

An Investigation into Financial Retirement Planning Strategies Among Employees in India: An Analytical Study

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Abstract

Financial planning is a systematic and disciplined approach aimed at achieving one's financial goals. It provides a structured framework to manage income, expenses, and investments effectively throughout life. A comprehensive financial plan helps individuals identify both short-term and long-term objectives, such as wealth accumulation, retirement preparation, child's education, tax savings, property purchase, and marriage. Among these, retirement planning focuses on ensuring financial security during one's post-employment years. It involves strategizing savings and investments to sustain a comfortable lifestyle after retirement. This paper examines individuals' awareness of retirement planning and the types of investments they prefer for their retirement. The study uses primary data collected through a structured questionnaire, comprising both open-ended and closed-ended questions, to assess knowledge and attitudes toward retirement planning. Findings reveal that a significant portion of salaried individuals are aware of retirement planning. Many favor government-sponsored schemes due to their lower risk, indicating a cautious investment approach for long-term financial stability in retirement.

Keywords: *Returns on Investment, Investment Strategies, Retirement, Investment*

1. Introduction

Financial planning is an organized approach designed to help individuals meet their life goals. It serves as a strategic guide, offering direction and clarity when making important financial decisions throughout various stages of life. In essence, it aids in managing income, expenses, and investments, including the administration of

funds and the attainment of goals (MCX Stock Exchange & FT Knowledge Management Company, 2010). The financial plan enhances an employee's analytical skills regarding investment decisions, enabling them to discern what is appropriate and achieve favorable outcomes. When personal financial planning is executed effectively, even modest savings can contribute to acquiring significant wealth.

Retirement planning constitutes a crucial aspect of financial management. It entails assisting employees in amassing sufficient funds by the time they retire, thereby ensuring a consistent income stream throughout their lives, allowing them to maintain a comfortable lifestyle without sacrificing their living standards, while also accounting for inflationary impacts (Sinha, 2020). A significant 77 percent of Indian households either do not anticipate retirement or do not engage in active retirement planning. The typical Indian household allocates 84 percent of its assets to real estate and other tangible items, 11 percent to gold, and a mere five percent to residual financial assets. Retirement accounts hold a minimal position in the domestic financial landscape, even among the wealthiest segments. As individuals approach retirement age, loans tend to accumulate within Indian households, with a majority being unsecured (56 percent), highlighting a considerable reliance on non-institutional lending sources such as

moneylenders (Household Finance Committee, 2017). Twigg (2009) notes that only 13.2 percent of individuals globally believe they are exceptionally well-prepared for their retirement futures. The United Nations Population Division projects that global life expectancy will rise to 75 years by 2050, up from the current 65 years. Enhanced health and hygiene conditions in India have contributed to increased longevity. Consequently, the duration of life post-retirement is extending. Therefore, the escalating cost of living, inflation, and increased life expectancy underscore the necessity of retirement planning in contemporary life (Department of Economic and Social Affairs, 2019). In the era of the joint family system, families cohabited, and elderly parents were cared for by their children. They enjoyed retirement by engaging with their grandchildren, sharing stories, and assisting with their education. However, these traditions are gradually evolving due to various factors. Families are increasingly becoming nuclear. Children often relocate to different cities for employment opportunities, and parents frequently find themselves unable to accompany them due to various constraints. At times, children may struggle to provide adequate financial support for their parents due to the rising cost of living. Additionally, advancements in medical care have contributed to increased longevity.

As time progresses, retirement planning decisions are becoming increasingly complex. Elderly individuals must make informed final decisions based on these complexities. Retirement plans can enhance post-retirement life only if individuals possess knowledge of the financial market, financial calculations, employee retirement benefits, social security benefits, and medical benefits.

2: REVIEW OF LITERATURE

1. In their 2010 study, J. E. Grable and D. T. Chatterjee highlight the importance of financial wellness in the context of retirement planning, arguing that financial stress can significantly affect both retirement strategies and overall financial health. They suggest that programs aimed at promoting financial wellness and education could empower individuals to achieve greater financial security during their retirement years.

