

## ARMED FORCES OF THE PHILIPPINES PENSION MANAGEMENT TOWARDS FINANCIAL SUSTAINABILITY OF RETIREES

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### ABSTRACT

Transitioning from military service to civilian life is a multi-faceted journey that profoundly impacts individuals across personal, social, familial, health, financial, and administrative domains. This shift often occurs due to voluntary retirement, discharge, health issues, or the pursuit of personal stability. While some veterans adjust smoothly, many face significant challenges such as homelessness, unemployment, mental health struggles, and psycho-social issues. Armed Forces retirees must confront questions of identity, belonging, and purpose as they move from a structured military environment to a more fluid civilian world. Addressing these issues requires a collective effort from policymakers, service providers, and communities to create a supportive environment that fosters a sustainable and fulfilling civilian life for veterans. The success of this transition is intricately tied to effective public governance, including the systems, processes, and institutions that manage veterans' reintegration. This study aims to develop a comprehensive Armed Forces of the Philippines Pension Management System, focusing on the role of governance in facilitating their transition to civilian life. A mixed-methods approach involving quantitative research through surveys and interviews with Armed Forces of the Philippines retirees revealed significant findings. There is a strong positive correlation between social sustainability and community integration, while economic sustainability negatively correlates with social acceptance, suggesting areas for targeted intervention.

*Keywords: Armed Forces of the Philippines, Pension Management, Financial Sustainability, Retirees, Military Service*

### INTRODUCTION

The Armed Forces of the Philippines (AFP) are salient in safeguarding national security and protecting Filipino citizens. Military personnel's dedication to defending the nation's sovereignty and upholding values such as honor, duty, and sacrifice is a testament to their commitment. In return, the AFP provides retirement benefits to its members, ensuring their financial stability as they transition from active service to civilian life.

The AFP Pension Management System is crucial for supporting military retirees, offering

essential benefits such as monthly pensions, healthcare coverage, and other entitlements. For many retirees, these benefits are vital, offering much-needed financial security during their retirement.

However, concerns about the pension system's sustainability have surfaced recently. Economic changes, fiscal constraints, and demographic shifts threaten the system's long-term viability, raising questions about its ability to support retirees adequately. The growing financial burden and the increasing number of pensioners present serious challenges for the AFP's pension program.

Additionally, governance and transparency issues within the pension system have surfaced, with inefficient management practices leading to delays and errors in pension disbursements. This has created frustration among retirees, further underscoring the need for a thorough review and reform of the AFP pension management practices.

Given these pressing challenges, a comprehensive study is needed to delve into the factors affecting the sustainability of the AFP pension system. This study aims to explore the policies, funding mechanisms, and investment strategies that influence the system and provide recommendations to ensure its long-term stability.

The AFP Retirement and Separation Benefits System (AFP-RSBS) was established on December 30, 1973, under Presidential Decree No. 361, to provide retirement and separation benefits to AFP personnel. However, due to its failure to become self-sustaining, the AFP-RSBS was dissolved on December 31, 2006, by Executive Order No. 590. Since then, the government has been funding the pension system entirely through annual appropriations, which has led to growing concerns about the system's future sustainability.

The increasing number of military retirees has placed an ever-growing strain on the pension system. Recent reports from the AFP Pension and Gratuity Management Center (AFP-PGMC) show that the government faces pension arrears of PhP16 billion for nearly 112,000 retirees. The Philippine Army has the largest share of retirees, followed by the Philippine Air Force and the Philippine Navy.

From 2005 to 2010, an average of 5,419 military personnel retired annually. Projections from the AFP-PGMC suggest that approximately 6,000 personnel will retire annually between 2011 and 2018, further escalating the number of pensioners and the financial obligations of the AFP pension system.

### Separation and Retirement Benefits

Active AFP personnel contribute 5% of their monthly base pay towards their retirement benefits,

which is refunded in a lump sum upon separation or retirement. According to Presidential Decree No. 1638, retirees can receive a lump sum or monthly pension equivalent to one month of base pay for every year of service. In addition, survivors of deceased personnel receive survivorship benefits, and pensions are automatically adjusted in line with the salary increases of active personnel.

