Gusau Journal of Economics and Development Studies (GUJEDS),
vol 6, no 1 August, 2025 ISSN: 2786-9695 (Print) 3027-1126 (Online)

FINANCIAL PLANNING, FINANCIAL EXPERIENCE AND OLD AGE POVERTY RISK IN LAGOS STATE, NIGERIA

DOI: https://doi.org/10.57233/gujeds.v6i1.23

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Abstract *Population ageing, inadequate pension coverage, and rising inflation have heightened old-age poverty risk among retirees in Nigeria. This study examined the influence of financial planning and financial experience on old-age poverty risk among civil servants in Lagos State. A cross-sectional survey design was adopted, and data were collected from 147 respondents using a structured questionnaire. Multiple regression analysis were employed to analyse the data. The findings revealed that financial planning did not significantly influence old-age poverty risk independently, whereas financial experience exerted a significant influence. However, financial planning and financial experience jointly had a significant effect on old-age poverty risk, indicating that practical financial capability enhances retirement planning outcomes. The study concludes that reducing old-age poverty risk requires integrating financial planning with financial capability development. It recommends strengthening pension administration and institutionalizing continuous financial education programmes. The study contributes empirical evidence from Nigeria and recommends longitudinal studies incorporating broader behavioural and institutional factors to further understand nitty grieties of national policies for the pension system.*

Keywords Financial planning; Financial experience; Old-age poverty risk; Retirement preparedness; Nigeria

1.0 Introduction

Population ageing is transforming the demographic and economic landscape of both developed and developing economies, intensifying concerns over retirement income adequacy and old-age poverty risk. While improvements in healthcare and living standards have extended life expectancy, many individuals, particularly in developing economies, retire without adequate financial resources to sustain their livelihoods, thereby increasing probability

of old age poverty. In Nigeria, the challenges of inadequate pension coverage, widespread informal employment, rising inflation, and limited financial inclusion policy have heightened the vulnerability of older adults to financial hardship (World Bank, 2022; United Nations, 2023; International Labour Organization [ILO], 2024). These conditions underscore the need to identify the degree of financial mechanisms that can enhance retirement preparedness and mitigate old-age poverty risk among civil servants in the first instance since they have the highest level of compliance with the pension reforms.

Against this backdrop, financial planning and financial experience have emerged as important mechanisms for improving retirement preparedness and reducing financial vulnerability in old age. Financial planning is more likely to produce favourable retirement outcomes when individuals possess sufficient financial experience to make informed saving, investment, and pension decisions (Tomar et al., 2021; Fan et al., 2022; Białowolski et al., 2022; Xiao & Porto, 2022). Empirical studies consistently show that individuals with effective financial planning and greater financial experience are more likely to achieve financial resilience and maintain adequate living standards after retirement (Sundarasen et al., 2024; Hu et al., 2025; Ouyang et al., 2025). Moreover, existing evidence is derived predominantly from developed economies with mature pension systems, limiting its applicability to Nigeria's institutional and socioeconomic environment.

Although previous studies have established the importance of financial planning and financial experience for retirement preparedness and financial well-being, relatively little empirical evidence explains how these factors jointly influence old-age poverty risk, particularly in developing economies such as Nigeria (Lusardi et al., 2021; Fan et al., 2022; Białowolski et al., 2022; Xiao & Porto, 2022). This study addresses this gap by examining the influence of financial planning and financial experience on old-age poverty risk among residents of Lagos State, Nigeria. The findings are expected to extend the retirement finance literature by providing empirical evidence on the joint effects of financial planning and financial experience on old-age poverty risk in a developing economy. They also offer policy insights for governments, pension administrators, and financial institutions seeking to strengthen retirement preparedness and reduce old-age poverty.

2.0 Literature Review

2.1 Conceptual review

Financial planning is the systematic process of managing financial resources through budgeting, savings, investment, insurance, taxation, debt management, and retirement planning to achieve long-term financial security and improve financial well-being. It has become increasingly important in response to economic uncertainty, inflation, population ageing, and rising life expectancy, all of which require individuals to adopt proactive financial strategies throughout their working lives. Recent studies have shown that effective financial planning enhances financial resilience, promotes wealth

accumulation, improves retirement preparedness, and strengthens financial capability by encouraging disciplined saving and prudent investment behaviour (Tomar et al., 2021; Białowolski et al., 2022; Xiao & Porto, 2022; CFP Board, 2022; Indapurkar et al., 2024; Khatun et al., 2026).

Recent empirical evidence consistently indicates that individuals who engage in structured financial planning are more likely to accumulate adequate retirement savings, maintain financial stability, and experience greater financial confidence than those without formal financial plans (Fan et al., 2022; Sundarasen et al., 2024; Krishnaveni et al., 2024; Marcelin & Sun, 2025; Evans & Altschwager, 2026). Nevertheless, most existing studies have focused on developed economies with mature pension systems and advanced financial markets, while limited empirical evidence is available from developing countries such as Nigeria, where high inflation, low financial inclusion, inadequate pension coverage, and widespread informal employment constrain effective financial planning. This contextual gap highlights the need to examine the role of financial planning in reducing old-age poverty risk among workers and retirees in Lagos State (Orji et al., 2024; Adetunji & Gumede, 2025; Bisong et al., 2026).

Financial experience refers to the practical knowledge, skills, and competencies individuals acquire through continuous engagement with financial activities such as budgeting, savings, investments, pension participation, insurance, credit management, and financial decision-making. Unlike financial literacy, which emphasizes theoretical understanding of financial concepts, financial experience is developed through real-life interactions with financial products and institutions, enabling individuals to make informed financial decisions under varying economic conditions. Recent studies indicate that greater financial experience enhances financial capability, improves investment decisions, strengthens retirement preparedness, and promotes long-term financial well-being (Lusardi et al., 2021; Xiao & Porto, 2022; Hu et al., 2025; Ouyang et al., 2025; Atalay & Staneva, 2026; Khatun et al., 2026).

Empirical evidence suggests that financially experienced individuals are more likely to diversify investments, maintain regular savings, participate in pension schemes, and effectively manage financial risks than those with limited financial exposure. Studies further reveal that financial experience significantly improves retirement confidence and reduces vulnerability to financial hardship by enhancing individuals' ability to adapt to inflation, income uncertainty, and unexpected expenditures (Białowolski et al., 2022; Fan et al., 2022; Sundarasen et al., 2024; Hu et al., 2025; Ouyang et al., 2025; Evans & Altschwager, 2026). However, evidence from developing economies remains limited, particularly in Nigeria, where low financial inclusion, irregular employment, and weak pension participation restrict opportunities to acquire practical financial experience. This gap underscores the need to examine the influence of financial experience on old-age poverty risk among workers in Lagos State.