2. According to Lusardi A. (2009), research conducted in the USA revealed that individuals who engaged in financial preparation for retirement accumulated more wealth by the time they retired than those who did not. Additionally, wealth was found to influence the performance of the financial market. The author has explored the connection between financial planning and financial literacy, noting that financial education has led to improved retirement planning among low-income groups. Enhanced financial knowledge contributes to more effective retirement strategies.

3. Pant Gargi (2013) asserts that, according to the study's author, married women possess a greater understanding of retirement planning compared to their single counterparts. They have also dedicated more effort towards saving for retirement and tend to be moderate risk-takers, opting to invest in less volatile sectors. These design features cater to novice investors while still allowing flexibility for those with more experience.

4. Prof. Suyog Chachad (2018) emphasizes the importance and relevance of retirement planning, while also shedding light on individuals' awareness and behaviors related to retirement. The results revealed that many individuals fail to formulate retirement plans; thus, to grasp the significance of retirement and enhance their

awareness, participation in specific financial education programs is essential.

5. Parveen Kumar (2017) found that a significant number of individuals are cognizant of retirement planning, identifying that living expenses and expected inflation exert the most considerable influence. Furthermore, the research indicates that while most people are familiar with concepts of risk and return, as well as inflation rates, they exhibit a lack of knowledge regarding diversification. It was also noted that some individuals commence investing between the ages of 31 and 40.

6 J. K. Munnell and A. Sunden (2004) conclude that Social Security plays an important role in retirement planning, and changes to Social Security legislation might have a major impact on retirement behaviours. They recommend that legislators think about the impact of Social Security regulations on retirement planning and work to improve retirement security for all Americans.

7. Michael Ntanlianis (2011) studies retirement fund members' attitudes towards the various financial education options offered by their retirement fund. This study identifies a varied group of respondents who disconnect from the financial instruction provided to them when managing their retirement money.

8. Dvork (2010) identifies education as the most critical determinant of financial literacy in this study. While some individuals exhibit effective planning habits, they may encounter difficulties in retirement planning due to a lack of awareness regarding the array of investment options available. The findings indicate that women, in particular, are less educated, less affluent, and less informed than their male counterparts. The respondent who participated in the survey has begun to contribute their own perspectives.

9. Vinmalar J (2018) did a research on the retirement planning of working adults, especially in Chennai, to better understand their knowledge and selection of investment opportunities for the future. The data show that there is no relationship between investing opportunities and marital status. Married people are more likely to invest in retirement-related channels than unmarried people.

10. Douglas A. Hershey (2000) seeks to investigate the elements that influence an individual's financial preparation for retirement. A survey was done, and the findings revealed that both personality characteristics and financial knowledge are strong predictors of pre-retirement planning.

11. According to Dr. Swati Modi (2019), the study's findings support the theory that the key elements influencing retirement planning behaviour are possible conflicts in retirement planning, attitudes towards retirement, and clarity of retirement objectives. This study has important implications for the workforce since it encourages people to start saving for retirement early, laying a solid financial basis for their post-employment lives.

12. According to Smruti Vakil (2019), the most significant sources for individuals' retirement planning decisions are family, friends, personal research, and job. Furthermore, 50% of respondents felt that there is insufficient information on the market about retirement planning. This suggests that just 30-40% of people make retirement investments. The survey found that participants want a wide choice of investing options during their retirement.

13. Nurul Faezah Mohd Talib et al. (2017) identified the dependent variable as "retirement planning behaviour," while the independent variables were "self-awareness," "organisational role," and "environmental factors." Although

participants agreed that retirement plans would help them have a comfortable retirement with a consistent income, 71% acknowledged to never having followed any retirement plans. According to the study, retirement planning is unrelated to self-awareness since employees are aware of their financial demands after retirement but have little financial knowledge.

14. Fatemeh Kimiyaghalam et al. (2017) investigated two behavioural theories about retirement financial planning: 'planned behaviour' and 'temporal perspective theory.' The authors obtained primary data from 900 respondents and used structural equation modelling to analyse it. The findings revealed a clear link between people's planned behaviour and future orientation and their retirement planning behaviour.

