

Retirement Planning – Perception and Awareness Among Private Sector Employees With Special Reference to Coimbatore

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ABSTRACT

Increasingly, individuals are being required to take more responsible for their own retirement savings. However optimal decision making requires adequate knowledge of financial mathematics, risk and return properties of investments. This study explores the perception and level of awareness about retirement planning among the employees working in Private sector establishments in Coimbatore District. A well-structured questionnaire was distributed among private employees in Coimbatore District. The responses received were properly analyzed with the help of Statistical Software.

KEYWORDS: Retirement, investment, savings, Pension plans, Awareness.

I. INTRODUCTION

Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals. In the simplest sense, retirement planning is the planning one does to be prepared for life after paid work ends, not just financially but in all aspects of life. The non-financial aspects include lifestyle choices such as how to spend time in retirement, where to live, when to completely quit working, etc. The emphasis one puts on retirement planning changes throughout different life stages. Early in a person's working life, retirement planning is about setting aside enough money for retirement.

II. STATEMENT OF PROBLEM

Retirement is gradually becoming a topic of research focus in contemporary society. It is an important phase of life or life event,

bringing with it many challenges in terms of adjustments and changes in lifestyle, self-esteem, friendships, and vocation.

The people working in Private sector are getting their wages and salaries comparatively lesser than the people working in government sector and they have the higher risk of running their life after retirement. This raised the need for the habit of saving for retired life. People have to invest in some financial schemes to make their life secured after retirement. This study aims to find out answers to few questions like whether the employees have sufficient knowledge in pension and Group insurance schemes. Whether they are aware about the various insurance plans? Whether they have already made investment in any of the schemes? Etc.,

III. OBJECTIVE OF THE STUDY

1. To know the demographic status of the respondents.

2. To study the level of perception of the respondents about various retirement planning schemes
3. To create awareness among the respondents about various investment avenues
4. To provide suggestions to the respondents to choose the best means of investment to secure their life after retirement.

IV. SCOPE OF THE STUDY

The scope of the study is getting familiar with various investment avenues available after retirement. To study the life stages of an individual and to identify their risk tolerance, income flow, life goals and current investment. this study will cover all areas of individual financial needs. The scope covers investing on proper retirement planning.

V. RESEARCH METHODOLOGY

Research Methods is defined as “tools or instruments used to accomplish the goals and attributes of a study”

METHOD OF DATA COLLECTION

The data collected for this study is

1. **Primary data:** Structured questionnaire is used for collecting Primary data
2. **Secondary data:** Secondary data is collected from Journals, Magazines and published reports.

AREA OF THE STUDY: This study was conducted in Coimbatore city

SAMPLING METHOD: Convenient sampling method is used.

SAMPLE SIZE: The sample size is 100.

TOOLS USED FOR ANALYSIS: Data analyzing tools are Simple percentage and Chi-square test.

VI. LIMITATION OF THE STUDY

- The study was restricted only to Coimbatore City
- Due to time constraints the researcher was not able to collect more data.
- The sample size was also limited.
- Lack of cooperation of the respondents because of their busy schedule.
- In depth of research process could not be conducted due to high cost and paucity of time.

VII. REVIEW OF LITERATURE

1. **Pereira T, Shetty S, Chande M. 2016** Retirement has a definitive but variable impact on an individual's life. Research on the impact of retirement in the general population has shown inconsistent results.
2. **Lai, Lai and Lau (2009)** found that there is significant difference between teaching position, education and age across the annual income levels from academics' perspective.
3. **Wong and Earl (2009)**, retirees neglected retirement planning because they have certain level of difficulty in adjusting to retirement.
4. **Lusardi and Mitchell (2007)** showed that planners accumulate large wealth than non- planners through saving, investment, probability of selling house to finance retirement and other
5. **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

VIII. ANALYSIS AND INTERPRETATION

Socio- economic profile of the respondents

Table no 1

S. No	Demographic		NO. Of Respondents	Percentage
1	Gender	Male	85	85%
		Female	15	15%
2	Age	20-25 years	15	15%
		26-30 years	25	25%
		31-35 years	30	30%
		36-40 years	20	20%
		Above 40 years	10	10%
3	Education qualification	SSLC	10	10%
		ITI	25	25%
		Diploma	25	25%
		Degree	40	40%
4	Retirement scheme	Yes	60	60%
		No	40	40%
5	Member of family	1	20	20%
		2	15	15%
		3	25	25%
		4 and above	40	40%
6	PF contribution	Yes	60	60%
		No	40	40%