Financial planning and financial experience are complementary, as effective long-term financial planning depends not

only on the intention to save and invest but also on the practical financial skills required to make sound economic decisions throughout the life cycle.

Old-age poverty risk refers to the probability that individuals will experience financial hardship and inadequate living standards during retirement because of insufficient income, limited savings, and weak social protection systems (World Bank, 2022; United Nations, 2023). The concept encompasses multidimensional deprivation, including limited access to healthcare, housing, nutrition, and other essential social services required for healthy ageing (International Labour Organization [ILO], 2024; HelpAge International, 2024). Recent demographic changes, rising inflation, increasing healthcare costs, and population ageing have significantly increased the vulnerability of older adults to poverty, particularly in developing economies where pension systems remain underdeveloped (Evans & Altschwager, 2026; Bavafa et al., 2026). Consequently, retirement income security has become an important policy concern among governments and international development agencies (World Bank, 2022; United Nations, 2023).

Empirical studies consistently demonstrate that old-age poverty risk is strongly associated with inadequate financial planning, limited financial experience, poor retirement savings, and low participation in formal pension schemes (Fan et al., 2022; Białowolski et al., 2022). Individuals who possess higher financial capability and practical financial experience are more likely to accumulate retirement assets, manage financial risks effectively, and maintain financial independence during old age (Sundarasen et al., 2024; Ouyang et al., 2025; Hu et al., 2025). Conversely, weak financial planning and inadequate pension participation expose retirees to economic insecurity and declining living standards, particularly in countries characterised by high inflation and widespread informal employment (Atalay & Staneva, 2026; Evans & Altschwager, 2026). Although several studies have examined the determinants of retirement well-being, empirical evidence on the combined influence of financial planning and financial experience on old-age poverty risk in Nigeria remains limited, thereby justifying the present study (Bisong et al., 2026; Adetunji & Gumede, 2025).

Financial planning and financial experience are complementary factors that jointly influence the likelihood of experiencing poverty in old age. Financial planning provides individuals with a structured approach to managing income through budgeting, regular savings, investment diversification, pension contributions, and insurance coverage, thereby promoting retirement preparedness and financial security (Fan et al., 2022; Xiao & Porto, 2022; Białowolski et al., 2022). However, the effectiveness of these planning activities largely depends on individuals' financial experience, which reflects the practical knowledge and confidence gained through engagement with financial products, investment decisions, credit management, and retirement savings (Lusardi et al., 2021; Hu et al., 2025). Individuals possessing both sound financial planning practices and substantial financial experience are therefore better equipped to cope with inflation, healthcare expenses,

and income uncertainty during retirement, thereby reducing their vulnerability to old-age poverty (Sundarasen et al., 2024; Ouyang et al., 2025; Evans & Altschwager, 2026).

Empirical evidence suggests that financial experience strengthens the effectiveness of financial planning by improving individuals' ability to make informed financial decisions, accumulate retirement wealth, and manage financial risks throughout their working lives (Tomar et al., 2021; Fan et al., 2022; Atalay & Staneva, 2026). Conversely, inadequate financial planning combined with limited financial experience increases the likelihood of insufficient retirement savings, poor investment decisions, and financial insecurity in old age (Białowolski et al., 2022; Hu et al., 2025). Although international studies consistently report that both financial planning and financial experience contribute significantly to reducing old-age poverty risk, evidence from Nigeria remains limited because low financial inclusion, inadequate pension coverage, and the predominance of informal employment continue to constrain retirement preparedness (World Bank, 2022; United Nations, 2023; International Labour Organization [ILO], 2024; HelpAge International, 2024). Consequently, examining the combined influence of financial planning and financial experience on old-age poverty risk among residents of Lagos State provides an important contribution to the existing literature.

2.2 Theoretical Review

2.2.1 Life-Cycle Hypothesis (LCH)

The Life-Cycle Hypothesis (LCH), developed by Modigliani and Brumberg (1954), explains that individuals allocate income, consumption, and savings over their lifetime to maintain stable living standards. The theory posits that people save during their working years and rely on accumulated assets after retirement, making financial planning essential for retirement security (Modigliani & Brumberg, 1954; Deaton, 2005). It further argues that financial experience enhances individuals' ability to make informed financial decisions, accumulate wealth, and achieve long-term financial well-being (Lusardi et al., 2021; Fan et al., 2022). Thus, the theory links financial planning and financial experience with reduced old-age poverty risk (Białowolski et al., 2022; Hu et al., 2025).

Recent studies support the Life-Cycle Hypothesis by showing that individuals with effective financial planning and greater financial experience accumulate more retirement wealth and are less likely to experience poverty in old age (Sundarasen et al., 2024; Evans & Altschwager, 2026). Nevertheless, its assumptions of stable income and rational financial behaviour are often constrained in Nigeria by inflation, informal employment, weak pension systems, and low financial inclusion (World Bank, 2022; United Nations, 2023; International Labour Organization [ILO], 2024). Despite these limitations, the theory remains appropriate for explaining how financial planning and financial experience influence old-age poverty risk. Therefore, it

provides the theoretical foundation for this study conducted in Lagos State, Nigeria.

2.1.2 Behavioral Life-Cycle Theory (BLCT)

The Behavioral Life-Cycle Theory (BLCT), developed by Shefrin and Thaler (1988), extends the Life-Cycle Hypothesis by explaining that financial decisions are influenced by psychological factors and self-control rather than pure rationality. The theory argues that individuals mentally separate their finances into different accounts and often prioritize short-term consumption over long-term savings (Shefrin & Thaler, 1988). It emphasizes that financial planning and financial experience enhance self-discipline, encourage retirement savings, and improve financial decision-making (Thaler & Benartzi, 2004; Lusardi & Mitchell, 2014). Thus, the theory explains how behavioural factors influence old-age poverty risk (Fan et al., 2022; Xiao & Porto, 2022).

Recent studies (such as Białowolski et al., 2022; Sundarasen et al., 2024) support the Behavioral Life-Cycle Theory by showing that individuals with greater financial experience and stronger self-control accumulate higher retirement savings and experience greater financial security in old age. However, behavioural biases, inadequate financial literacy, and weak financial inclusion continue to limit effective financial planning in developing countries such as Nigeria (World Bank, 2022; International Labour Organization [ILO], 2024). Despite these limitations, the theory remains relevant because it explains how financial planning and financial experience jointly reduce old-age poverty risk. Therefore, it complements the Life-Cycle Hypothesis as a suitable theoretical foundation for this study.