15. Kadam and Thakar (2014) performed a research in Pune to determine the elements that contribute to attrition in the industry. According to the statistics, employees have an average age of 26 years and experience ranging from two to four years. The biggest causes for employment departure are possibilities for professional progress and monetary concerns. Furthermore, the research emphasizes the value of non-financial perks for employees.

16. Mishra and Patel (2020) did a cross-sectional research and discovered that demographic characteristics like age and education strongly affect financial literacy and retirement readiness.

17. Aggarwal (2021) investigated the pension financial literacy of Indian government employees on the National Pension Scheme (NPS). The study emphasized the need for greater financial knowledge to boost participation and efficacy of the National Pension System.

18. Mittal and Gupta (2022) did a comprehensive assessment and found that financial literacy has a substantial impact on retirement planning. They highlighted that most studies focus on

industrialized countries, indicating a study void in the Indian setting.

19. Maithri & Dr. Pavithra Kumari (2022) performed a systematic review, categorizing literature into conceptual, hypothetical, and theoretical frameworks. Their findings suggest that financial literacy enhances retirement confidence and planning behavior.

20. Nagpal and Sharma (2023) investigated the link between employee financial literacy and retirement planning behaviour across sectors. Their findings show that employees with greater levels of financial literacy are more proactive in retirement planning, contributing more to retirement accounts and diversifying their investment portfolios.

21. Voleti et al. (2024) did an empirical study on technical education instructors in Andhra Pradesh and discovered that financial knowledge and future time perspective had a substantial impact on perceived financial preparation for retirement. Interestingly, financial risk tolerance was not identified as a major factor in this scenario.

22. Saini et al. (2024) looked at the relationship between financial knowledge, investing strategy, and satisfaction with pension plans in India. The study discovered that persons with stronger financial understanding tend to adopt more successful investing strategies, resulting in higher satisfaction with their pension outcomes.

3. Research Gap

A review of existing literature reveals a scarcity of studies focused on financial literacy and retirement planning, both in India and internationally. Notably, there is a lack of research examining the financial planning behaviors of employees regarding retirement in the Jaunpur (U.P.) region. This gap underscores the necessity for further investigation in this domain.

4. Scope of the Study

- To investigate the various retirement planning options available to employees.
- To investigate the level of financial awareness among employees concerning various retirement savings options.
- To analyze the financial retirement planning practices adopted by employees.
- To offer appropriate financial retirement planning recommendations for investing in diverse retirement savings avenues.

5.0 RESEARCH METHODOLOGY:

Research methodology refers to the systematic approach employed to address a research problem. It encompasses the study's objectives,

hypotheses, scope, research design, sample design, data collection methods, data analysis tools, organization of the study, significance of the study, and its limitations.

5.1 Type of Research: The research paper is characterized by its descriptive and exploratory nature.

5.2 Data Source and type: The present research relies on a combination of primary and secondary sources. The primary data was gathered using a structured questionnaire comprising questions based on a 5-point Likert scale, while the secondary sources encompass journals, research articles, finance magazines, textbooks, and so forth.

Table 1: Presenting the Demographic profile of respondents

Demographic factors	Categories	Frequency	Percentage
Gender	Male	80	60
	Female	52	39
Age	20-30	41	31
	31-40	33	25
	41-50	19	14
	51-60	24	18
	> 60	15	11
Annual Income	1 lakh - up to 3 lakh	28	21
	3 lakh - up to 6 lakh	28	21
	6 lakh - up to 9 lakh	30	23
	9 lakh - up to 12 lakh	16	12
	12 lakh - up to 15 lakh	30	23