Reforming the AFP Pension System has become a focal point for addressing the growing pension burden. One proposal under consideration is the creation of the Philippine Military Pension System (PMPS), a government-owned corporation designed to ensure the sustainability of the pension fund. Other proposals include indexation and the pension structure, reducing pension indexation, and raising the mandatory retirement age from 56 to 58 years.

### Historical Overview of the AFP Pension System

The AFP pension system traces its roots to its establishment under the AFP-RSBS in 1973. Over the years, the pension system has evolved to provide financial security to retirees who have devoted their lives to national defense. Legislative reforms and policy adjustments have sought to improve the benefit structures and make the system more responsive to the needs of retirees.

The AFP pension was initially based on a defined benefit structure, with pensions linked to base pay. Over time, reforms were introduced to address emerging fiscal challenges. Despite these efforts, the sustainability of the AFP pension system remains a significant concern, particularly considering increasing retiree numbers and longer life expectancies.

### Current State of AFP Pension Management

The AFP Pension Management System faces significant fund management and pension administration challenges. The system's financial sustainability is under increasing pressure due to demographic shifts, rising pension liabilities, and the government's budgetary constraints. Economic fluctuations and fiscal limitations further

exacerbate the system's challenges, raising concerns about its ability to meet its long-term obligations.

Moreover, governance issues, including a lack of transparency and inefficient management practices, have hindered the effective administration of pension benefits. These problems have resulted in delays and errors in pension disbursements, affecting retirees' financial security and leading to frustration within the retiree community.

Given these challenges, it is crucial to thoroughly examine the AFP pension system to identify the factors impacting its financial sustainability. By understanding the underlying issues and proposing actionable recommendations, this study aims to contribute to reforming the pension system and ensuring the long-term financial security of military retirees. Through a detailed analysis of policies, funding mechanisms, and governance practices, the study will provide insights into how the AFP pension system can be improved to withstand future challenges and continue serving its beneficiaries.

To gain a deeper understanding of the study, the researcher consulted various reliable sources, including books, articles, journals, periodicals, teachers, and websites by both foreign and local authors.

The book of Wei, X., & Yu, W. (2019) titled *Pension Fund Investment Management: Strategies, Policies, and Performance* offers a detailed examination of pension fund investment management strategies, policies, and performance metrics, which can provide valuable guidance for improving pension management in the Armed Forces of the Philippines.

The study by Arhculeta, B.J. (2022) titled *Twenty Years of Service: The Politics of Military Pension Policy and the Long Road to Reform* examines the historical and political challenges of reforming the U.S. military pension system, offering insights into the interplay between military service and retirement benefits.

However in the study of Asch, B.J, et.al., (1998) titled *Reforming the Military Retirement*

System evaluates proposals for restructuring military retirement benefits to enhance efficiency and equity within the armed forces.

The study of Glos, G. (2003) titled *Military Retirement and Pensions* explores military pension systems across various countries, providing a global perspective on retirement policies.

According to Jowers, K and Gillen, M. (2023) title *Understanding Military Retirement and Supporting Military Retirees in Your Service Network* offers guidance on navigating military retirement, including planning strategies and support resources for retirees.

The study of Norman, D. (2011) titled *The Military Guide to Financial Independence and Retirement* provides practical advice for military personnel aiming for financial independence and secure retirement.

This study utilizes several theoretical perspectives to analyze the financial sustainability of retirees from the Armed Forces of the Philippines (AFP).

1. *Life Cycle Hypothesis* (Franco Modigliani): This theory suggests individuals aim to maintain a stable consumption level throughout life by adjusting savings and spending patterns according to life stages. AFP retirees may use their pensions to sustain their living standards, changing their spending based on age, health, and life expectancy.

2. *Portfolio Theory* (Harry Markowitz): Portfolio theory posits that investors maximize returns and minimize risk by diversifying their investments. AFP retirees may diversify their pension investments across various assets to achieve long-term growth while managing risks.

