerr, Hanousek and Campos; 1999; Meng and Pfau, 2010) have shown that there is a positive relationship between retirement benefits assets and capital market development. Capital market development on the other hand, has been found to have a positive effect on economic growth (Levine and Zervos, 1998; Beck and Levine, 2004). Retirement benefits assets therefore might lead to better developed capital markets which in turn lead to economic growth. Meng and Pfau (2010) noted that even though the retirement benefits assets have a positive impact on the stock market depth and liquidity in developing countries, the impact of differs significantly according the country's level of financial development.

From the preceding the literature review, it is evident that retirement benefits assets have a positive effect of economic growth at either individual or national level, though with varying degree depending on the state of financial development of the country. It is also evident that retirement benefits assets can either affect economic growth directly or indirectly. (Nyangarika, 2016c) The current living standard of the retirees seemed to be worse by 85 percent after their retirement in USA while only 15 percent of the retirees said that it was better (Society of Actuaries, 2004). Country like Belgium, Denmark, France, Ireland, Netherland and Israel the retirement benefits are adjusted automatically to match with the living cost (World Book Encyclopedia, volume 15). However, the subsequent sub section presents the detail of the basic retirement benefits as provided by the pension funds in the country.

Review of PPF retirement benefits revealed that the old age benefits are paid to members of the funds when he/she ceases employment with at least 120 months' contribution period. The cause of ceasing employment may be attaining retirement age (i.e. 55 – 60 years); retrenchment, retired in public interest or removal from employment by a Presidential decree or any other relevant authority at retirement age (PPF Operation Guide, 2012).

The commuted pension gratuity" (CPG) (Lump sum) granted immediately on ceasing employment while Monthly old-age-pension granted to a member who has the above two qualifying conditions. This is granted monthly to member (pensioner) for the rest of his or her life. The Monthly old-age-pension is guaranteed for 36 months, i.e., if a pensioner dies within the first 36 months after granted lump sum. The funds will continue to remit this benefit to pensioner's survivors for the remaining months to make total of 36 months. However, if such pensioner dies after 36 months after being granted lump sum, this benefit ceases immediately (PSPF Operation Guide, 2012). For a member who leaves employment before reaching retirement age, but has made contributions for at least 120 months, a lump sum (commuted pension gratuity) is released to him immediately upon retirement. The fund starts paying out old age pension to such a member upon attaining 55 years of age. If such member dies before attaining retirement age, PPF starts to grant monthly old age benefits to the survivors for 36 months (PPF Operation Guide, 2012).

The old age security payment amount is determined by how long you have lived in Canada after the age of 18. It is considered taxable income and is subject to recovery tax. The maximum annual income is allowed to be eligible for pension and benefits. The retirees receive lump sums and monthly old age pension from the age of 55. On recommendation of a qualified and recognized Medical Board to the satisfaction of the Employer, a member of the pension fund is entitled to the Disability Retirement if he/she ceases to be employed on medical grounds. The benefits are granted to the member who has at least 120 months contributing period. The member is granted Lump sum "commuted pension gratuity" (CPG) immediately on ceasing employment followed by monthly old – age – pension immediately the following month upon granted lump sum regardless of this or her age for the rest of his or her life. If such member has less than 120 months contributing period he or she is granted gratuity immediately on ceasing employment (PPF Operation Guide, 2012).

Disability benefit is granted to the disabled one for six months followed by termination of benefits. Death benefits are payable to an employee's next of kin when the member dies while in service where the lump sum is granted the deceased member's legal personal representative, (APE) or "commuted pension gratuity" (CPG) whichever is greater and if before death the member had less than 120 months contributing period, it is either APE or gratuity (NSSF Operation Guide, 2012).Death benefits provides a one – time payment to (or on behalf of) the state of a deceased to survivors who is the spouse children of family members.

These benefits are paid to employee when a member dies while in service with at least 120 months contributing period. The benefits are payable to the beneficiaries as granted to the deceased member's dependents (wife or



husband; children below the age of 18 years; or deceased member's parents). It is granted the same way as monthly old age pension for 36 months. If the beneficiary is the wife, then if she re-marries within 36 months, this benefit stops and if the beneficiary is the husband, before he receives this benefit, he must prove to the Board of Trustees that he was wholly or substantially dependent on his wife (PPF Operation Guide, 2012).