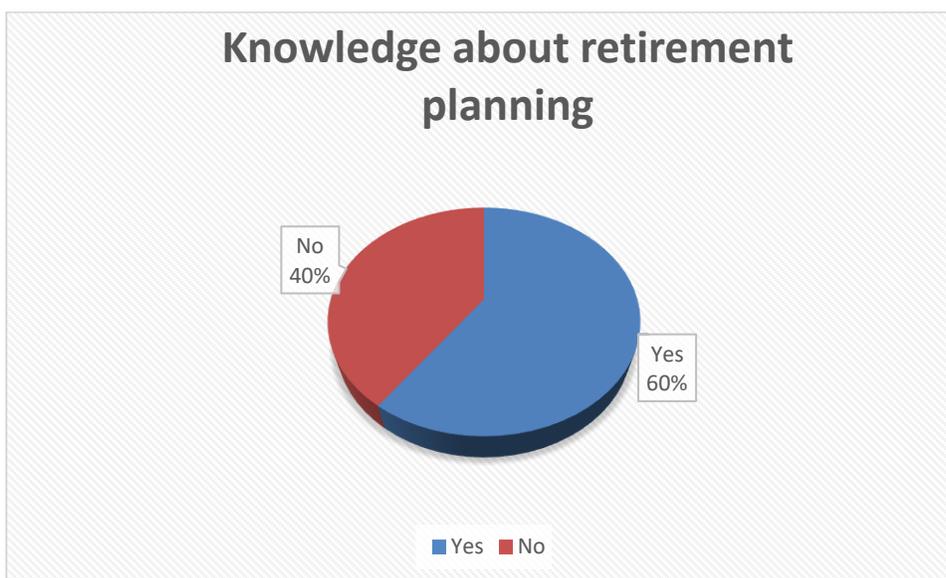
Source: Own compilation

Table 2: Demonstrating personal understanding of retirement planning

Opinions	No. of Responses	Responses in Percentages
Yes	95	72
No	37	28
Total	132	100

Source: Own compilation

Figure 1: Demonstrating personal understanding of retirement planning



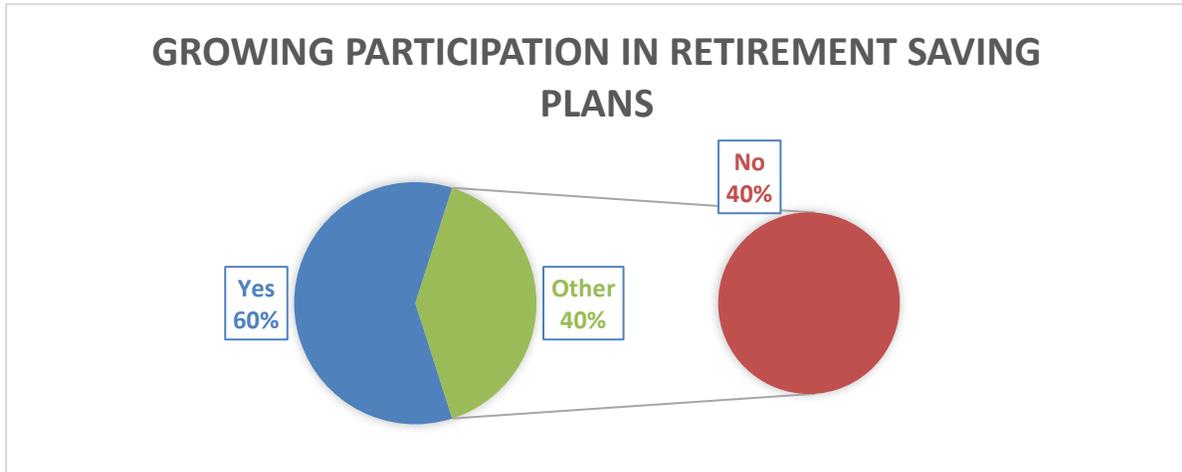
Interpretation: Among the total responses, 28% of salaried individuals possess knowledge regarding retirement planning, while the remaining 72% lack such knowledge.