3. *Behavioral Finance*: This theory explores how psychological biases and emotions affect financial decision-making. AFP retirees may face biases like loss aversion or overconfidence, which could influence their retirement planning and economic decisions.

4. *Institutional Theory*: This theory examines how institutions shape behaviors. AFP retirees are influenced by government policies, military

regulations, and pension governance, which affect the adequacy and sustainability of their pensions.

5. *Social Exchange Theory*: Suggests that individuals engage in relationships based on mutual benefits. AFP retirees may rely on family, peers, and community networks for financial support, impacting their long-term financial security.

These theories provide a holistic view of the factors influencing the financial sustainability of AFP retirees.

## OBJECTIVES OF THE STUDY

This study examines how retirees of the Armed Forces of the Philippines (AFP) manage their pension and its impact on their financial sustainability and well-being. It addresses AFP retirees' challenges in managing their pensions and explores potential interventions to improve the pension system. The study is geographically limited to the Philippines and focuses on AFP retirees receiving pensions. It excludes retirees from other government sectors or non-pensioned individuals. The research is confined to AFP pension management, without considering broader economic factors or personal financial decisions unrelated to the AFP pension system.

The findings offer valuable contributions to the academic field and practical applications, particularly in informing key stakeholders. Thereby, come up with the following objectives:

1. To assess the status of AFP pensioners regarding the management of their pensions.
2. To address challenges that AFP retirees face in managing their pensions and how these challenges affect their financial well-being.

To suggest interventions that can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees.

## METHODOLOGY

This discusses the research method used in the study, which involved a qualitative

approach to investigate Pension Management and its implications for the financial sustainability of retirees. Qualitative methods, such as interviews and focus group discussions, were used to gather in-depth insights into retirees' experiences, perceptions, and challenges regarding pensions and financial sustainability. The study used a purposive sampling method, selecting key resource persons (KII/FGD) due to their profound knowledge and expertise.

The researcher reviewed existing literature and pertinent AFP data, drew interview guide questions for FGD and KII, and utilized an interview guide to obtain recommendations for interventions to improve the AFP pension management system and ensure the financial sustainability of military retirees.

The research instrument underwent rigorous validation to ensure its reliability and validity. Qualitative instruments underwent pilot testing with a select group of retirees to evaluate the clarity, relevance, and comprehensiveness of the questions. Content validity was established by consulting experts in managing pension management and retirement research.

The researcher requested respondents' availability for personal interviews, messenger, telegram, and phone call interviews, and utilized reference materials such as literature, studies, and government websites. All input was purposefully analyzed to develop a sound conclusion and valuable recommendations.

## RESULTS AND DISCUSSION

### 1. Status of AFP pensioners in terms of managing their pension

The study reveals that 90% of AFP pensioners actively invest their pension funds, indicating a strong engagement in managing their financial resources. The main themes and sub-themes include cash investments, stock investments, and real estate. Cash investments account for 40% of respondents, favoring liquidity and safety over higher-risk investments. Many retirees place their funds in savings, money market



accounts, or short-term certificates of deposit, as they provide easy access to money and minimal exposure to market fluctuations. Stock investments account for 30% of respondents, suggesting retirees are willing to engage in the equity market, possibly seeking growth opportunities despite associated risks.

Real estate investments, including property rentals, account for 10% of the investment choices among AFP pensioners, demonstrating a significant portion of pensioners' belief in the stability and long-term value of property assets. They believe owning rental properties can provide consistent monthly rental payments, which can be particularly beneficial for covering living expenses or supplementing pension income. The dominance of real estate investments shows that many retirees view property as a reliable and secure investment, aligning with securing a stable income and preserving wealth.

Other investments include lending money, where AFP pensioners provide personal loans to family members or friends for buying a home or starting a business, and bank time deposits, fixed-term deposits made with a bank that offers a guaranteed interest rate over a specified period. These investments are considered low-risk due to their guaranteed returns and protection by government insurance.

The high engagement rate indicates that most retirees are not merely relying on their pension payments but are actively seeking to enhance their financial situation, suggesting a level of financial literacy and an understanding of the importance of investing in maintaining or improving their financial stability.