The survivors benefit is granted to spouse or children as a lump sum followed by monthly pension for 36 months. The insured must have at least three months of contributions immediately before the medical issue began and only if certified by a recognized medical authority (PPF Operation Guide). According to Nation Social Security Fund (NSSF) Operational Guide, (2012) the beneficiaries are entitled to the education benefits when a member dies while in service with at least 36 months contributing period to the NSSF Education Benefits. It is granted to not more than four (4) children of the deceased from Nursery to Ordinary Secondary School Level. Employers should immediately notify the pension fund whenever death of employee occurs with certified copy of death certificate and details of the deceased member's children – full names and names of the schools. Each child is granted an amount not exceeding 1/12 of the deceased member's annual pensionable emolument (APE). PPF pays direct to the school's bank account at the beginning of each academic year (PPF Operation Guide, 2012). Education benefit is granted to the retire children for high learning education in Canada.

When a member ceases employment with less than 120 months contributing period and the cause of ceasing employment may be retrenchment, retired in public interest, or removal from employment by a Presidential decree or any other relevant authority then the employee would have qualified for gratuity benefits. Gratuity benefits is granted as lump sum immediately on ceasing employment (PPF Operation Guide, 2012). The withdrawal benefits are payable to the employee when a member ceases employment through resignation or termination. The benefits are payable in lump sum composed of total member's and employer's contributions plus a simple interest at the rate to be determined by the Board of Trustees if the contributing period is not less than 5 years (PSPF Operation Guide, 2012). The insured must be assessed with at least a 66.7% loss of earning capacity and have at least 180 months of contribution or 36 months of contributions, including at least 12 months in the 36 months immediately before the disability began. A medical board of doctors appointed by ministry of Health assesses the disability (PPF Operation Guide, 2012).

The survivor grant is paid if the insured did not meet the qualifying conditions for an Old-age or disability pension at the time of death. Eligible survivors are a widow(er) and children younger than age 18 (age 21 if a full-time student, no limit if disabled). If there is no surviving spouse or child, parents of the deceased may be eligible. The widow(er)'s pension ceases on remarriage. Survivors' benefits are not payable abroad (SSP, 2011). The insured had at least one month of contribution and was employed at the time of death. The grant is paid to the person who pays for the funeral (SSP, 2011). The Regulating Framework (No statutory benefits are provided - 2013) ascertains that the labor code requires employers to provide severance pay to employees with at least three months of continuous service (SSP, 2011).

Regulation of public pension schemes could play a significant role in forcing public pension institutions to perform in accordance with acceptable standards and to build trust in these institutions. Regulation of both the public and private environment is important to increase transparency and protect beneficiaries. However, there is little experience of this in all public pensions schemes in the country usually public pension schemes in the country usually public pension schemes are subject to their governing laws and the oversight of ministries of local Government Labor and Finance. Public pension contributors have been losing their social security coverage when they move between schemes, both within a country and across borders. The aim of social policies in Tanzania in the area of pension funds should be to reduce and alleviate poverty and inequality, and support the objective of the growing economy with a larger tax base for government revenue (Gaya, 2011) and (Nyangarika. A (2016a).

### 3. Methods

In this study simple random sampling was used. The sample size of 172 retirees represented the whole population of retirees in Nyamagana; where the population of 637 retirees from 2003 to 2012 was targeted from Nyamagana District Council.

The selection of relevant and appropriate sample size for the population was computed by using the following formula:

$$n = \frac{N}{1 + N(e)^2} \quad (\text{Arona, 2011})$$

Where n = sample size

$N$  = population size  
 $e$  = the desired level of precision = 10% = 0.1.  
 And  $1$  = the constant value of proportionality.