2.1.3 Human Capital Theory (HCT)

The Human Capital Theory (HCT), developed by Becker (1964), posits that investments in education, knowledge, skills, and experience enhance individuals' productivity and lifetime economic outcomes. The theory recognizes financial knowledge and practical financial experience as forms of human capital that improve financial decision-making and wealth accumulation (Becker, 1964; Lusardi & Mitchell, 2014). Individuals with higher levels of human capital are therefore more likely to engage in effective financial planning and prepare adequately for retirement (Xiao & Porto, 2022; Fan et al., 2022). Consequently, the theory provides a basis for understanding how financial capability contributes to reducing old-age poverty risk.

Recent studies indicate that financial capability developed through education and practical financial experience improves saving behaviour, investment decisions, and retirement preparedness, thereby lowering the risk of poverty in old age (Białowolski et al., 2022; Sundarasen et al., 2024). However, inadequate financial education, low financial inclusion, and limited access to financial services continue to constrain human capital development in developing countries such as Nigeria (World Bank, 2022; International Labour Organization [ILO], 2024). Despite these challenges, the Human Capital Theory complements the Life-Cycle and Behavioral Life-Cycle theories by explaining how financial

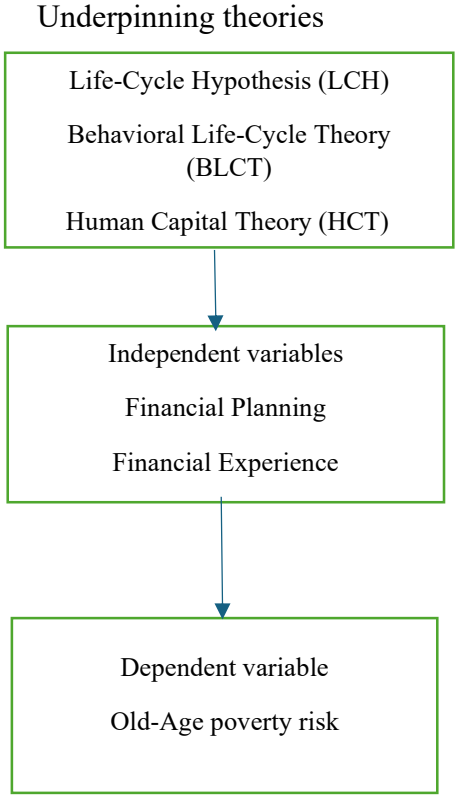
knowledge and experience strengthen financial planning. Therefore, it provides additional theoretical support for examining old-age poverty risk among residents of Lagos State.

2.1.4 Theoretical Framework

The theoretical framework for this study is anchored on the Life-Cycle Hypothesis (LCH) and complemented by the Behavioral Life-Cycle Theory (BLCT) and Human Capital Theory (HCT). Collectively, these theories explain that effective financial planning, practical financial experience, and informed financial behaviour enable individuals to accumulate wealth, prepare for retirement, and maintain financial security in old age (Modigliani & Brumberg, 1954; Shefrin & Thaler, 1988; Becker, 1964). They further provide the theoretical basis for understanding the determinants of old-age poverty risk.

Based on these theories, the study conceptualizes financial planning and financial experience as the independent variables influencing old-age poverty risk. It assumes that individuals who plan their finances effectively and possess greater financial experience are more likely to accumulate retirement wealth, manage financial risks, and achieve financial independence during old age. Consequently, the framework provides the basis for examining the effects of financial planning and financial experience on old-age poverty risk among residents of Lagos State, Nigeria.

2.1.5 Theoretical Framework Diagram



2.3 Empirical Review

2.3.1 Empirical Review on Financial Planning and Old-Age Poverty Risk

Recent empirical studies consistently show that financial planning enhances retirement preparedness and reduces old-age poverty risk. Tomar et al. (2021), Fan et al. (2022), Białowolski et al. (2022), Xiao and Porto (2022), and Sundarasen et al. (2024) found that structured financial planning significantly improves retirement savings, financial resilience, and long-term financial well-being. Similar evidence indicates that individuals who actively plan for retirement accumulate greater wealth and are better prepared to cope with financial shocks in later life (Hu et al., 2025; Ouyang et al., 2025; Ehrlich & Liu, 2025).

Subsequent studies confirm that financial planning contributes significantly to retirement income adequacy and lowers the probability of financial hardship in old age (Sundarasen et al., 2024; Hu et al., 2025; Ouyang et al., 2025). Cross-country evidence also suggests that financial constraints reduce individuals' propensity to plan for retirement, thereby increasing future economic vulnerability (Białowolski et al., 2022; Boisclair et al., 2023; Ehrlich & Liu, 2025). However, empirical evidence from Nigeria remains limited despite growing concerns about inadequate pension coverage, weak retirement preparedness, and financial insecurity among older adults, highlighting the need for further investigation in Lagos State (Oni-Eseleh & Badaiki, 2024; Bisong et al., 2026).

2.3.2 Empirical Review on Financial Experience and Old-Age Poverty Risk

Recent empirical studies indicate that financial experience significantly reduces old-age poverty risk by improving individuals' ability to make informed financial decisions and accumulate retirement assets. Lusardi et al. (2021), Fan et al. (2022), Xiao and Porto (2022), Hu et al. (2025), and Ouyang et al. (2025) found that individuals with greater financial experience exhibit stronger saving behaviour, higher pension participation, and better investment decisions, leading to greater retirement security. Similar findings by Białowolski et al. (2022), Sundarasen et al. (2024), and Khatun et al. (2026) further demonstrate that practical financial experience enhances financial capability and long-term financial well-being.

Further empirical evidence suggests that financial experience complements financial planning by strengthening retirement preparedness and reducing financial vulnerability during old age (Atalay & Staneva, 2026; Evans & Altschwager, 2026; Hu et al., 2025). Cross-country studies also reveal that individuals with extensive financial experience are better equipped to cope with inflation, unexpected expenditures, and post-retirement income shocks than those with limited financial exposure (Lusardi et al., 2021; Ouyang et al., 2025; Khatun et al., 2026). Nevertheless, empirical studies examining this relationship in Nigeria remain scarce, particularly within the context of Lagos State, where low financial inclusion, limited pension participation, and the predominance of informal employment continue to heighten the risk of old-age poverty (World Bank,

2022; International Labour Organization [ILO], 2024; Oni-Eseleh & Badaiki, 2024).

2.4 Conceptual Gap

The reviewed literature shows that financial planning and financial experience are important determinants of retirement preparedness and financial well-being. However, existing studies have largely examined these variables independently, with limited attention to their combined influence on old-age poverty risk. Furthermore, most empirical evidence has been generated from developed economies, making it difficult to generalize the findings to developing countries such as Nigeria, where pension coverage, financial inclusion, and retirement security remain relatively weak (Tomar et al., 2021; Fan et al., 2022; Białowolski et al., 2022; Sundarasen et al., 2024; World Bank, 2022; Hu et al., 2025; Ouyang et al., 2025).

