



## RETIREMENT PLANNING OF WORKING INDIVIDUALS IN AHMEDABAD.

Smruti Vakil

Swati Modi

**ABSTRACT** This cross-sectional study is an explanatory research intended to establish the relationship between the retirement planning behavior and the various factors affecting the retirement planning behavior. A total of 300 working individuals in the age group of 26 to 55 years had participated in this study. The objectives of this study are to examine the retirement planning behavior of working individuals. This study contributes a clear view through the symbolic interaction theory and several past relevant empirical studies. The results identified several significant variables in the prediction of working individuals' retirement planning behavior, including age, education level and income level. The findings of this research support the research model in which potential conflict in retirement planning, attitude toward retirement and retirement goal clarity are the significant predictors of retirement planning behavior. The results of this study have implications for working individuals to do early planning for retirement to enable them to have a strong financial base after retirement. The nature of retirement and its importance to people has undergone rapid changes. This study will be an attempt to analyse the retirement planning behaviour of the people and to determine the retirement objectives of the people and also the preference of the individuals to achieve those retirement planning objectives.

**KEYWORDS :****INTRODUCTION**

Assuming yourself in retirement may be difficult. One can feel several years to start thinking to retire. For a majority of people, retirement is not a concept. If that is the case people should look at it as monetary aspect or economic aspects or financial security as one and the same thing. Increasing social awareness and the globalization of economies made people to think and look for financial independence. They want to be able to decide what they want to do and when to do. Every financial condition can be improved with appropriate scheduling. When it is the question of retirement planning, people should awake and start planning. The primary requirement in retirement planning is to establish what is most important to you and your family. Take a look to your lifestyle in retirement, and compare it with your lifestyle you enjoy today. What you think about your retirement definitely earning money and investing money to support your desired lifestyle. This requires you to determine how much money you require to invest to achieve your financial stability. In recent years the government of India has changed from defined benefit retirement plans to defined contribution retirement plans. Careful financial planning enhances the value of life in the retirement years to and if the individual further provides for healthcare one can add years to his life. Pension in India has conventionally financing through employer and employee contribution. Mass of the population is not covered by any official pension method. Approximately 12% of the working population in India is covered by some form of retirement benefit schemes. That means 88% of people still not having any access to any form of retirement benefit and has to depend on their own income or conventional and informal methods of old age income refuge such as the combined family system.

**RESEARCH PROBLEM**

The pre-retirees and workers are woefully unprepared for their golden retirement years. They save just one-third of what they needed to retire comfortably. It indicated that half of the individuals aging between 25-71 years will not have sufficient savings to support themselves in retirement. In many developing countries, the retirement has not been completely established.

Many households are unfamiliar even about the most basic economic concepts needed to make saving and investment decisions. The young and older citizens in India appeared to be very badly under-informed about basic financial literacy concept with serious implications for saving, retirement planning, mortgages, and other decisions.

**OBJECTIVES**

The following are some of the objectives for retirement planning of working individuals:

- To examine the retirement planning behaviour of working individuals from different age groups.
- To know the preferences for retirement.

- To help the retirees overcome their anxiety regarding retirement and develop a positive attitude towards it.
- To enrich the retiree's personal and familial toolbox to develop coping skills to deal with potential problems likely to come up during this period.
- To help consolidate programs for the management of life after retirement.

**HYPOTHESIS**

Following are some of the hypothesis which are taken under this study on the basis of literature review.

- H1 Age group is significant related to retirement planning behaviour.
- H2 Income level is significant related to retirement planning behaviour.
- H3 Goal clarity is significant related to retirement planning behaviour.
- H4 Attitude toward retirement is significant related to retirement planning behaviour.
- H5 Potential conflict in retirement is significant related to retirement planning behaviour.

**LITERATURE REVIEW**

- (Jacobs-Lawson & Hershey, 2005). Stawski, Hershey and Jacobs-Lawson (2007

indicated that retirement goal clarity is a significant predictor of planning practices, and planning, in turn to predict savings tendencies. This study found that income and age were important elements of the model with income accounting for roughly half of the explained variance in savings contributions.

- Hershey, Henkens, and van Dalen (2010)

determined that parental effects and social influences have a significant impact on retirement planning goal clarity. Individuals with parents who have planned for their retirement could have high income, so income can be the predictor of saving contribution. (Lunt & Livingstone, 1991).

**RESEARCH METHODOLOGY**

**Research design:** descriptive research

**Sample size:** 200

**Sampling method:** non-probability convenience sampling

**Sampling frame:** ahmedabad

**Data collection**

Both primary and secondary sources are to be used to collect the data.