The aggregation resulted to seven variables. The resulted analyzed variables were old age, disability, death, survivors, education, withdraw; and policy and regulations. The scale resulted to standardized Cronbach 72.6% which indicate that the variables under consideration are reliable for further analysis. The Likert scale ranging from 1 to 5 was used to rate the seven variables of interest. The respondent used the scale to provide their opinions on the type of benefits which are offered by the organization upon retirement.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.699	.726	7

**Table 3.2 Reliability Statistics**

**4. Results**

From Table 4.0 it can be seen that majority of the respondents were male which comprised of 59 per cent (51) of all respondents. The remaining 41 per cent (70) were female. The reason to support the difference is that there were few females employed as compared to male in different sectors of economy. Education wise, 22 per cent (38) of the respondents possess certificate level of education. It can also be noted that over 92 per cent (158) of the respondents have secondary education and above. 15 per cent (28) are degree holder and above while diploma was only 16 per cent (28). 5 per cent (10) of the respondents were postgraduate holder. Generally, it was also noted that majority of the retirees were primary teachers and soldiers. It can also be noted that the 56 per cent (96) had served for more than twenty years while 15 per cent (26) had served between five and ten years.

**Table 4.1 Demographic characteristics of respondents**

Characteristics		Frequency	Percentage
<b>Gender</b>	Male	51	59
	Female	35	41
<b>Education</b>	Primary Education	7	8
	Secondary education (Form Four)	17	20
	Secondary education (Form Six)	15	17
	Certificate	19	22
	Diploma	14	16
	College graduate	9	10
	Postgraduate	5	5
<b>Years of Service</b>	Between 5 and 10	13	15
	Between 11 and 20	25	29
	Over 20 years	48	56

**Source: Field Data (2019)**

As part of providing answers to the first research question and giving information for first objective, respondents were requested to provide the ratings of their retirement plan which are provided by their organization. Table 4.1 and Figure 4.1 revealed that there exist some important similarities among all retirees and their organizations where they had been working. The types of retirement benefits provided by various sectors are as follows: - First, old age benefit is ranked among the top tier of retirement plan offered by most organizations for all worker groups and rated as "always" by 78.16 per cent of surveyed retirees. Secondly, education, gratuity, survivors, withdraw were the least in the ratings. These tended to be very unfamiliar in most organizations. Gratuity, education and withdraw rated by over 30 per cent of respondents to be "never" provided by the employers where withdraw marking the highest at 65 per cent. Thirdly, disability and death were somewhere in the middle as around 50 per cent of the respondents indicated that most of the organizations provide the benefits to their retirees.

**Table 4.2. Retirement Benefits provided by the organizations (%)**

Retirement Benefit	Never	Seldom	Sometime	Frequently	Always	Missing
Old Age	2.30	4.60	3.45	8.05	78.16	3.45
Disability	13.79	4.60	11.49	54.02	13.79	2.30
Death	16.09	25.29	33.33	12.64	9.20	3.45
Survivors	29.89	27.59	31.03	3.45	4.60	3.45
Education	39.08	39.08	12.64	2.30	3.45	3.45
Gratuity	44.83	33.33	9.20	1.15	9.20	2.30
Withdraw	65.52	19.54	6.90	0.00	2.30	5.75

Source: Field Data (2019)

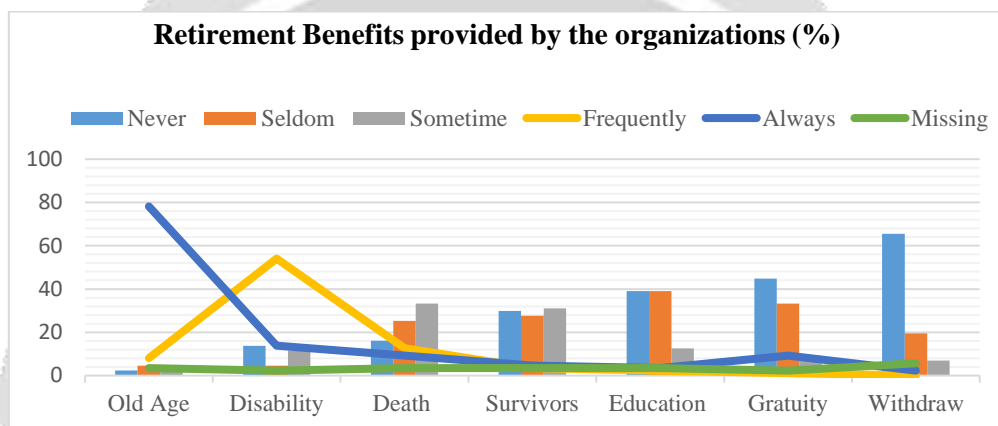
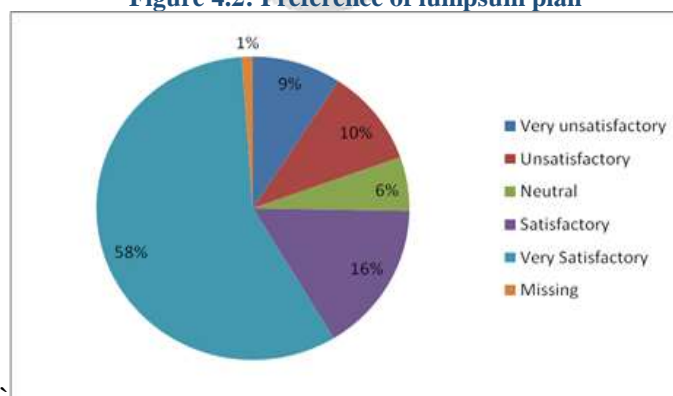