In addition, previous studies have predominantly focused on retirement planning, financial capability, and financial well-being rather than directly examining old-age poverty risk as the outcome variable. This leaves important conceptual, methodological, and contextual gaps in the literature, particularly within the Nigerian setting characterized by inflation, widespread informal employment, and inadequate pension coverage (Lusardi et al., 2021; Xiao & Porto, 2022; Evans & Altschwager, 2026; International Labour Organization [ILO], 2024; Oni-Eseleh & Badaiki, 2024). Accordingly, this study seeks to bridge these gaps by investigating the combined effects of financial planning and financial experience on old-age poverty risk among residents of Lagos State, Nigeria.

3.0 Research Methods

This study adopted a cross-sectional survey design to examine the influence of financial planning and financial experience on old-age poverty risk among civil servants in selected Ministries, Departments and Agencies (MDAs) in Lagos State, Nigeria. A sample of 147 respondents was selected using a multistage sampling technique involving purposive, stratified, and simple random sampling. The design was considered appropriate because it enabled the collection of data at a single point in time and facilitated the empirical examination of the relationships among the study variables. Primary data were collected using a structured questionnaire comprising demographic items and measures of financial planning, financial experience, and old-age poverty risk on a five-point Likert scale. The instrument was adapted from validated studies and assessed through face and content validity by experts, while a pilot survey was conducted to enhance clarity and relevance. Reliability was evaluated using Cronbach's alpha coefficient, with a threshold of 0.70 indicating acceptable internal consistency.

Ethical principles were observed by obtaining permission from the relevant authorities, securing informed consent, and ensuring respondents' anonymity, confidentiality, and voluntary participation throughout the study. The completed questionnaires were coded and analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics summarized respondents' characteristics,

while simple and multiple linear regression analyses were employed to test the individual and joint effects of financial planning and financial experience on old-age poverty risk at the 5% level of significance.

4.0 Results and Discussion of Findings

4.1. Descriptive Analysis of Bio-Data

Table 1

Demographic Characteristics of the Respondents (N = 147)

Variable	Category	*n*	%
Gender	Male	90	60.0
	Female	57	38.0
Age (years)	40–49	6	4.0
	50–59	87	58.0
	60 years and above	54	36.0
Marital Status	Married	119	79.3
	Separated	12	8.0
	Widowed	16	10.7
Educational Qualification	Bachelor's Degree/HND	97	64.7
	Professional Certificate	4	2.7
	Others	46	30.7
Years of Service	5–9 years	28	18.7
	10–14 years	96	64.0
	15 years and above	23	15.3

Note. N = 147. Categories with zero responses are omitted for brevity.
Source: Field Survey (2026)

The demographic characteristics of the respondents indicate that the sample was appropriate for examining the influence of financial planning and financial experience on old-age poverty risk among civil servants in Lagos State. The findings reveal that 60.0% (n = 90) of the respondents were male, while 38.0% (n = 57) were female.

The majority of the respondents (58.0%, n = 87) were between 50 and 59 years of age, followed by those aged 60 years and above (36.0%, n = 54), suggesting that most participants were approaching retirement or had already attained retirement age. In addition, 79.3% (n = 119) of the respondents were married, indicating that they were likely to have family responsibilities that could influence their financial planning and retirement decisions.

Regarding educational attainment and work experience, 64.7% (n = 97) of the respondents possessed a Bachelor's Degree or Higher National Diploma, while 30.7% (n = 46) had other educational qualifications and 2.7% (n = 4) held professional certificates. Furthermore, 64.0% (n = 96) had between 10 and 14 years of service, compared with 18.7% (n = 28) who had 5–9 years of service and 15.3% (n = 23) who had served for 15 years or more. These findings suggest that the respondents were generally well educated and had substantial work experience, implying that they possessed adequate knowledge and practical exposure to provide reliable information on financial planning, financial experience, and old-age poverty risk.

Table 2

Demographic Characteristics of the Respondents (Continued) (N = 147)

Variable	Category	N	%
Grade Level	Grade 3–6	13	8.7
	Grade 7–9	39	26.0
	Grade 10–14	91	60.7
	Grade 15 and above	4	2.7
Family Size	Less than 3	15	10.0
	3–4	87	58.0
	5 and above	45	30.0
Government Intervention	Yes	4	2.7
	No	143	95.3
Loan Sourcing	Yes	25	16.7
	No	122	81.3

Variable	Category	N	%
Insurance Cover	Yes	18	12.0
	No	129	86.0

Note. N = 147. Categories with zero responses (e.g., Grade Level below Grade 3) are omitted because they did not contribute to the analysis. Percentages are based on valid responses. Source: Field Survey (2026).

Table 2 presents the demographic characteristics of the respondents with respect to grade level, family size, access to government intervention, loan sourcing, and insurance coverage. The results show that the majority of the respondents (60.7%, n = 91) were on Grade Levels 10–14, followed by 26.0% (n = 39) on Grade Levels 7–9, 8.7% (n = 13) on Grade Levels 3–6, while only 2.7% (n = 4) were on Grade Level 15 and above. This distribution indicates that most respondents occupied middle-level positions within the civil service and had accumulated substantial work experience. Regarding family size, 58.0% (n = 87) reported having three to four household members, whereas 30.0% (n = 45) had five or more members and 10.0% (n = 15) had fewer than three members. The predominance of respondents with moderate family sizes suggests that many had significant household financial responsibilities that could influence their financial planning and retirement preparedness.

The findings further reveal that a substantial majority of the respondents (95.3%, n = 143) had not received government intervention, while only 2.7% (n = 4) reported benefiting from such support. Similarly, 81.3% (n = 122) indicated that they had not sourced loans, compared with 16.7% (n = 25) who had obtained loans. In addition, 86.0% (n = 129) reported that they did not possess insurance cover, whereas only 12.0% (n = 18) had insurance coverage. These findings suggest that most respondents relied primarily on personal financial resources rather than external financial assistance or formal risk-protection mechanisms. Consequently, effective financial planning, prudent retirement savings, and adequate financial experience are likely to play a critical role in reducing old-age poverty risk among civil servants in Lagos State.

