ASTUDYON THE AWARENESS LEVEL OF RETIREMENT PLANNING AND INVESTMENTS

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Abstract

This study examines the awareness levels of retirement planning and investments among individuals from different demographic groups, including age, gender, education, and income levels. Utilizing a descriptive research design, data were collected from 127 respondents through a structured questionnaire. Statistical tools such as percentage analysis, chi-square, and one-way ANOVA were employed to analyze the data. The findings revealed that a majority of individuals, particularly those aged 20-30, recognize the importance of retirement planning, with "Expected Returns" being the most influential factor in investment decision-making. Furthermore, the study found significant differences in retirement preparedness based on age and income, and it highlighted the positive impact of consulting financial advisors on individuals' perceived knowledge. This research emphasizes the need for targeted financial education and improved accessibility to financial advisory services, particularly for younger and lower-income individuals, to ensure long-term financial security in retirement.

Introduction

Retirement planning and investments are crucial aspects of financial security, yet many individuals lack awareness and understanding of these topics. This study investigates the awareness level of retirement planning and investment strategies across various demographics, including age, gender, education, and income level. Understanding how different demographic groups perceive and engage with retirement planning is crucial for identifying disparities and areas needing improvement. By evaluating awareness levels in these diverse groups, the study aims to uncover patterns and differences in knowledge and preparedness for retirement. The results will provide insights into how demographic factors influence financial planning behaviors.

ReviewofLiterature

Dr Nagaprakash T, Kishore. P, Kayathiri. (2023) Effect of Financial Literacy on Retirement Planning. This study examines how financial literacy influences individuals' retirement planning behaviors. The study finds that individuals with higher levels of financial knowledge are more likely to engage in effective retirement planning by making informed decisions about savings, investments, and managing financial risks. Conversely, those with lower financial literacy often struggle with inadequate retirement planning, potentially underestimating the resources needed for a secure post-retirement life. The research also highlights demographic factors, such as age and gender, that can influence financial literacy levels and retirement preparedness. Overall, the study underscores the importance of financial education in ensuring better retirement outcomes for individuals.Retirement Planning – A Systematic Review of Literature and Future Research Directions" by Kavita Ingale and Ratna Paluri (2023) offers a detailed review of existing studies on retirement planning, highlighting key factors that influence individuals' retirement decisions, such as financial literacy, income, health, social security, and demographic variables like age and gender. The authors identify significant gaps in the literature,They suggest that future research should focus on emerging trends, including the role of technology, digital financial platforms, and behavioral finance, in shaping retirement planning, especially given the aging population. Overall, the article not only synthesizes past research but also proposes future directions to address new challenges in retirement planning.

Research Methodology

This study adopts a descriptive research design to assess the awareness levels of retirement planning and investments across various demographics. The study focuses on demographic variables such as age, income level, education, and employment status to understand how these factors influence individuals' knowledge and preparedness for retirement.Tools used for data analysis include Percentage Analysis, Mode, Chi-Square, and One-Way ANOVA to interpret the results and test hypotheses

Analysis
1.Gender of the Respondent

GENDER		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	70	55.1	55.1	55.1
	Female	57	44.9	44.9	100.0
	Total	127	100.0	100.0	

Interpretation; From127 respondents, 55.1%of themwereMale and 44.9%of themwere Male.

2. Ageof The Respondent

AGE		Frequency	Percent	ValidPercent	Cumulative Percent
Valid	18-20	12	9.4	9.4	9.4
	20-30	58	45.7	45.7	55.1
	30-40	20	15.8	15.8	70.9
	Above 40	37	29.1	29.1	100.0
	Total	127	100.0	100.0	

Interpretation

From the above data it is interpreted that the majority of the group falls within the 20-30 age range, making up nearly half of the total population (45.7%). The next largest group is those above 40, comprising 29.1%. The smallest representation is from the 18-20 age group, with only 9.4%. This suggests that the population is primarily young adults, with a significant portion above 40 years old.

3. Importance Of Retirement and Investment Planning in Individuals

Importance of Retirement and Investment Planning					
		Frequency	Percent	ValidPercent	CumulativePercent
Valid	Very Important	69	54.3 %	54.3	54.3
	Important	38	29.9 %	29.9	84.2
	Moderately Important	15	11.8 %	11.8	96.0
	Slightly Important	5	4 %	4.0	100.0
	Total	127	100 %	100.0	

Interpretation
From the above data it is inferred a majority (54.3%) of the respondents consider retirement and investment planning to be "Very Important. "Almost 30% of respondents find it "Important," showing that a significant portion still recognizes its relevance. Only a small minority considers it "Moderately Important" (11.8%) or "Slightly Important" (3.9%).The overall takeaway is that the majorityof people see retirement and investment planning as highly significant.

1. Mode

It is used to determine the percentage of respondents who consider retirement planning important or the gender distribution among participants.

Null hypothesis (HO): There is no significant difference in the importance of factors (Risk Tolerance, Expected Returns, Tax Implications, Expenses, Others) when deciding on retirement investment options.