Figure 4.1: Retirement benefits provided by organizations  
Source: Field Data (2019)

More than 58 per cent of respondents indicated that they were satisfied with the lump sum payment plan of the retirement benefits than the regular payments provided monthly. Figure 4.2 presents the preference of lump sum benefits plan provided by the organization. It was established that the 58 per cent of respondent rated the preference for lump sum plan as very satisfactory. About 10 per cent rated as unsatisfactory. This implies that still some efforts have to be done by the organization. The main reason supporting the level of satisfaction was stated by some participants to include use the lump sum benefits in making investment since they cannot afford their living by the use of regular pension they receive after every three months.

Figure 4.2: Preference of lumpsum plan



Source: Field Data (2019)

Participants were asked to give the level of satisfaction to the six pre-determined retirement benefits with their associated sub items. The data were aggregated to have a representation of the level of satisfaction. The average for the aggregated data was used to estimate the level of satisfaction for each benefit as depicted in the Table 4.2

Table 4.3 Level of Satisfaction for the identified retirement benefits

Type of Benefits	Number of Respondent	Mean	Std. Deviation
Old age	172	3.9147	1.34133
Disability	162	2.2551	1.10494
Death	162	2.0333	1.03096
Survivors	162	1.8021	.79648
Withdraw	162	1.6687	.68462
Education	164	1.5325	.77665

Source: Field Data (2019)

From Table 4.2 findings revealed that the old age, disability and death tend to have higher level of satisfaction as compared to the rest. Old age benefit ranked higher as having a mean of about 4 which implies satisfactory following the likert scale of 1 up to 5 where 1 was for very unsatisfactory, 2 unsatisfactory, 3 for neutral, 4 for satisfactory and 5 for very satisfactory. The remaining benefits were ranked unsatisfactory. Respondent were requested to provide the ranking on the use of retirement benefits in paying school fees for their children as part of family responsibilities. Other source of financing school fees was evaluated which include family assistance, government assistance and donors' sponsorship. Table 4.3 below summarizes the responses from the participants of the survey.

Table 4.4: Percentage of means of paying school fees

Means of paying schools fees	Never	Seldom	Sometimes	Frequently	Always
Retirement Benefit	13.8	27.6	18.4	16.1	14.9
Family Assistance	37.9	21.8	12.6	9.2	12.6
Government Assistance	63.2	17.2	6.9	4.6	2.3
Donor sponsorship	73.6	14.9	2.3	2.3	0

Source: Field Data (2019)

Result in Table 4.3 above it can be seen that the retirement benefit is mostly used in paying school fees as compared to other means. 14.9 per cent of the retiree ranked always that the benefit is used for paying school fees. Other means include family and government assistance. The alternative use of retirement benefit is supported by the 13.8 per cent which is the lowest ranked as "never" compared to the rest. Table 4.4 below depicts that most of the retirees use the pension to buy food, as over 50 per cent rated "always" the frequency on which the pension is used to buy food for the family. Other sources of food include cultivation or agriculture with over 33 per cent. Followed by assistance from family members (3.4 percent), NGOs and other support and lastly through government support. This implies that majority of the retirees depend(s) on their benefits to sustain and meeting their family's basic needs.