**VARIABLES AND MEASUREMENT**

In this study, there are independent variables and dependent variable. The independent variables are divided into two sections, which are demographic variables. The dependent variable is retirement planning

behaviour. The questionnaire included four topics: retirement planning, saving attitude, parents' influence, and demographic data. It was expected that 15 min were needed for completing the questionnaire. The first page of the questionnaire was a cover letter consisting of ethics approval, the purpose of the study, and researcher contact information. Most measures of each variable in the model were based on existing literature. However, the study rephrased some questions to make them easy to understand. Also, it was difficult for many ahmedavadis to read long and complicated English sentences. The last section included questions on age, gender, marital status, education, and income. In this study, there were five age groups: 18–29 (who finished their school education and may enter to university or start their jobs), 30–39 (most probably have jobs), 40–49 (may accumulate money or have savings because of working years), 50–59 (near to retirement age), and 60 and above (most probably retired)

- would consider investing some or all of my pension fund for a fixed period with the income and capital return guaranteed for that period
- In the first point there are there we can say that there are 72% of people agreed that they are concerned about their pension fund.
- And we can also observe that 28% of people disagreed that they are much concerned about their pension fund.
- Here from the above table we can say that there are 57.5% of people agreed that they requires a guaranteed income in their retirement.
- And remaining 42.5 % disagreed that they are worried about their income actually.
- Here we can see that there are 72.5% of people agreed that they want certainty for the rest of their life.
- And there are only 27.5% who disagree that they want certainty for the rest of their life .
- There are 64% of people who agreed that they wishes to maximize their income immediately and understand the value of their income.
- And the remaining 26% disagreed that they wishes to maximize their income immediately as such they may planned other sources for the income .
- There are 65% of people who agreed that they are happy to commit to the same form of retirement income for the rest of their life .
- And there are only 35% of people that disagreed to commit to the same form of retirement income for the rest of their life.
- There are 60.5% of people who agreed that they would consider a combination of different options to help and meet the overall retirement needs .
- And there are 39.5 % of people disagreed that they would not such factors in their retirement.
- From the above table we can see that there are 67.5% of people who agreed that they would consider investing some or all of their pension fund for the fixed period of time and there are some kind of guaranteed return for that period.

#### CHI-SQUARE TEST

**HO: There is no significant association between the saving from monthly salary and saving is enough**

**H1: There is a significant association between the saving from monthly salary and saving is enough**

- Here from the above cross tabulation we can see that 58% of people manage to save from their monthly salary and also believe that savings is enough for the rest of their life and they were also giving positive response.
- And we can also observe that 98% saying no that they were not able to save money from their salary and also do not feel that it is enough for the rest of their life.

**HO: There is no significant association between having insurance plans and intend to take other retirement plans**

- Here we can observe that there are 78% of people having insurance plan and they were saying yes and also intended to take up other insurance plans as well.
- And also see that there are 50% of people saying no to the insurance plan and are not intended to take up any insurance plan for further securities.

#### FINDINGS AND SUGGESTIONS

- In future studies, it is recommended to include financial literacy that links actual financial knowledge which contributes in financial preparation for retirement.
- It is also recommended to include knowledge about the retirement

planning in future studies that enables to link actual preparation not only in financial but all the perspective regarding retirement.

- Comparative study can also be carried out by investigating responses from the working individuals in private sector and across the public sector.
- The finding of this study can be an alert to all the working individuals to prepare their retirement planning in their early life.
- The study results show that 26 to 35 years is the most suitable age to start to plan the retirement because at this age, the employees show a positive attitude toward retirement. Working individuals might realize that early planning retirement enables working individuals to have strong financial planning to secure them in their afterlife of retirement.
- Thus, the working individuals who are more knowledgeable about the retirement planning should share their knowledge and experience to their friends or colleagues. Financial educators and professionals should provide advice in order to lead the working individuals move forward in retirement planning during their early life.

#### CONCLUSION

Retirement is often associated with conditions that are no longer needed in the job. A retirement seen as a beginning to the end of human career where much focus is given to free time and rest after a long career phase of life. Therefore, to ensure that pensioners maintain the quality of their life as before the retirement, a good retirement planning and it will help the pensioners. Furthermore, in future studies can be carried out on factors such as gender, marital status, number of retirement programs attended and people who can influence retirement planning behaviour. This may bring forward different perceptions from the aspect of public servants. Therefore, many pre-retirement planning program should be provided and conducted by organization and government.

The younger generation of working individuals (26- 35 years) have a better perception toward the retirement planning and they are not worried about the retirement. Thus, early planning for retirement may bring advantages and benefits to them in order to prevent them from not affording to retire since they have sufficient time to plan on it. This also helps them to plan in order to pursue their goal or dreams during the retirement life. There are couple of working individuals do not contribute to a retirement saving plan or account. This study shows that different age group of working individuals have different thinking and behaviour toward the retirement planning among them. The attitude of individuals influences their behaviour in making decision in retirement planning. Working individuals will tend to plan for their retirement once influenced by the group who expert in retirement planning due to the social interaction process. Thus, the working individuals who are more knowledgeable about the retirement planning should share their knowledge and experience to their friends or colleagues. Financial educators and professionals should provide advice in order to lead the working individuals move forward in retirement planning during their early life.

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