Table 3: Demonstrating that individuals have begun to save for their retirement life

Opinions	No. of Responses	Responses in Percentages
Yes	86	65
No	46	35
Total	132	100

Source: Own compilation

Figure 2: Demonstrating that individuals have begun to save for their retirement life



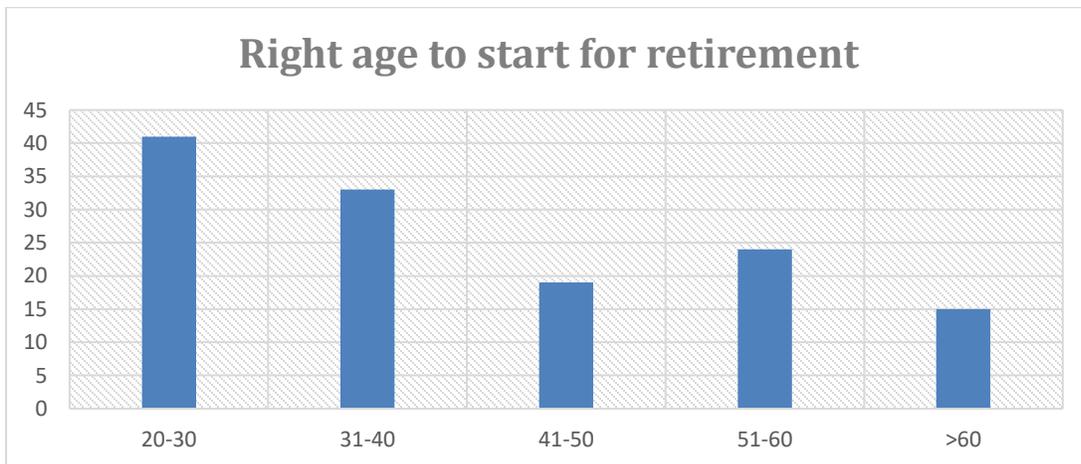
Interpretation: Among 135 salaried individuals, 65% have begun to save for retirement, whereas 35% have yet to initiate their retirement savings.

Table 4: Presenting a personal viewpoint on the appropriate age to begin retirement planning

Opinions/Age	No. of Responses	Responses in Percentages
20-30	41	31
31-40	33	25
41-50	19	14
51-60	24	18
>60	15	11
Total	132	100

Source: Own compilation

Figure 3: Presenting a personal viewpoint on the appropriate age to begin retirement planning



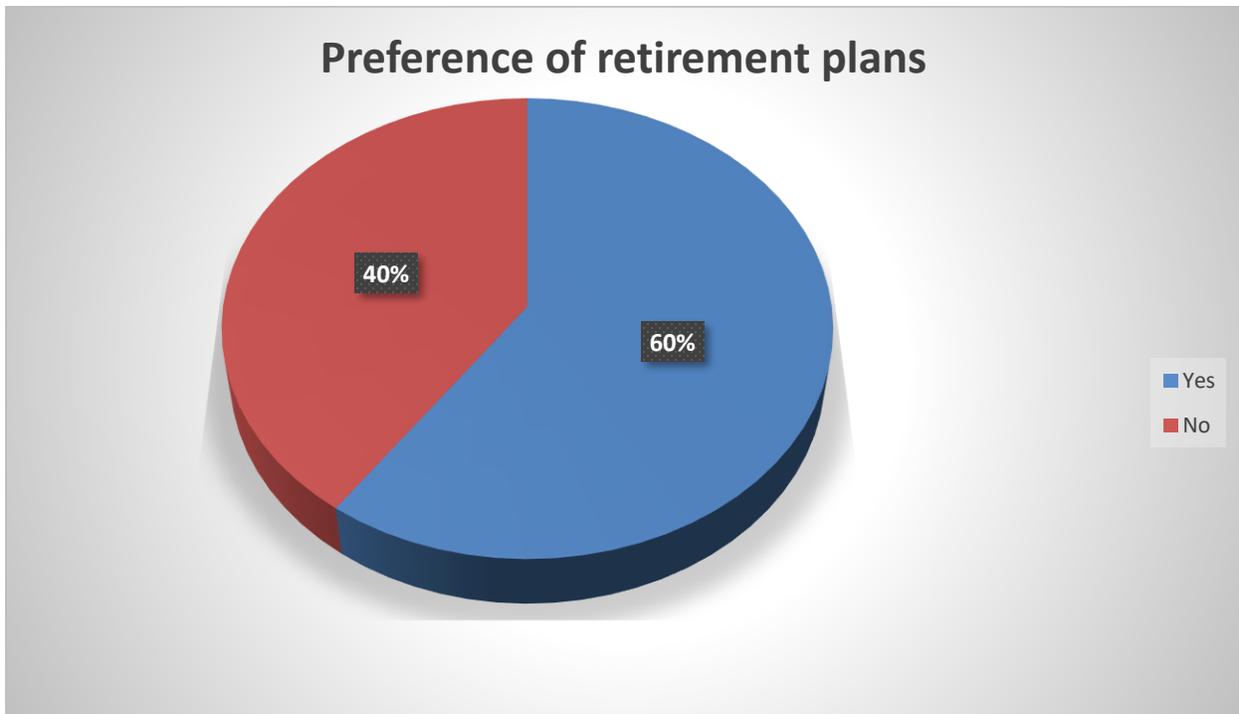
Interpretation: The survey results show that younger adults (ages 20–30) are the most represented group, with participation decreasing across older age brackets. Middle-aged respondents (31–50) also contribute significantly, while older adults (51 and above) have the lowest response rate. This trend may reflect higher engagement or accessibility among younger individuals. To achieve a more balanced age representation, targeted outreach to older age groups may be necessary.