The retiree ranked the health service as provided by the NHIF, Government hospitals, self-payment, family aid and others. Table 5 below presents the per cent of ranking made. From Table 4.5 it can be established that the National Health Insurance Fund (NHIF) received a higher percentage of satisfaction as compared to others. The NHIF is followed by self-payment and government hospitals and dispensary. This implies that the NHIF is providing somehow better services to retirees as compared to other service providers.

Table 4.5: Percentage of provision of food for the family

Food Security	Never	Seldom	Sometimes	Frequently	Always
Buying using Retirement pension	16.1	4.6	11.5	11.5	50.6
Cultivating Assistance from family members	4.6	12.6	11.5	32.2	33.3
Government support NGOs and other support	34.5	34.5	10.3	2.3	3.4
	62.1	11.5	6.9	3.4	0
	75.9	5.7	2.3	0	1.1

Source: Field Data (2019)

As part of intervening variables, the policies and regulations were identified as key variables. The respondents were requested to rate the use or application of the existing policies and regulations in their organization where they had been working. Table 4.6 presents the per cent of ratings made by the respondents in respect of the application of policies and regulations in their retirement benefits.

Table 4.6: Level of satisfaction for health services (%)

Means of paying Health services	Never	Seldom	Sometimes	Frequently	Always
National Health Insurance Fund	12.6	8.0	10.3	23.0	40.2
Government Hospitals and Dispensaries	6.9	14.9	27.6	36.8	6.9
Self-payment	16.1	18.4	32.2	12.6	14.9
Family Aid	36.8	32.2	13.8	6.9	3.4
Others	42.5	5.7	1.1	1.1	2.3

Source: Field Data (2019)

Table 4.6 reveals that the policies and regulations related to retirement action are mostly used and applied in the retirement process as it was rated always by over 67 per cent of respondents. The retirement policy and regulation was followed by the pension gratuity and monthly old-age pension. The least applicable policies and regulations were being the termination of services; resignation from services and education pension.



Table 4.7: Application of policies and regulations governing the benefits(%)

Policies and Regulations	Never	Seldom	Sometimes	Frequently	Always
Retirement Action	3.4	2.3	9.2	10.3	67.8
Commuted pension gratuity upon ceasing employment	6.9	3.4	6.9	11.5	66.7
Monthly old-age pension	6.9	5.7	10.3	9.2	63.2
Survivors pension	17.2	26.4	24.1	9.2	14.9
Education pension	40.2	31.0	16.1	2.3	2.3
Resignation from service	50.6	29.9	6.9	1.1	2.3
Termination of services	51.7	26.4	5.7	4.6	4.6

**Source: Field Data (2019)**

Key variables for socio-economic development were rated to confirm the level of satisfaction as far as the retirement benefits is concerned. The key sub-variables under the socio-economic aspect included education, health, housing and shelter; income generation and food security. Table 4.7 presents the percentage of level of satisfaction for the above sub variables.

Table 4.8: Satisfaction for socio-economic development from retirement benefits (%)

Socio-Economic Development	Very Unsatisfactory	Unsatisfactory	Neutral	Satisfactory	Very Satisfactory
Education	14.9	42.5	25.3	8.0	1.1
Health	43.2	19.5	18.4	10.3	4.6
Housing and shelter	48.3	27.6	8.0	6.9	2.3
Income generation	47.1	29.9	9.2	2.3	1.1
Food security	55.2	21.8	5.7	8.0	2.3

**Source: Field Data (2019)**

From Table 4.7 shows that the health have higher per cent of level of satisfaction as compared to others (more than 14 per cent as satisfaction). The health variable was followed by the food security with over 10 per cent. Income generation was the lowest reported in terms of level of satisfaction.

Respondents were requested to indicate if they own the house as part of their personal assets following the retirement. Table 4.8 indicates the distribution of ownership of housing and shelter. It can be noted that over 70 percent of respondents own their houses and built by their own means or from the retirement benefits. 2 percent indicated that they own the house but from loan sources which means they are spend part of their retirement benefits to pay for the loaned property.