4.2 Descriptive Analysis of Research Variables

Table 4.3: Financial Planning Metrics

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
My pension coverage adequately covers my	26.7	36.0	2.0	26.7	6.7	2.50	1.326

expected retirement expense, enabling effective financial planning (pension coverage ratio)							
I am confident that my retirement savings are sufficient to support my desired lifestyle, and I have incorporated them into my financial planning (retirement saving)	23.3	33.3	2.0	17.3	22.0	2.81	1.532
I have an emergency fund in place that covers 3 – 6 months of living expenses; and it is a key part of my overall financial plan (emergency fund)	18.7	42.0	4.0	14.7	18.7	2.72	1.428
I regularly review and adjust my financial plan to account for inflation and its impact on my expenses and savings (inflation adjustment)	6.7	32.0	2.7	36.7	20.0	3.32	1.303
I regularly review my expense ratio (month expense vs. income) to inform my financial decisions (expense ratio)	12.0	17.3	10.0	35.3	23.3	3.41	1.349

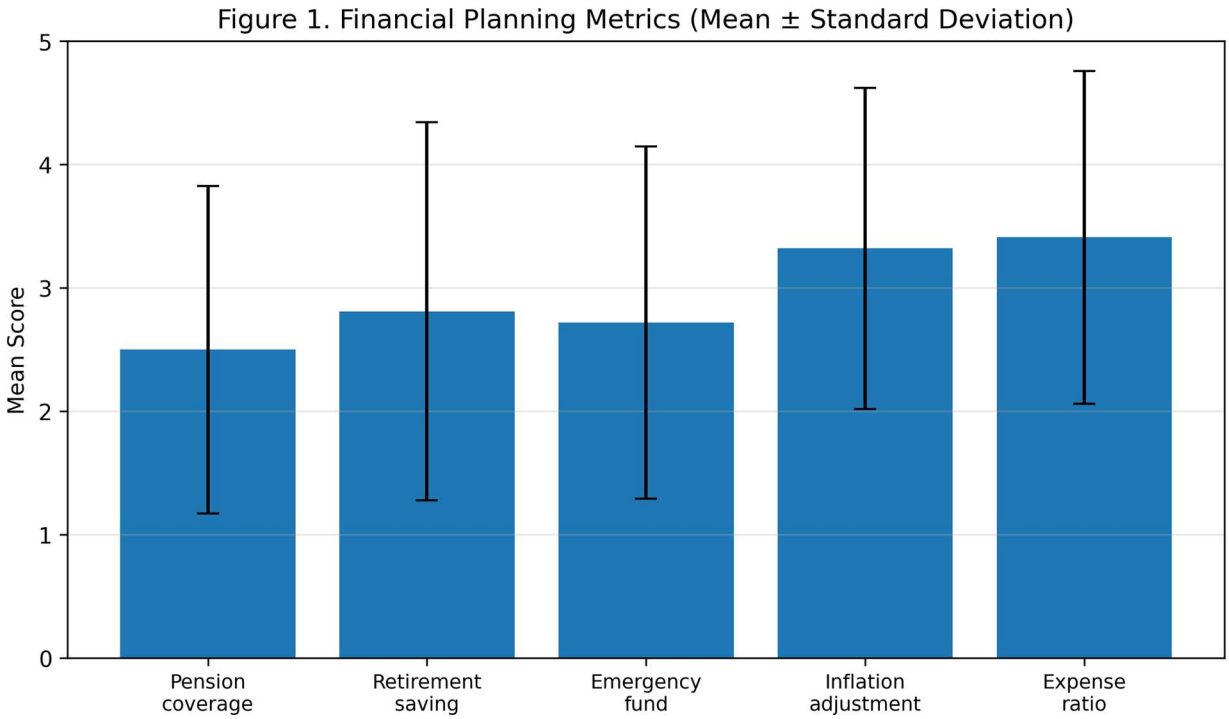
Source: Researcher's field survey, 2026

Table 4.3(Fig. 1) presents the descriptive statistics for the financial planning indicators among civil servants in Lagos State. The findings reveal that respondents expressed relatively low confidence in their pension coverage, retirement savings, and emergency funds, as evidenced by mean scores of 2.50 (*SD* = 1.326), 2.81 (*SD* = 1.532), and 2.72 (*SD* = 1.428), respectively. The response distributions further show that more than half of the respondents disagreed that these financial planning measures were adequate, indicating weak long-term financial preparedness for retirement.

Conversely, respondents demonstrated stronger financial management practices in relation to inflation adjustment and expense ratio, which recorded mean scores of 3.32 (*SD* = 1.303) and 3.41 (*SD* = 1.349), respectively. The relatively higher levels of agreement on these items suggest that respondents regularly monitored their expenses and adjusted their financial plans to reflect changes in economic conditions. Overall, the findings indicate that while respondents were moderately engaged in day-to-day financial management, their long-term retirement planning remained inadequate, thereby increasing their vulnerability to old-age poverty risk.

Figure 1

Financial Planning Metrics Showing Mean Scores with Standard Deviation Error Bars



Note. Bars represent the mean scores, while the error bars represent one standard deviation (SD). Responses were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Source: Field Survey (2026).

Table 4.4 Financial Experience Metrics

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
My pension provides sufficient income to meet my retirement needs, contributing positively to my overall financial experience (pension adequacy)	19.3	60.7	1.3	9.3	7.3	2.23	1.105
I am depleting my savings at a rate that is comfortable for my retirement, without compromising my financial security (saving depletion rate)	9.3	16.0	4.0	58.7	10.0	3.45	1.166
I experience minimal financial stress, and my income covers my essential expenses comfortably (financial stress)	10.7	53.3	2.7	24.0	7.3	2.63	1.183
Inflation has a minimal impact on my retirement finances, and I am able to maintain	5.3	43.3	12.7	32.0	4.7	2.87	1.081

my standard of living (inflation impact)							
My investment returns are meeting my expectations and supporting my long-term financial goals (investment returns)	0.0	22.7	43.3	29.3	2.7	3.12	0.793