The AFP pensioners' pension management analysis reveals a diverse and strategic approach, with 90% actively managing their funds. 40% opt for cash investments, prioritizing liquidity and safety over higher-risk, higher-reward investments. Many retirees keep their funds in savings, money market accounts, or short-term certificates of deposit to ensure security and modest returns through interest. 30% engage in stock investments, aiming to

embrace the risks associated with the equity market for potential growth.

Another 30% choose real estate as their investment vehicle, believing in property assets' stability and long-term value. Rental property income provides a reliable and consistent source of funds, aiding in covering living expenses or supplementing pension income. 10% invest in lending money, while another 10% utilize bank time deposits.

## 2. Challenges that AFP retirees face in managing their pensions, and how these challenges affect their financial well-being

This includes insufficient investment options, lack of access to financial advice or planning services, government-proposed policy affecting pension benefits, depositing to AFP financial institutions, and long-term return on investment (ROI) from rental properties.

Some respondents struggle with limited knowledge about investment opportunities, leading to uninformed investment choices, such as not being aware of higher-yield investment options or how to diversify their portfolios effectively. They also rely on outdated advice or do not keep up with current investment trends and options. Additionally, they are unaware of different investment strategies, such as investing large sums of money in a lump sum rather than gradually investing smaller amounts over time.

In conclusion, AFP pensioners exhibit a well-rounded approach to pension management, balancing safety and growth through a mix of cash investments, stocks, real estate, and other financial instruments.

The transition from active duty to retirement is a significant challenge for AFP retirees, as they struggle with adjusting their financial plans to account for changes in income and expenses. The challenges these retirees face are the lack of access to reliable financial advice, policy changes, institutional investment issues, and rental property management difficulties.

One major issue is the insufficient knowledge about investment options, as many

retirees struggle with a limited understanding of diverse financial products and strategies. They often stick to traditional savings accounts and low-interest-bearing certificates of deposit, which typically yield lower returns than other investment opportunities. Additionally, some retirees rely on outdated advice, which may no longer align with current market conditions or financial products. This lack of updated information can result in missed opportunities for better returns and more effective investment strategies.

Another significant challenge is the lack of access to reliable and affordable financial advice or planning services. Many retirees find it difficult to obtain professional guidance due to high costs and limited availability. This problem is exacerbated by the absence of structured financial management programs within the AFP that could prepare active personnel for the complexities of managing their pensions upon retirement. The scarcity of educational resources, such as workshops or seminars tailored to retirees' needs, further compounds the issue.

Depositing pension funds into AFP financial institutions can present challenges due to lower investment returns than other financial options. This limitation can hinder the growth of retirees' funds, reducing their overall financial flexibility and affecting their ability to achieve long-term financial goals.

Investing in rental properties is another area where retirees face difficulties. Property maintenance, vacancies, and fluctuating rental income can lead to unpredictable returns and increased financial burdens, impacting retirees' overall financial well-being and security. Addressing these challenges through enhanced financial education, better access to advisory services, and more transparent policy communication is essential for improving retirees' financial stability and overall well-being.

### **3. Interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees**

The AFP pension management system needs to be improved to ensure the financial sustainability of military retirees. Several targeted interventions can be implemented to achieve this, including enhanced financial education programs, access to affordable financial advice, policy advocacy, clarity, improvement of AFP financial institutions, support for real estate investments, and continuous monitoring and feedback mechanisms.

Workshops and seminars should be conducted to provide financial literacy training for both active and retired personnel. Online learning platforms should be developed to offer comprehensive courses on financial planning and investment strategies. Retirement planning modules should be introduced during active service to prepare personnel for retirement decisions.

The AFP's dedicated financial advisory unit should provide retirees with free or subsidized financial planning services. Partnerships with financial institutions should be established to offer retirees discounted financial advisory services. Regular financial health check-ups should be encouraged to help retirees make informed decisions about their financial plans.