**Table 4.9: Housing and Shelter Ownership**

	Frequency	Percent
<b><i>Housing and Shelter Ownership</i></b>		
Own House	63	72.4
Renting from others	10	11.5
Depending on others	7	8.0
Borrowings	3	3.4
Loaned	2	2.3
Missing System	2	2.3

To find out the existing relationship between the independent variables and dependent variable, a standardized multiple regression was applied to the aggregated variables. The multiple regression of R and R<sup>2</sup> were used to measure the strength relationship between the set of independent variables and dependent variable. An F- Distribution was used to determine if the relationship can be generalized to the population represented by the sample. A t-test statistics was also used to evaluate the individual relationship between each independent and the dependent variable.

The Multiple R for the relationship between the set of independent variables and the dependent variable is .408, which would be characterized as moderate using the rule of thumb than a correlation less than or equal to 0.20 is characterized as very weak; greater than 0.20 and less than or equal to 0.40 is weak; greater than 0.40 and less than or equal to 0.60 is moderate; greater than 0.60 and less than or equal to 0.80 is strong; and greater than 0.80 is very strong. Table 4.13 reveals that there existing a moderate relationship of type of retirement benefits; policies and regulations and the dependent variable socio-economic development.

The contribution for retirement benefit of an employee is mandatory as per legislation (laws and regulations) of the United Republic of Tanzania but it shows that the program is less significant to the retirees due to the fund being small and uniform to the rest of their life span without considering the change of cost of living standard as per inflation. This encounter to poor lifestyle in the future since the income of the majority is low and it is hard for them to plan for other income generating projects of business and investment meanwhile they are working as employees with minimum income (Mayunga, 2011) and (Nyangarika .A (2016c)

In many African countries the lives of retirees are difficult in such a way that their benefits end in getting only the basic requirements while others do not. It has been a common burden to family members to take care of them since they are old enough to work and to be sick is common to them. The small income the retirees get from their pensions are affected by the change of cost of living due to cost of production, war, famine, drought among others that bring unexpected prevailing prices of goods and services while their income remains the same (Oburu, 2011). Around the world, retirement kills more than hard work ever does. Their lifestyle may change relatively with income. As income from employment comes to the end the retirees face new experience of life difficulty resulting into failure to meet their normal life requirements as previously since the income a retiree gets on the monthly basis is little compared to the salary he was receiving (Forbe, 2008).

Table 4.10: Relationship between the retirement benefit, policies/regulations and the level socio-economic development of retirees in Nyamagana

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638a	.408	.342	.55974

a. Predictors: (Constant), policy regulation , aggregated withdraw benefit, aggregated education benefit, aggregated disability benefits, aggregated old age benefit, aggregated death benefits, aggregated survivors benefits

Using multiple regression has generated the F-statistics as indicated in Table 4.14. The probability of the F statistic (6.190) for the overall regression relationship is 0.000, less than or equal to the level of significance of 0.05. We reject the null hypothesis that there is no relationship between the set of independent variables and the dependent variable. We support the research hypothesis that there is a statistically significant relationship between the retirement benefit, policies/regulations and the level socio-economic development of retirees in Nyamagana. We conclude that, statistically, there exist a relationship between retirement benefits (measured by old age, disability, withdraw, death, survivors and education); policies and regulations and socio-economic development.

**Table 4.11: Analysis of Variance (ANOVA) for the identified variables**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.576	7	1.939	6.190	.000 <sup>a</sup>
	Residual	19.738	63	.313		
	Total	33.315	70			
a. Predictors: (Constant), policy regulation , aggregated withdraw benefit, aggregated education benefit, aggregated disability benefits, aggregated old age benefit, aggregated death benefits, aggregated survivors benefits						
b. Dependent Variable: socio-economic benefit						

As part of providing answers to the first research question and giving information for first objective, respondents were requested to provide the ratings of their retirement plan which are provided by their organization. However, the study had revealed some important similarities that exist among all retirees and their organizations where they had been working (Figure 4.1 and Table 4.1 above present the details).

- First, old age benefit is ranked among the top tier of retirement plan offered by most organizations for all worker groups and rated as “always” by 78.16 per cent of surveyed retirees.
- Secondly, education, gratuity, survivors, withdraw were the least in the ratings. These tended to be very unfamiliar in most organizations. Gratuity, education and withdraw rated by over 30 per cent of respondents to be “never” provided by the employers where withdraw marking the highest at 65 per cent.
- Thirdly, disability and death were somewhere in the middle as around 50 per cent of the respondents indicated that most of the organizations provide the benefits to their retirees.