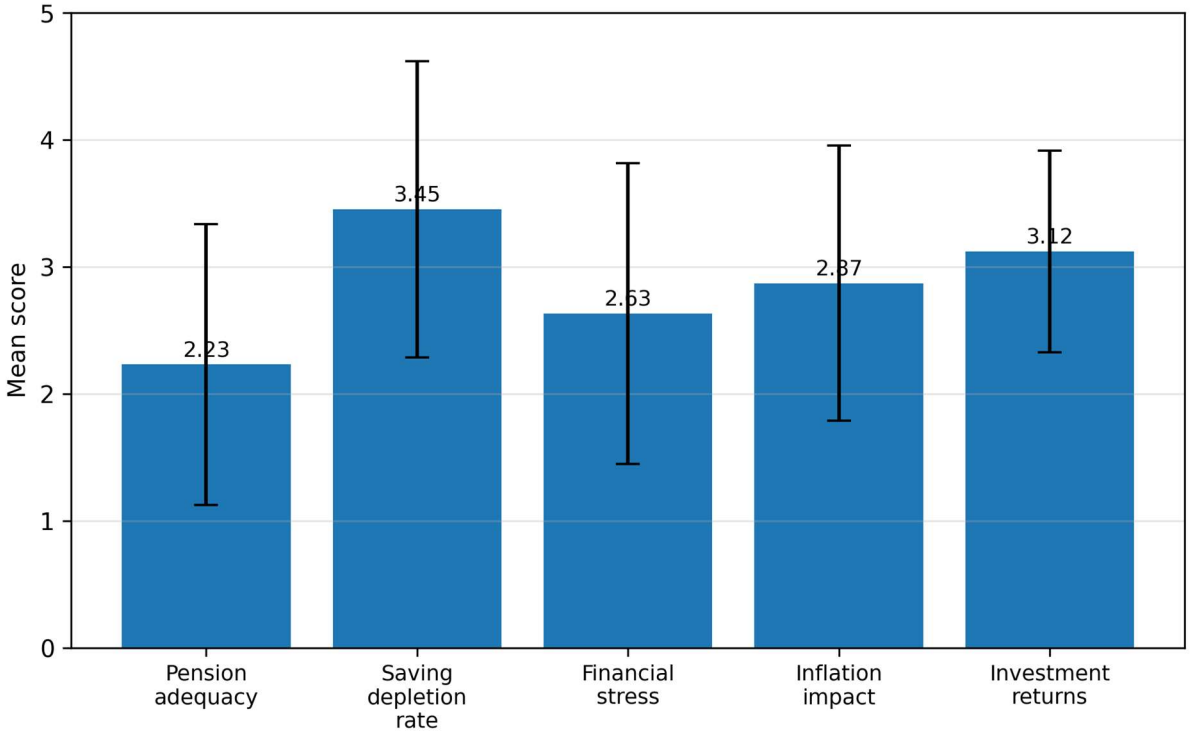
Source: Researcher's field survey, 2026

Table 4.4 (Fig. 2) presents the descriptive statistics for the financial experience indicators among civil servants in Lagos State. The findings indicate that respondents exhibited relatively weak financial experience with respect to pension adequacy, financial stress management, and the effects of inflation on retirement finances. Specifically, pension adequacy recorded the lowest mean score (M = 2.23, SD = 1.11), followed by financial stress (M = 2.63, SD = 1.18) and inflation impact (M = 2.87, SD = 1.08). These mean values, which fall below the benchmark of 3.00, suggest that many respondents perceived their retirement income as insufficient, experienced financial pressure, and found it difficult to shield their retirement finances from inflationary effects.

In contrast, respondents demonstrated relatively stronger financial experience regarding saving depletion rate and investment returns, with mean scores of M = 3.45 (SD = 1.17) and M = 3.12 (SD = 0.79), respectively. The higher mean scores indicate that respondents generally believed they were managing the pace at which their retirement savings were being utilized and that their investment returns were reasonably aligned with their long-term financial objectives. Overall, the descriptive statistics suggest that although respondents possessed moderate experience in managing savings and investment performance, weaknesses in pension adequacy, financial stress management, and inflation protection may increase their susceptibility to old-age poverty risk.

Figure 2

Financial Experience Metrics (Mean Scores with Standard Deviation Error Bars)



Note. Bars represent mean scores and error bars represent one standard deviation. Responses were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Higher mean scores indicate greater financial experience. Source: Researcher's Field Survey (2026).

Table 4.5 Old Age Poverty Risk Metrics

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
My pension maintains its purchasing power, reducing the risk of poverty in old age (pension purchasing power)	16.0	28.7	13.3	37.3	2.7	2.82	1.188
I am confident my pension will last throughout my retirement, mitigating the risk of outliving my resources (longevity risk)	10.7	21.3	7.3	42.0	16.7	3.33	1.289
I have sufficient resources to support my dependents without compromising my own financial security in old age (dependents' support)	20.0	29.3	12.0	21.3	15.3	2.82	1.393
I am confident that healthcare expenses in old	6.7	21.3	12.7	40.0	17.3	3.41	1.204

age would not compromise my financial security (healthcare expenses)							
My housing costs are manageable and would not compromise my financial security in old age (housing costs)	2.7	8.0	2.7	61.3	23.3	3.97	0.917
I have made provisions to cover funeral expenses, reducing a potential financial burden on my loved ones (funeral expenses)	2.7	26.7	26.7	15.3	26.0	3.36	1.220