Policy advocacy and clarity are crucial in this context. Engaging with government bodies to advocate for transparent and stable pension policies and conducting regular assessments of proposed policy changes can help retirees plan effectively. Regular assessments of policy impacts can help retirees adjust their financial plans accordingly.

The AFP financial institutions should enhance their investment offerings to provide competitive returns and increase transparency regarding their performance. Diversification incentives should encourage retirees to diversify their investments across different asset classes, such as stocks, bonds, real estate, and alternative investments. Educational campaigns on diversification should be run to emphasize the benefits of diversification.

Continuous monitoring and feedback mechanisms should be implemented, including

retiree feedback loops and annual financial reviews. This will inform continuous improvements in the pension management system and ensure that the AFP pension management system remains responsive to the needs of retirees. By implementing these targeted interventions, the AFP can create a more robust and sustainable pension system that secures the financial well-being of its retirees.

## Summary of Findings

The summary encapsulates the key points derived from the research, highlighting the most significant insights observed. This study was conducted to examine pension management and its implications for the financial sustainability of retirees, identify the challenges faced by AFP pensioners, and provide support mechanisms and recommendations for solutions. Specifically, the researcher focused on seeking answers to the following questions:

1. What is the AFP pensioners' status in managing their pension?
2. What challenges do AFP retirees face in managing their pensions, and how do they affect their financial well-being?
3. What interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees?

To answer the abovementioned research questions, the researcher utilized a descriptive qualitative research design to examine Pension Management and its implications for the financial sustainability of retirees. The researcher utilized a documentary analysis to review the possible existing status.

The results of this study are summarized as follows:

### 1. Status of AFP pensioners in terms of managing their pension

The investment choices of AFP pensioners reflect a diversified approach, with a substantial 40% opting for cash investments,

emphasizing liquidity and safety. These pensioners prefer low-risk options like savings and money market accounts to ensure easy access to funds, especially during emergencies. Another 30% of respondents invest in stocks, indicating a moderate risk appetite, seeking growth in sectors such as healthcare and technology. Similarly, 10% of pensioners invest in real estate, viewing it as a stable and reliable source of income through property rentals. Additionally, 10% of pensioners lend money, while another 10% invest in bank time deposits, both low-risk options providing regular returns. The data shows that 90% of AFP pensioners actively manage their financial resources, demonstrating financial literacy and a proactive approach to enhancing financial stability.

### 2. Challenges that AFP retirees face in managing their pensions, and how these challenges affect their financial well-being

The summary highlights key financial challenges faced by AFP pensioners. Many lack knowledge about investment options, leading to poor decisions that impede the growth of their pension. They often rely on outdated advice or are unaware of higher-yield options and investment strategies. Additionally, retirees face difficulties accessing affordable financial advice, exacerbated by the absence of a structured financial management program for AFP personnel. Due to uncertainty, proposed government policy changes regarding pension benefits exacerbate financial anxiety. Moreover, issues like low returns from AFP financial institutions and the unpredictability of rental property investments add to their financial instability. Overall, these challenges compromise the financial well-being and security of retirees.

### 3. Interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees

Several interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military

retirees. These include enhancing financial education through workshops, seminars, and online learning platforms tailored to AFP personnel. Access to affordable financial advice is also critical, as well as establishing a dedicated AFP financial advisory unit and partnerships with financial institutions. Policy advocacy for transparent and stable pension policies and improvements in AFP financial institutions is necessary to offer competitive investment options. Additionally, support for real estate investments and incentivizing diversification are key strategies. Continuous monitoring through feedback loops and annual financial reviews will help adapt the system to retirees' evolving needs, ultimately enhancing their financial stability and well-being.

## CONCLUSIONS

The study reveals that while AFP pensioners demonstrate a commendable level of financial literacy by actively managing their pensions through diversified investments, significant challenges remain that could undermine their long-term financial well-being. These challenges include limited access to affordable financial advice, gaps in financial education, and the uncertainty surrounding government pension policies.