However, the most retirement benefits that are provided by many organizations in Nyamagana District are old-age benefit, disability benefit and death benefits. Upon 86 respondents who provided the information, it has been established that old-age gives a mean of about 4, disability and death benefits give the means of about 2 while survivors, withdraw and education benefits being the least provided benefits with the means of less than 2. According to Social Security Program throughout the World-Africa 2011 in Tanzania the major retirement benefits that are provided by many organizations are old age, disability and death.

The study shows that the policies and regulations during retirement action are followed by many organizations for old age, disability, death, survivors and gratuity as it was rated by over 67 percent of the respondents. However, education and withdrawal as termination and resignation of service are found negligible as subjected to various policies and regulations by pension funds.

Key variables for socio-economic development were rated to confirm the level of satisfaction as far as the retirement benefits is concerned. The key sub-variables under the socio-economic aspect included education, health, housing and shelter; income generation and food security. It was established, the health has higher per cent of level of satisfaction as compared to others (more than 14 per cent as satisfaction). The health variable was followed by the food security with over 10 per cent. Income generation was the lowest reported in terms of level of satisfaction. On the other hand, the very unsatisfactory level from the retirement benefits on socio- economic development was ranked by the respondents as follows. Food security about 55 percent, housing and shelter 48 percent, income generation 47 percent health 43 percent and education about 15 percent. Such trend shows that the retirement benefits favor weakly the socio – economic development of retirees in Nyamagana District with un-satisfaction level of ranking in percentage.

This ranking level of un-satisfaction agrees with the study done in USA which showed that 85 percent of retirees faced poor lives while only 15 percent faced good life styles. The lump sum that were paid did not increase on the annual bases, instead remained as flat rate mode of payments without considering economic changes due to inflation (Academy society of Actuaries, 2004). To find out the existing relationship between the independent variables and dependent variable, a standardized multiple regression was applied to the aggregated variables. The R and R<sup>2</sup> were used to measure the strength relationship between the set of independent variables and dependent variable. An F-Distribution was used to determine if the relationship can be generalized to the population represented by the sample. A t-test statistics was also used to evaluate the individual relationship between each independent and the dependent variable.

The Multiple R for the relationship between the set of independent variables and the dependent variable is .408, which would be characterized as “moderate” using the rule of thumb than a correlation less than or equal to 0.20 is characterized as very weak; greater than 0.20 and less than or equal to 0.40 is weak; greater than 0.40 and less than or

equal to 0.60 is moderate; greater than 0.60 and less than or equal to 0.80 is strong; and greater than 0.80 is very strong. Table 4.12 below reveals that there existing a “moderate” relationship of type of retirement benefits; policies and regulations and the dependent variable socio-economic development.

Use of multiple regression has generated the F-statistics as indicated in Table 4.13 below. The probability of the F statistic (6.190) for the overall regression relationship is  $<0.001$ , less than or equal to the level of significance of 0.05. We reject the null hypothesis,  $H_0$  that there is no relationship between the set of independent variables and the dependent variable. We support the alternative research hypothesis,  $H_a$  that there is a statistically significant relationship between the set of independent variables and the dependent variable. We conclude that statistically, there is exist a relationship between retirement benefits (measured by old age, disability, withdraw, death, survivors and education), policies/regulations and the social – economic development of retirees in Nyamagana District.

Payout option for the retirement benefits (is it in lump sum or series of regular monthly payment?). it has been compared it with other studies done in USA which indicate that Men are among the most likely to say they would take regularly scheduled monthly withdrawals of the lump sum (17% vs. 5% women), while unmarried individuals are among the most predisposed to say they would take irregular withdrawals on an “as needed” basis (30% vs.15% married) (Retirement Plan Preferences Survey, the American Academy of Actuaries, Society of Acturics, Jan 2004, Mathew Greenwald & Associates, Inc.)