Source: primary data Table 1 clearly states the demographic profile of the sample respondents. Majority of responds falls in the

age group of 31-35 years Most of them are male. Majority of them completed their degree. Majority of family holds more than 4 family members 60% of the respondents avail the PF facility offered by their employer

PERCENTAGE ANALYSIS:

Table no 2: SHOWING THE NO. OF RESPONDENT COMES UNDER PENSION FACILITY

PARTICULARS	FREQUENCY	PERCENTAGE (%)
YES	85	85
NO	15	15
TOTAL	100	100

INTERPRETATION:

15% of the company respondent are not coming under pension plan (till now, this will change after some years). Only 85% of the respondent are coming under this category.

CHI-SQUARE ANALYSIS

Opinion about the respondent monthly savings:

Null hypothesis (Ho): There is no significant relationship between respondent monthly savings and education level of the respondents.

Alternative hypothesis (Ha): There is significant difference between respondent monthly savings and education level of the respondents.

Respondent monthly savings	Education level

Opinion	S S L C	IT I	DIP LO MA	DEG REE	TO TA L
<1000	8	20	12	10	50
1000-5000	2	5	8	8	30
5001-10000	-	-	4	6	10
>10000	-	-	1	9	10
Total	10	25	25	40	100

DEGREES OF FREEDOM:

$$\gamma=(r-1) (c-1) = (4-1)(4-1)=9$$

LEVEL OF SIGNIFICANCE: 5%

The tabulated value of chi-square at **(0.05, 9) =29.97**

Since calculated value is **29.97**

Thus it is found that 29.7(calculated value) <16.92(tabulated value)

The null hypothesis is accepted. So the alternative hypothesis is rejected. Thus it is found that there is no significant difference between respondent monthly savings and education level of the respondents.

IX. FINDINGS

1. As far as investment is considered people rank safety as their first priority compared to other investment pattern i.e. Convenience; rate of return; long term benefit; availing loan.
2. Majority of the respondents have less awareness about the various investment plans available.
3. Most of the respondents are satisfied with the benefits offered by the current plan of investment.

4. a) Majority of 39% of the respondents feels that the retirement plan should offer them and their spouse a guaranteed stream of income each month for life starting at retirement and continuing on through the life of your spouse if he/she lives longer than them.
- b) 25% of the respondents feels that the retirement plan should provide a guaranteed stream of income each month for life starting at retirement.
- c) 11% of the respondents feels that the retirement plan should offer the flexibility of transferring the money into another retirement plan or retirement account when leaving an employer.
- d) 10 %of the respondents feels that the retirement plan should offer the ability to withdraw the money as cash before retirement, with or without penalty fees.
- e) 10% of the respondents feels that the retirement plan should provide a lump sum of money at retirement to be managed at your discretion through your retirement years.
- f) 5 % of the respondents feels that the retirement plan should provide the ability to save an amount of your choice for retirement through automatic deductions from a pay check.

X. SUGGESTION

- Majority of the respondent are having LIC Policy. Respondent has taken Insurance for 10 years. Also respondent are taking other insurance like HDFC, Bajaj, ICICI etc.
- To save for future some of the respondents are going to part time job, but they are not satisfied with the part

time salary, this has to be analyzed further.

- One few percentage level of respondent comes under pension plan. Private insurance scheme will be promoted here for their future saving.

XI. CONCLUSION

The results show different age groups of the working individuals have different perspective toward the retirement planning behavior. The younger generation of working individuals perceived 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.

Reference

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- iii. **Stawski, Hershey and Jacobs-Lawson (2007)** Journal of Financial Counseling and Planning, Volume 29, Number 2, 2018, 328-342 © 2018 Association for Financial Counseling and Planning Education® <http://dx.doi.org/10.1891/1052-3073.29.2.328>.
- iv. **A Lusardi, OS Mitchell - ... Research Center Research Paper No. WP, 2007 - papers.ssrn.com**The present paper introduces a new dataset, the Rand American Life Panel (ALP), which offers several appealing features for an analysis of financial literacy and retirement planning. It allows us to evaluate financial knowledge during workers' prime earning years.
- v. **T Pereira, S Shetty, M Chande - Annals of Tropical Medicine and Public ..., 2016 - atmph.org**Background: Dentistry may appear to be a rewarding and satisfying job, but the fear of coming up short may haunt many dentists

as they approach retirement. Planning for one's retirement is an issue that concerns all working individuals.