This study submits the following conclusions:

1. *Status of AFP pensioners in terms of managing their pension.* The AFP pensioners are generally proactive and financially literate, as evidenced by their diversified investment portfolios. The majority prioritize liquidity and safety through cash investments, while others seek growth opportunities in stocks and stable income from real estate. This diversified approach suggests that AFP pensioners are focused on safeguarding their financial resources and are keen on achieving long-term financial stability through varied investment strategies. This proactive pension management reflects a strong

awareness of financial planning among AFP retirees.

2. *Challenges that AFP retirees face in managing their pensions, and how these challenges affect their financial well-being.* AFP retirees' financial challenges, including limited investment knowledge, inadequate access to affordable financial advice, and the lack of a structured financial management program, significantly undermine their financial well-being. These issues, compounded by low returns from AFP financial institutions and the uncertainty surrounding proposed pension policy changes, create a precarious financial situation for many retirees, leaving them vulnerable and financially insecure in their retirement years.

3. *Interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees.* Implementing targeted interventions such as enhanced financial education, accessible financial advice, transparent pension policies, and diversified investment options is fundamental to improving the AFP pension management system. By adopting these measures, the AFP can better ensure its retirees' long-term financial sustainability and well-being, effectively addressing current challenges and adapting to future needs.

## RECOMMENDATIONS

Finally, the recommendations offer actionable steps and suggestions for future research, policy-making, or practical applications based on the study's outcomes. This comprehensive approach ensures that the study adds to the existing body of knowledge and provides practical value for stakeholders and future researchers.

### Status of AFP pensioners in terms of managing their pension

*Expand Financial Literacy Programs.*  
Enhancing and broadening the scope of existing



financial literacy initiatives is crucial to bolster the financial well-being of AFP pensioners. This expansion should encompass more advanced topics and strategies related to investment and financial planning. Implement a structured program that includes regular in-person and virtual workshops conducted by financial experts. Offer a range of online courses that cover sophisticated investment options, retirement planning, tax strategies, and risk management. Additionally, organize seminars and webinars focusing on emerging trends in financial markets, estate planning, and wealth preservation. These educational opportunities should be tailored to address military retirees' unique financial challenges, ensuring they have the knowledge and skills to make informed financial decisions.

#### *Facilitate Networking Opportunities.*

Establish dedicated forums or support groups where AFP pensioners can connect, interact, and share their experiences related to financial management and investment strategies. These forums could be held physically and online to accommodate varying preferences and geographic locations. Organize regular meetings, discussion panels, and networking events where pensioners can exchange insights, success stories, and practical advice on managing their finances. Additionally, consider forming mentorship programs that pair experienced retirees with those seeking guidance, fostering a collaborative environment that encourages knowledge-sharing and peer support. By creating these networking opportunities, pensioners can build a supportive community that helps them navigate their financial journeys more effectively.

*Develop Comprehensive Financial Planning Tools.* Provide AFP pensioners access to user-friendly financial planning tools and resources tailored to their needs. These tools should include budget planners, investment calculators, retirement income estimators, and debt management aids. Ensure that these resources are designed with the unique circumstances of military retirees in mind, such as managing pension income, navigating military benefits, and

planning for future healthcare costs. Additionally, offers personalized financial planning services and consultations to help pensioners develop and implement effective financial strategies. By equipping retirees with these comprehensive tools and resources, they can better understand their financial situations and make well-informed decisions that enhance their long-term financial stability.

### **Challenges that AFP retirees face in managing their pensions, and how these challenges affect their financial well-being**

#### *Enhance Access to Financial Advice.*

Establish a dedicated financial advisory unit within the Armed Forces of the Philippines (AFP) to provide tailored, affordable financial advice for retirees. This unit should offer personalized consultations to address individual financial needs and goals, ensuring that retirees receive comprehensive guidance on managing their finances effectively. To enhance the quality and reach of this service, the AFP should partner with reputable financial institutions and experts to offer specialized advice at reduced rates. This collaboration will ensure that retirees can access professional financial counsel without incurring high costs, thereby supporting their long-term financial well-being.