Table 5: Demonstrating personal preferences regarding retirement plans

Opinions	No. of Responses	Responses in Percentages
Yes	79	60
No	53	40
Total	132	100

Source: Own compilation

Figure 4: Demonstrating personal preferences regarding retirement plans



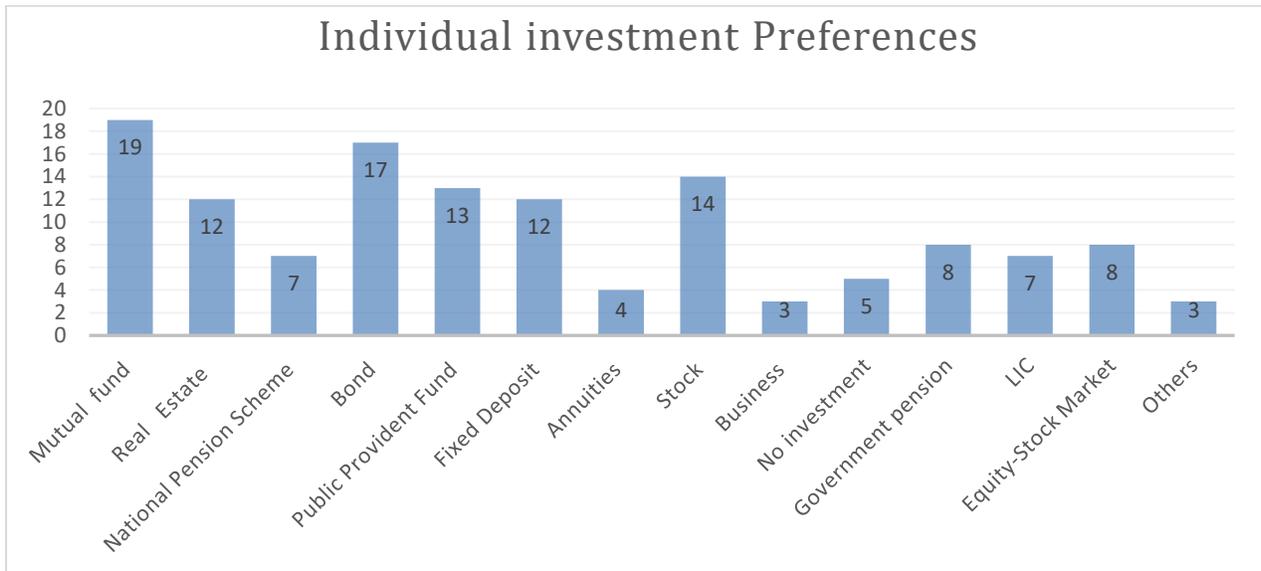
Interpretation: Among the total sample responses, 60% of salaried individuals express a preference for government plans, whereas the remaining 40% favor private company plans.