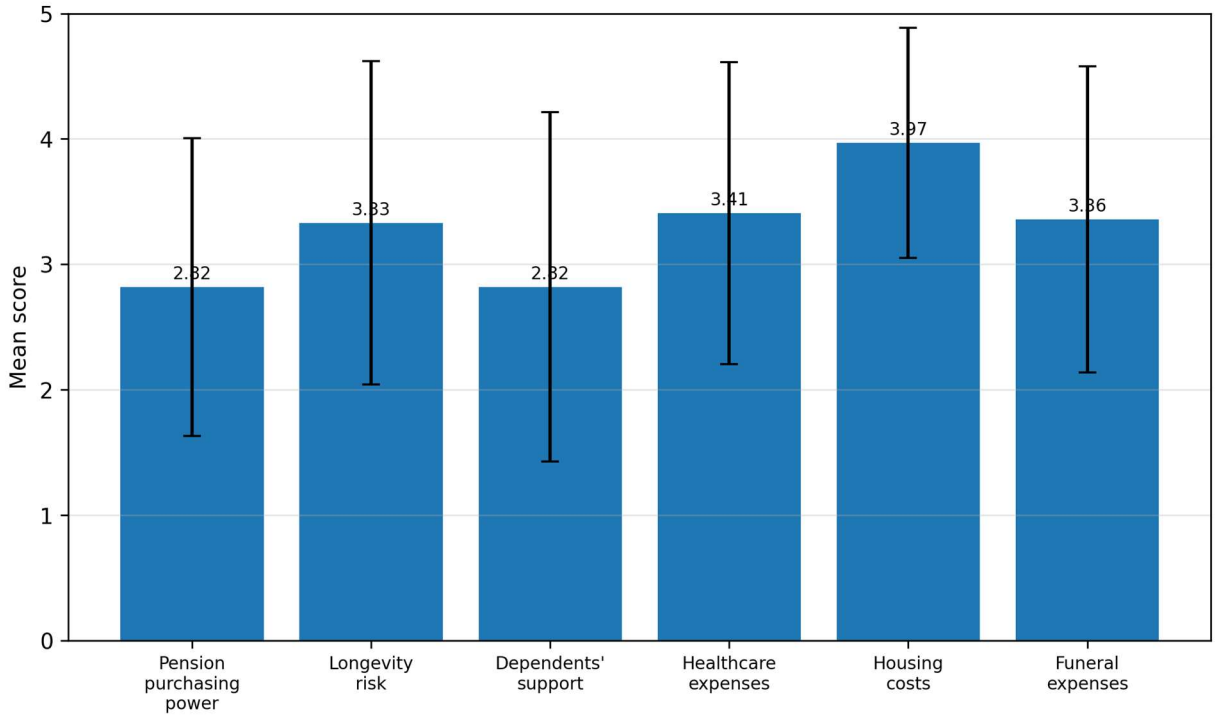
Source: Researcher's field survey, 2026

Table 4.5 (Fig.3) presents the descriptive statistics for the old-age poverty risk indicators among civil servants in Lagos State. The findings reveal that respondents expressed relatively lower confidence regarding pension purchasing power and their ability to support dependents without jeopardizing their own financial security in retirement, with both indicators recording mean scores of $M = 2.82$ ($SD = 1.19$) and $M = 2.82$ ($SD = 1.39$), respectively. Similarly, respondents reported only moderate confidence that inflation and retirement resources would sufficiently mitigate longevity risk ($M = 3.33$, $SD = 1.29$). These findings suggest that concerns relating to pension adequacy, dependent responsibilities, and the sustainability of retirement income remain important contributors to perceived old-age poverty risk.

Conversely, respondents reported relatively stronger financial security with respect to healthcare expenses, housing costs, and funeral expenses. Housing costs recorded the highest mean score ($M = 3.97$, $SD = 0.92$), followed by healthcare expenses ($M = 3.41$, $SD = 1.20$) and funeral expenses ($M = 3.36$, $SD = 1.22$). The higher mean values indicate that respondents generally believed they had made adequate financial provisions in these areas, thereby reducing potential exposure to poverty in old age. Overall, the descriptive statistics suggest that while respondents exhibit moderate preparedness for certain retirement-related financial obligations, weaknesses in pension purchasing power and dependent support may increase their vulnerability to old-age poverty.

Figure 3

Old-Age Poverty Risk Metrics (Mean Scores with Standard Deviation Error Bars)



Note. Bars represent mean scores and error bars represent one standard deviation (SD). Responses were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Higher mean scores indicate lower perceived old-age poverty risk. Source: Researcher's Field Survey (2026).

4.3 Test of Hypotheses

Hypothesis 1

H_{01}: Financial planning has no significant effect on old-age poverty risk among civil servants in Lagos State.

Table 4.6

Simple Linear Regression Analysis of the Effect of Financial Planning on Old-Age Poverty Risk

Predictor	B	SE	β	*t*	*p*	95% CI for B
Constant	21.071	1.186	—	17.765	< .001	[18.727, 23.415]
Financial Planning	-0.149	0.078	-0.155	-1.895	.060	[-0.304, 0.006]

Model Summary

R	R^2	Adjusted R^2	F(1,145)	*p*	Std. Error of Estimate
.155	.024	.017	3.590	.060	4.675

Note. Dependent variable = Old-Age Poverty Risk (OAPR). *B* = unstandardized coefficient; β = standardized coefficient; SE = standard error; CI = confidence interval.

A simple linear regression analysis was conducted to examine the effect of financial planning on old-age poverty risk. The model produced a weak positive correlation (R = .155) and explained 2.4% of the variance in old-age poverty risk (R^2 = .024; Adjusted R^2 = .017). The overall regression model was not statistically significant, $F(1, 145)$ = 3.590, p = .060, indicating that financial planning did not significantly predict old-age poverty risk among the respondents.

The regression coefficient further revealed that financial planning had a negative but statistically insignificant effect on old-age poverty risk (β = −.155, B = −0.149, SE = 0.078, t = −1.895, p = .060, 95% CI [−0.304, 0.006]). The negative coefficient suggests that improved financial planning was associated with a reduction in old-age poverty risk; however, because the probability value exceeded the .05 significance level and the confidence interval included zero, the effect was not statistically reliable. Consequently, the null hypothesis was not rejected, indicating that financial planning did not exert a significant influence on old-age poverty risk among the sampled civil servants.

Hypothesis 2

H_{02}: Financial experience has no significant effect on old-age poverty risk among civil servants in Lagos State.

Table 4.7

Simple Linear Regression Analysis of the Effect of Financial Experience on Old-Age Poverty Risk

Predictor	B	SE	β	*t*	*p*	95% CI for B
Constant	13.231	1.615	—	8.194	< .001	[10.040, 16.423]
Financial Experience	0.407	0.112	.289	3.638	< .001	[0.186, 0.628]

Model Summary

R	R^2	Adjusted R^2	F(1,145)	*p*	Std. Error of Estimate
.289	.084	.077	13.232	< .001	4.530

Note. Dependent variable = Old-Age Poverty Risk (OAPR). *B* = unstandardized coefficient; β = standardized coefficient; SE = standard error; CI = confidence interval.

A simple linear regression analysis was conducted to determine the effect of financial experience on old-age poverty risk. The model produced a weak but positive correlation between financial experience and old-age poverty risk (R = .289) and explained 8.4% of the variance in old-age poverty risk (R^2 = .084; Adjusted R^2 = .077). The regression model was statistically significant, $F(1, 145) = 13.232$, $p < .001$, indicating that financial experience significantly predicted old-age poverty risk among the sampled respondents.

The regression coefficients further indicate that financial experience exerted a positive and statistically significant effect on old-age poverty risk (β = .289, B = 0.407, SE = 0.112, t = 3.638, $p < .001$, 95% CI [0.186, 0.628]). The positive regression coefficient implies that higher financial experience was associated with higher scores on the old-age poverty risk measure. Because the model is statistically significant ($p < .05$) and the confidence interval excludes zero, the null hypothesis is rejected. Therefore, financial experience significantly influences old-age poverty risk among civil servants in Lagos State.

Hypothesis 3

H_{03}: Financial planning and financial experience do not jointly have a significant effect on old- age poverty risk among civil servants in Lagos State.

Table 4.8

Multiple Regression Analysis of the Combined Effect of Financial Planning and Financial Experience on Old-Age Poverty Risk

Predictor	B	SE	β	*t*	*p*	95% CI for B
Constant	14.454	1.505	—	9.606	< .001	[11.480, 17.428]
Financial Planning	-0.439	0.084	-.459	-5.211	< .001	[-0.606, -0.273]
Financial Experience	0.767	0.124	.545	6.185	< .001	[0.522, 1.012]

Model Summary

R	R^2	Adjusted R^2	F(2,144)	*p*	Std. Error of Estimate
.479	.229	.218	21.386	< .001	4.170

Note. Dependent variable = Old-Age Poverty Risk (OAPR). *B* = unstandardized coefficient; β = standardized coefficient; SE = standard error; CI = confidence interval.