*Implement Structured Financial Management Programs.* Develop and introduce a comprehensive financial management program designed specifically for AFP retirees. This program should encompass many essential topics, including retirement planning, investment strategies, and risk management. The curriculum should be structured to cater to different levels of financial literacy and experience, ensuring that all retirees can benefit regardless of their background. The program should include workshops, online resources, and one-on-one coaching to give retirees the tools and knowledge to make informed financial decisions and secure their future.



*Enhance Communication on Pension Policies.* Ensure that all communication regarding pension policies is clear, timely, and transparent. Implement a robust system for regularly updating retirees on any changes to pension policies and their potential implications. This can include newsletters, dedicated informational sessions, and online portals where retirees can access up-to-date information. By maintaining open communication lines and regular briefings, the AFP can help retirees stay informed about policy changes, enabling them to make better financial decisions and adapt to new regulations effectively.

*Strengthen Investment Returns.* Advocate for improvements within the AFP's financial institutions to enhance the returns on investments available to retirees. This includes exploring opportunities to diversify investment options and seek higher returns that align with retirees' financial goals and risk tolerance. The AFP should work closely with financial experts to assess and implement strategies to optimize investment performance. By improving investment returns and expanding available options, retirees will have better opportunities to grow their savings and achieve excellent financial stability.

**Interventions can be implemented to improve the AFP pension management system and ensure the financial sustainability of military retirees**

*Enhanced Financial Education.* Launch comprehensive and ongoing financial education programs that cover a wide array of topics, from fundamental budgeting techniques to advanced investment strategies. These programs should be meticulously designed to address AFP personnel and retirees' unique financial needs and situations. By incorporating interactive workshops, online courses, and one-on-one coaching, the education initiative should equip individuals with the knowledge and skills to make informed financial decisions throughout their careers and retirement.

*Access to Financial Advice.* Establish a dedicated financial advisory unit within the AFP to

offer personalized financial advice and support. This unit should be staffed by trained financial advisors who understand the specific needs and challenges military personnel and retirees face. Additionally, explore partnerships with reputable financial institutions to provide retirees access to discounted or complimentary advisory services. This collaboration could include setting up financial planning clinics, webinars, and seminars tailored to the needs of AFP retirees.

*Transparent Pension Policies.* Advocate for the development and implementation of transparent and stable pension policies. Engage proactively with policymakers to ensure that any changes in pension regulations are communicated clearly and promptly. This process should involve regular updates and stakeholder discussions to review and refine policies. Ensuring that retirees understand their pension benefits and any forthcoming changes is crucial for maintaining trust and financial stability.

*Diversified Investment Option.* Expand the range of investment options available to AFP retirees to include a variety of asset classes such as real estate, equities, and fixed-income securities. By promoting diversification, retirees can spread their investment risk and enhance their potential for long-term financial growth. Provide educational resources and guidance on investment diversification to help retirees make informed decisions and optimize their investment portfolios.

*Continuous Monitoring and Feedback.* Implement a robust system for ongoing feedback and financial reviews to assess the effectiveness of financial programs and interventions. This system should include annual financial reviews, surveys, and focus groups to gather input from retirees about their experiences and needs. Use this feedback to refine and adjust financial education programs, advisory services, and investment options to better align with the evolving requirements of retirees. Ensuring these programs remain relevant and practical will

improve financial well-being and stability for AFP retirees.

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## AUTHOR'S PROFILE



**Daniel C Ordillo, Ph.D.** hailed from Lallo, Cagayan Valley and was born on 03 September 1982. He is loved and feels important to Kristine Mae Rirao-Ordillo together with their three (3) lovely princesses - Ana Danielle, Iya Deniece, and Aya Drea. He is a well-rounded military officer and a gentleman with lots of experience in terms of logistics and operations, his leadership style encompasses a strategic thinker, a problem solver, and an effective communicator.

He attained his bachelor's degree in civil engineering at the University of Saint Louis, Philippines in 2004. He finished his postgraduate studies leading to his master's degree in management Major in Public Administration at Philippine Christian University in 2022 and finished his Doctor of Philosophy in Development Administration Major in Public Governance at the Philippine Christian University in 2024.



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