Table 6: Highlighting individual investment choices

Opinions	No. of Responses	Responses in Percentages
Mutual fund	19	14
Real Estate	12	10
National Pension Scheme	07	05
Bond	17	13
Public Provident Fund	13	10
Fixed Deposit	12	09
Annuities	04	03
Stock	14	11
Business	03	2.2
No investment	05	4
Government pension	08	6.060
LIC	07	5.30
Equity-Stock Market	08	6
Others	03	2.27
Total	132	100

Source: Own compilation

Figure 5: Highlighting individual investment choices



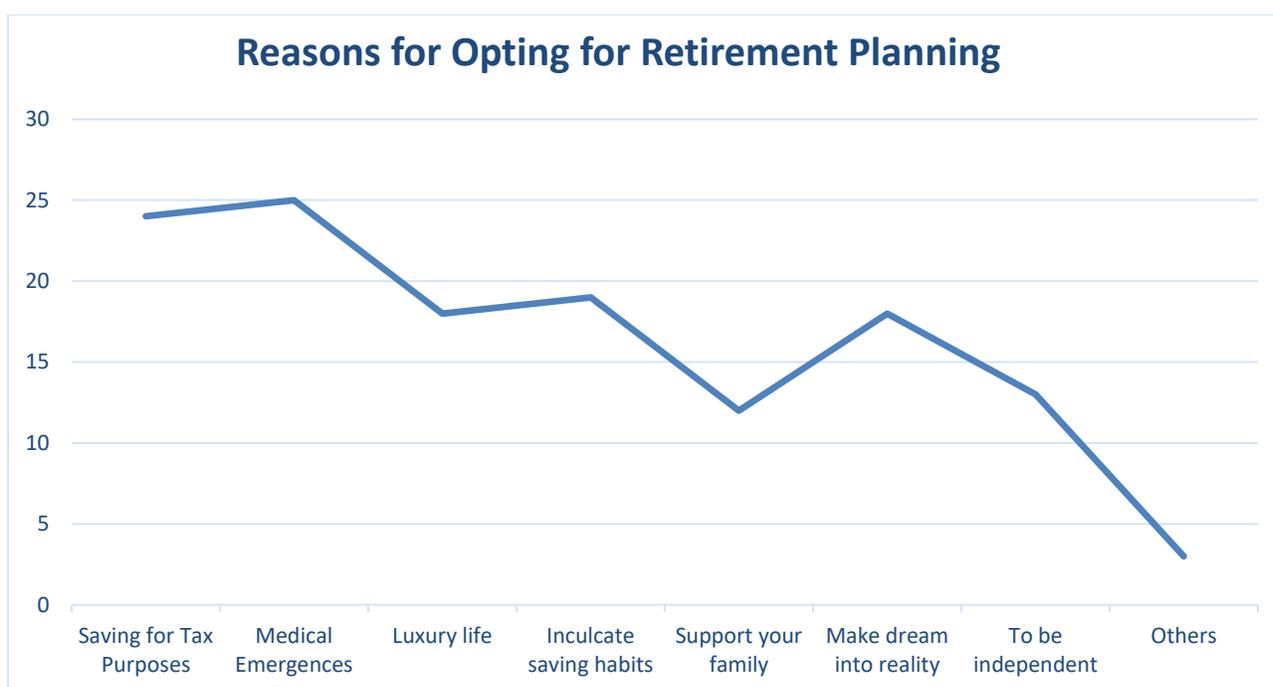
Interpretation: The responses indicate that a majority of individuals have begun planning for retirement through a variety of financial options. Among the most favored are Mutual Funds, Bonds, and Stocks, reflecting a mix of risk and return preferences. Conventional choices such as the Public Provident Fund (PPF), Real Estate, and Fixed Deposits also show significant popularity. Only a few respondents reported not saving at all, highlighting a growing consciousness about the importance of retirement planning. In general, the data points to a positive shift toward early and active retirement saving.