A multiple regression analysis was conducted to examine the combined effect of financial planning and financial experience on old-age poverty risk. The model yielded a moderate positive multiple correlation (R = .479) and explained 22.9% of the variance in old-age poverty risk (R^2 = .229; Adjusted R^2 = .218). The overall regression model was statistically significant, $F(2, 144) = 21.386$, $p < .001$, indicating that financial planning and financial experience jointly exerted a significant influence on old-age poverty risk.

The regression coefficients indicate that financial planning had a significant negative effect on old-age poverty risk (β = −.459, B = −0.439, SE = 0.084, t = −5.211, $p < .001$, 95% CI [−0.606, −0.273]). This suggests that improvements in financial planning are associated with lower levels of old-age poverty risk. Conversely, financial experience exerted a significant positive effect on old-age poverty risk (β = .545, B = 0.767, SE = 0.124, t = 6.185, $p < .001$, 95% CI [0.522, 1.012]). Among the two predictors, financial experience exhibited the larger standardized coefficient, indicating that it made the stronger unique contribution to the prediction of old-age poverty risk. Since the overall model and both predictors were statistically significant ($p < .05$), the null hypothesis is rejected. Therefore, financial planning and financial experience jointly have a significant effect on old-age poverty risk among civil servants in Lagos State.

4.4 Discussion of Findings

The findings revealed that financial planning exerted a negative but statistically insignificant influence on old-age poverty risk among civil servants in Lagos State, implying that although improved financial planning tends to reduce retirement poverty

risk, its independent effect is insufficient within the Nigerian context. This finding suggests that individual planning efforts may be constrained by structural factors such as persistent inflation, inadequate pension benefits, delayed pension payments, and limited access to long-term investment opportunities, all of which diminish the effectiveness of retirement planning. The result deviates from the predictions of the Life-Cycle Hypothesis, which posits that systematic savings and financial planning should enhance retirement security, and contrasts with the findings of Tomar et al. (2021), Fan et al. (2022), Białowolski et al. (2022), Xiao and Porto (2022), and Sundarasen et al. (2024), who reported significant positive effects of financial planning on retirement preparedness and financial well-being. The present finding therefore indicates that while financial planning remains an important retirement strategy, its effectiveness depends on supportive institutional and macroeconomic conditions capable of preserving the real value of accumulated retirement resources.

The study further established that financial experience significantly influenced old-age poverty risk, indicating that practical engagement with financial decisions, retirement savings, investments, and financial management plays a critical role in determining retirement outcomes. This finding supports the Human Capital Theory and the Behavioural Life-Cycle Theory, both of which argue that accumulated financial knowledge and practical experience improve individuals' capacity to make informed financial decisions and strengthen long-term financial security. The result is consistent with previous empirical evidence reported by Lusardi et al. (2021), Fan et al. (2022), Xiao and Porto (2022), Hu et al. (2025), Ouyang et al. (2025), and Sundarasen et al. (2024), who found that financially experienced individuals demonstrate superior saving behaviour, stronger investment decisions, and greater retirement resilience. Within the Nigerian environment, where economic uncertainty, inflationary pressures, and limited social protection persist, practical financial experience appears to equip individuals with adaptive capabilities that enhance retirement preparedness and reduce exposure to financial vulnerability in old age.

The multiple regression results demonstrated that financial planning and financial experience jointly exerted a statistically significant influence on old-age poverty risk, explaining a meaningful proportion of the variation in retirement financial vulnerability. Specifically, financial planning significantly reduced old-age poverty risk, while financial experience emerged as the stronger predictor, suggesting that practical financial capability enhances the effectiveness of retirement planning when both factors operate simultaneously. This finding strongly supports the integrated theoretical framework underpinning the study by confirming the complementary propositions of the Life-Cycle Hypothesis, Behavioural Life-Cycle Theory, and Human Capital Theory that effective retirement outcomes depend not only on planning intentions but also on the practical financial competencies required to implement those plans successfully. The finding also corroborates earlier studies by Fan et al. (2022), Xiao and Porto (2022), Hu et al. (2025), Ouyang et al. (2025), and Evans and Altschwager (2026),

which concluded that financial experience strengthens retirement planning and improves long-term financial security. Consequently, this study contributes to the literature by demonstrating that reducing old-age poverty risk in developing economies such as Nigeria requires an integrated approach that simultaneously promotes effective financial planning and strengthens individuals' practical financial experience through financial education, pension awareness, and broader access to formal financial services.

5.0 Conclusion and Recommendations

This study examined the influence of financial planning and financial experience on old-age poverty risk among civil servants in Lagos State, Nigeria. The findings revealed that financial planning alone did not significantly influence old-age poverty risk, suggesting that retirement planning may be insufficient in the absence of supportive economic and institutional conditions. Conversely, financial experience significantly influenced old-age poverty risk, highlighting the importance of practical financial knowledge and continuous engagement with financial decision-making in enhancing retirement preparedness. Furthermore, the joint analysis demonstrated that financial planning and financial experience collectively exerted a significant influence on old-age poverty risk, indicating that retirement security is strengthened when strategic financial planning is complemented by practical financial capability. The findings support the Life-Cycle Hypothesis, Behavioural Life-Cycle Theory, and Human Capital Theory, while contributing empirical evidence from Nigeria. The study concludes that reducing old-age poverty risk requires integrated policies that simultaneously promote effective financial planning and strengthen individuals' practical financial experience.

The findings of this study underscore the need for a comprehensive approach to improving retirement security among civil servants in Lagos State. Government should strengthen the pension system by ensuring the timely payment of retirement benefits, regularly reviewing pension entitlements to cushion the effects of inflation, and implementing policies that preserve the real value of retirement income. In addition, Ministries, Departments and Agencies (MDAs), in collaboration with pension fund administrators and financial institutions, should institutionalize continuous financial capability programmes that provide employees with practical training in retirement planning, budgeting, investment management, debt management, and pension administration. Such initiatives would enhance employees' financial experience and improve their capacity to make informed financial decisions throughout their working lives, thereby reducing their vulnerability to old-age poverty. Furthermore, employers, policymakers, and financial institutions should adopt integrated retirement preparedness programmes that combine structured financial planning with practical financial coaching, retirement counselling, and personalized investment advisory services. Expanding access to formal financial products, retirement savings schemes, and financial advisory services would strengthen financial resilience and improve retirement outcomes among workers. Future studies should extend this

research by adopting longitudinal research designs and broader samples across different sectors and regions of Nigeria to enhance the generalizability of the findings. Researchers should also incorporate additional variables, such as financial literacy, pension adequacy, financial inclusion, and behavioural factors, to provide a more comprehensive understanding of the determinants of old-age poverty risk in developing economies.

6.0 Acknowledgements

This study is sponsored financially by the TETFund, Nigeria

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