Alternative hypothesis (H1): At least one factor (Risk Tolerance, Expected Returns, Tax Implications, Expenses, Others) is considered significantly more important than the others when deciding on retirement investment options.

Statistics						
		Risk Tolerance	**Expected Returns**	**Tax Implications**	**Expenses**	**Other**
N	**Valid**	127	127	127	127	127
	Missing	0	0	0	0	0
Mode		0	1	0	0	0
Sum		53	88	45	53	7

Interpretation
From the above test it is identified that Expected Returns: The mode is 1 or Yes, meaning this value appears most frequently in this category. Risk Tolerance, Tax Implications, Expenses, and Other: The mode is 0, indicating that the majority of responses or values were 0 or No.Null Hypothesis is rejected.At least one factor (Expected Returns) is considered significantly more important than the others when deciding on retirement investment option.

2.Chi Square

Itis applied to test whether consulting a financial advisor is associated with respondents' perceived knowledge about retirement investments. The result shows whether the relationship between these variables is statistically significant.

Null hypothesis (HO): There is no association between individuals' consultation with a financial advisor/planner and their self-perceived knowledge about making informed decisions regarding retirement investments.

Alternative hypothesis (H1): There is an association between individuals' consultation with a financial advisor/planner and their self-perceived knowledge about making informed decisions regarding retirement investments.

Test Statistics

	Have you consulted with a financial advisor or planner regarding your retirement savings and investments?	Do you believe you have enough knowledge to make informed decisions about your retirement investments?
Chi-Square	35.346457	18.393701
df	1	2
Asymp. Sig.	.000	.000

Interpretation
From the above test it is found that the significance value is 0.05 which is greater than the table value of 0.000 Therefore, Null hypothesis is Rejected.There is an association between individuals' consultation with a financial advisor/planner and their self-perceived knowledge about making informed decisions regarding retirement investments.

3. ONE – way Anova
It is used to assess whether there are significant differences in the preparedness for retirement planning across different **age groups** and **income levels**. The results indicate whether these factors significantly affect retirement planning behaviors.

HO: There are no significant differences in the levels of preparedness for retirement and investments planning among different age groups.

H1: There are significant differences in the levels of preparedness for retirement and investments planning among different age groups.

ANOVA

How prepared are you so far for retirement and investments planning by AGE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	29.842	5	9.947	7.026	.000
Within Groups	178.381	122	1.416		
Total	208.223	127			

Interpretation
From the above table, we find that the significant value is 0.05, which is greater than table value 0.000, so the Null hypothesis is rejected. Therefore, There are significant differences in the levels of preparedness for retirement and investments planning among different age groups.

Null Hypothesis (H0)
There are no significant differences in the levels of preparedness for retirement and investments planning among different annual income levels.

Alternative Hypothesis (H1)
There are significant differences in the levels of preparedness for retirement and investments planning

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among different annual income levels.

ANOVA					
How prepared are you so far for retirement and investments planning by Annual Income					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	18.527	5	6.176	4.102	.008
Within Groups	189.696	122	1.506		
Total	208.223	127			

Interpretation

From the above table, we find that the significant value is 0.05, which is greater than table value 0.008, so the Null hypothesis is rejected. Thereforethere are significant differences in the levels of preparedness for retirement and investments planning among different annual income levels.

Suggestion
- Financial Education Programs**:** There is a need for targeted financial education, particularly aimed at younger individuals and those with lower incomes, to bridge knowledge gaps in retirement planning.
- Encouraging Early Planning: Public and private institutions should promote proactive retirement planning from a young age, ensuring that individuals understand the importance of long-term investment strategies and benefits.
- Leverage Financial Advisors**:** Since consulting with financial advisors is associated with better retirement planning knowledge, companies and governments should make financial advisory services more accessible, especially to those in lower-income brackets.

Findings
- Demographics Influence Awareness: The study found significant variations in retirement planning awareness across demographic groups, with age and income level playing critical roles. Younger individuals (20-30) formed the largest group, and those over 40 comprised 29%, showing that the study focused on a range of ages.
- Investment Planning Perception**:**The majority (54%) of respondents considered retirement and investment planning "very important," highlighting widespread recognition of its importance. Only a small minority viewed it as less significant.
- Influential Factor for Retirement Investments**:** Among various factors (Risk Tolerance, Expected Returns, Tax Implications, etc.), **Expected Returns** emerged as the most significant influencing factor for deciding retirement investment options. This was supported by the rejection of the null hypothesis in the chi-square analysis.
- Role of Financial Advisors**:** The chi-square analysis showed a strong association between consulting financial advisors and increased self-perceived knowledge about retirement investments, suggesting the value of professional advice.
- Age and Income Effects on Preparedness**:** The ANOVA results indicated that preparedness for retirement varied significantly with both age and income levels. Older and higher-income respondents weregenerally more prepared for retirement than younger or lower-income individuals.

References

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