Use of lump sum withdraw, in developed economy, the retirees use the lump sum withdraw benefit, the principal plus the earnings, intact as long as possible (20 per cent). About half as many maintain they are taking regularly scheduled monthly withdrawals (12%) or they withdraw the entire amount for a major purchase or to pay-off debt (10%). Less than one in ten each report purchasing an annuity that provides guaranteed regular payments for the rest of their lives (8%), taking irregularly scheduled as needed withdrawals (6%), withdrawing only the earnings and keeping the principal intact (4%), or doing something else with the money (7%). However, one-third either says they do not know what they are doing with this money (8%) or did not provide an answer (25%). (Retirement Plan Preferences Survey, the American Academy of Actuaries, Society of Actuaries, Jan 2004, Mathew Greenwald & Associates, Inc.). It is completely different from the findings from this study as it points out that the retirement benefits are meant to meet the family obligations including the health, paying for education, building for houses etc.

For Ownership of assets, the study shows that over 70 percent of the respondents live in their own houses which they built from their previous salaries, retirement benefits or any other income generating activities. About 13 percent of the respondents found renting houses from others, 8 percent depending on family members and others, about 3 percent borrowing from others while about 2 percent indicated that they loan the houses but from loan sources which means they spend part of their retirement benefits to pay back for the loaned property. The study indicated that majority of the retirees own their houses which is in agreement to the study done in USA which indicated that half of retirees report they have less than \$100,000 in financial assets, excluding the value of their home. More than one-fourth have between \$100,000 and \$499,999 in financial assets, and one in ten has \$500,000 or more. Retirees were also asked what proportion of the financial assets is in fixed investments and what proportion is in variable investments. Almost half report they have at least 25% of their household’s assets in fixed or guaranteed investments (47%), and more than one-third indicate they have 25% or more of their household’s assets invested invariable investments (35%) (Academy Societies of Actuaries, 2004). Generally, it is observed that the retirement benefits favor weakly the social –economic development of retirees not only in Nyamagana District or in Tanzania but also elsewhere around the world. This also implies that the policies/regulations favor weakly the socio-economic development of retirees; such that the retirement benefits found not to be potential to the life styles of the retirees. There should be a critical policy review and amendment (if any) upon policies and regulations into retirement benefits by the government and other potential subscribers for the pension to be beneficial to the socio-economic development of retirees.

## 5. Conclusion

The study shows that many retirees in Nyamagana District depends mostly on their retirement benefits to the rest of their lives following retirement. Few of them participate in various economic activities simply because many of them are too old to manage and involve themselves in such activities. For future improvement of the retirement benefits, the following recommendations are made based on the findings from the study done. The recommendations also will provide the way forward in improving the living standards of retirees as follows; The policies and regulations should be reviewed in such a way that there should be annual adjustment of monthly old – age pension as indexation of benefits in accordance to the change of cost of living as far as inflation is concern. Thus there should not be a flat rate mode of payment without annual increments to retirees’ monthly payments. To subsidize the standards of living of the retirees is significant as per annual economic changes and inflation that may favor them invest their incomes to get



good expected returns and minimize risks (uncertainties and contingencies) to incorporate their standard of living goals appropriately and reasonably. There should be special education or workshops to the employees to start preparing significantly before their retirement. The government should provide education to the employees and retirees through seminars, workshops, radio, televisions, newspapers, magazine among others on how the employees should engage themselves in various economic activities to generate income from business and investment and not only from employment before their retirement ages. There should be unity and unions among the retirees that could accelerate them to create a “sound voice” to all matters associated with their retirement benefits and rights so as to avoid inconveniences that the retirees always face. Both employees and retirees should be educated and reminded on how to manage well and appropriately savings and investment to maximize their equities rather than spending so as to minimize losses. There should be provision of reasonable education by the public and private sectors on how to invest much their incomes in lands and buildings that can be manageable as far as their old ages are concern unlike dealing with income generation from business where risks may be higher and that may reduce the returns and even ending into winding up their businesses due to bankruptcy. The government should start providing social pension to all old-aged Tanzanians (after their retirement) since they dealt with various economic activities that contributed to the national income through self-employment. Such group of retirees may be farmers, pastoralists, fishers, business dealers, builders among others who were dealing with self-activities and they have been paying taxes to the government. However, the collection of such activities contributed much to the wealth of the nation through business and investment activities that generated incomes. They are liable to be pensionable by the government. The researches that may be conducted under retirement benefits will be useful not only to the retirees in Nyamagana District but also to the national and international communities.

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