Table 7: Presenting justifications for choosing retirement planning

Reasons	No. of Responses	Responses in Percentages
Saving for Tax Purposes	24	18
Medical Emergences	25	19
Luxury life	18	14
Inculcate saving habits	19	14
Support your family	12	10
Make dream into reality	18	08
To be independent	13	14
Others	03	2
Total	132	100

Source: own compilation

Figure No. 6: Presenting justifications for choosing retirement planning



Interpretation: The data highlights the different factors influencing individuals to plan for retirement. The leading motivations are preparing for medical emergencies (25 responses) and gaining tax advantages (24 responses), suggesting that concerns about future healthcare needs and potential tax savings play a significant role in encouraging retirement planning

Table 8: Demonstrating to individuals the investment options in accordance with their retirement planning advice.

Options	No. of Responses	Responses in Percentages
Attorney	03	4
CPA	04	5
CFP	03	4
Insurance Broker	11	15
401k or 403 plan advisor	02	3
Self research	59	78
Family	47	62
Others	03	4
Total	132	100

Source: own compilation

Figure 7: Demonstrating to individuals the investment options in accordance with their retirement planning advice.



Interpretation: The data reveals that individuals primarily rely on self-research when making retirement planning decisions, with 59 respondents indicating this preference. This suggests a strong inclination toward independently gathering information and making informed choices. The second most common source is guidance from family members (47 responses), underscoring the influence of personal networks and trust in familial advice.

In contrast, fewer individuals reported relying on professional advisors. Insurance brokers received 11 mentions, while CPAs, CFPs, and attorneys collectively accounted for 10 responses. This indicates a relatively low dependence on formal financial professionals. Notably, only two participants consulted a 401(k) or 403(b) plan advisor, which may point to limited access to or awareness of these services. Additionally, three respondents selected "Others," potentially reflecting the use of unconventional or less common sources of advice.

6.0 FINDINGS OF THE STUDY:

1. According to the report, the majority of paid individuals are aware of retirement planning, with males being the most knowledgeable. Even yet, some people are unaware of it.
2. The findings indicate that a majority of individuals prefer government-sponsored plans over those offered by private companies. This preference is attributed to the lower risk associated with government plans in comparison to private sector alternatives.
3. It has been observed that a considerable number of individuals do not engage a retirement advisor. Instead, they typically rely on personal research or guidance from family members for retirement planning, leading to a reluctance to hire professional retirement advisors due to the availability of advice from various other sources.
4. The study finds that most individuals possess individual retirement policies rather than joint retirement policies. Additionally, it is noted that some individuals do not have any retirement policy in place.
5. Many individuals are unaware of whom to approach for retirement advice and which options are optimal for retirement savings.
 - a) Some individuals encounter the challenge of inconsistent income, which hampers their ability to save adequately for retirement.
 - b) Another difficulty faced by individuals is the inability to estimate the amount of savings required post-retirement.
 - c) Additionally, individuals face challenges due to various factors, such as unpredictable inflation rates and market uncertainties regarding their investments.
 - d) Consequently, the primary challenge lies in accurately calculating savings and making appropriate investments to ensure that the estimated corpus at retirement meets or exceeds their expectations.

7.0 CONCLUSION:

This study was undertaken to explore retirement planning among individuals. It is essential for people to begin saving at a young age to accumulate a sufficient amount of funds for their retirement. Initiating savings early allows for strategic planning regarding retirement and provides ample time for investments to grow over the long term. Furthermore, individuals should assess the amount of savings they will require post-retirement to effectively work towards their financial objectives. The government should force educational institutions to hold retirement planning workshops for students after they complete their undergraduate or postgraduate courses. Such efforts would promote awareness about the value of early retirement planning and encourage young people to start saving at a younger age. Furthermore, the government should actively encourage awareness of the many investment options available to citizens depending on their income levels and the possible returns they provide. Many investment vehicles, such as pensions, insurance policies, and provident funds, provide tax breaks, and raising public knowledge of these benefits is critical. Furthermore, various government-sponsored retirement plans exist that cover post-retirement healthcare costs, and individuals should be urged to prioritise these alternatives in their preparation. In conclusion, retirement planning can be straightforward if approached strategically and initiated early.

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