

# Examining the Impact of Economic Factors on Retirement Planning Behaviour of Salaried Employees

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**Abstract:** The current study is undertaken to assess the impact of economic factors on retirement planning behaviour of salaried employees. In order to fulfil the objectives of the study, primary data are collected through structured questionnaire from 302 employees of higher education department working in three universities operating in Jammu region of Union Territory of Jammu and Kashmir by using purposive sampling technique. Statistical techniques like EFA, CFA, One-way ANOVA and Independent sample t-test are used for data analysis and scale purification. The finding of the study revealed that economic factors have direct and significant impact on retirement planning behaviour of salaried employees. The current study advances debate on retirement planning and makes significant contribution towards the existing literature relating to behavioural finance. It looks into how for the economic characteristics of salaried employees influence their decision while making plans for retirement.

**Keywords:** Retirement planning, economic factors, salaried employees, purposive sampling

**JEL Classification Codes:** G11, G24, G32, G41

## Introduction

Retirement planning is a serious financial conscientiousness that every individual owes to himself and his loved ones. Those who ignore it, have much to regret later when they outlive the money supply in the bank. With increase in life expectation and increasing cost of living and healthcare, retirement planning must be taken up on priority. Retirement is the final stage in the career development. It is an event when a person withdraws himself from the position of his occupation. The notion of retirement is associated with numerous different phenomena, so a multilevel outlook is required to be adopted. Hershey *et al.* (2007) found that psychological variables play an important role in retirement saving patterns. They proposed that psychological factors influence the individuals' investment

behaviour. Further, they argued that the relationships between risk tolerance and saving tendencies are significant and the relationship is strong among individuals having less financial knowledge as compare to those who are having more knowledge. Hershey *et al.* (2010) studied the influence of support by friends, coworkers, spouse, parents on planning regarding retirement of an individual and they concluded that social networks can influence retirement planning behaviour of an employee both directly and indirectly (Richardson, 1999; Topa *et al.*, 2009; Shultz & Wang, 2011; Hershey *et al.*, 2010). Employees who do not carry out their retirement saving plans are those who are not much aware regarding the economic and financial aspects after retirement but there are some employees who start retirement planning at very younger age. The working individuals must realise the significance of retirement planning. They must be familiar with the factors that influence their retirement planning behaviour. Further, few studies found that employees who are prepared to plan for their retirement have shown more positive attitude as compared to those who are not prepared (Turner *et al.*, 1994). Majority of the individuals fail to plan for retirement because they don't have sufficient knowledge (Speelman *et al.*, 2013). It is found that knowledge regarding investment schemes can significantly affects the soundness and quality of investment decisions. Koenen and Lusardi (2011); Wang & Shi (2014) believed that there is a positive influence of financial knowledge on retirement planning. They compared the level of financial knowledge among the individuals of East Germany with the individuals of West Germany and found that financial literacy is low among women, labour force, low income groups and illiterate households in East Germany and they are less prospective to plan for retirement. Financial education is an important factor that boosts retirement planning and when the financial education is provided to employees at their workplace then that installs more confidence among them regarding retirement planning (Noone *et al.*, 2010; Wang *et al.* 2011; Robinson & Moen, 2009). Grable and Lytton (1997) found that investment knowledge is a significant component in the process of retirement planning and is usually depend upon the savings behaviour because on the basis of available savings the investment decisions for retirement are taken and also the quality of retirement decisions are depend upon the available savings. Further, it is found that financial illiteracy results in unplanned and improper savings and investment. Attitude of employees regarding the retirement affects the employee's decision regarding retirement and one's level of preparedness to retirement. Attitude towards retirement is influenced greatly by economic factors. Employees those who are having pensions, medicare plans, social security programmes are undoubtedly

have more positive attitude towards retirement and are better prepared to retire. In addition to this, employees who are having high amount of savings, see retirement more positively during their old age, because they don't have to face the economic challenges in their post retirement life and employees who are financially literate are more efficient in their planning for future. There are number of forces like taxation policy, life expectancy, level of income and savings that influence the employee's possibility of accumulating wealth meant for retirement and besides these forces there some other factors like age and gender of the employees that also have significant effect on their retirement planning behaviour. Doda (2014) concluded that women employees spend more money on materialistic objects such as gifts to relatives, co workers, friends, expenditure on vacations etc., and all these expenses lead to fewer saving available for retirement. Agnew *et al.* (2012) found that self-control optimism and deliberative thinking are three unconnected factors that affect financial behaviour and financial well-being. They opined that self control has a positive affect not only on financial behaviour but also on financial well being. Further, they added that the employees with good self-control are more likely to save regularly and they are less worried about financial matters and are more confident about their financial situation. Thus, retirement planning becomes an important issue of every employee's life.

### **Review of Literature**

In the present study, an attempt has been made to present the review of various studies carried on by scholars, researchers and academicians pertaining to retirement planning behaviour of salaried employees.

Study on retirement planning behaviour of working individuals in Malaysia was done by Moorthy *et al.* (2012). They advocated that the persons who are in the age group of 26-35 years were very optimistic towards retirement planning. They believed that age, education level, income level, goal clarity and attitude are some of the factors that have significant impact on the retirement planning. Further, they added that the psychological factors also play an imperative role in retirement planning behaviour. They suggested that retirement planning should be done between 26-35 years of age because at this age the individuals are having a constructive outlook towards retirement planning so that they can live secure life after the retirement. Koenen and Lusardi (2011) observed that employees in Malaysia are not having proper knowledge related to retirement and they take retirement savings for granted. They believed that the employers in Malaysia should increase the knowledge of their employees regarding retirement savings by organizing seminars and awareness programmes.

They suggested that employers should assist their employees by creating a voluntary fund for retirement savings as extra coverage for their retirement, which will ultimately inculcate optimistic conduct among them in investing for retirement. Influence of future time perspective, financial knowledge and financial risk tolerance on retirement saving behaviour was studied by Hershey *et al.* (2007). They found that these three psychological variables play an important role in retirement saving patterns. They proposed that both demographic and psychological factors are interrelated to figure individuals' investment behaviour. Further, they argued that the relationships between risk tolerance and saving tendencies are significant and the relationship is strong among individuals having less financial knowledge as compare to those who are having more knowledge. Similarly Wata *et al.* (2015) conducted a study to examine the determinants of employee's attitude towards retirement in the energy sector in Kenya. The findings of their study showed that occupational, economic, environmental and social factors have significant influence over employees' attitude towards retirement. They added that employees having pension benefits have positive attitude towards retirement as compare to those who are not having pension benefits. They suggested that employees should be given financial knowledge by the employers so that they can save and invest for their post retirement life. A study conducted by Agnew *et al.* (2012) on financial literacy and retirement planning in Australia found that maximum number of grown-ups in Australia is having financial knowledge and only 14% of the respondents are lacking financial knowledge. They viewed that maximum number of adults in Australia are investing in long term investment avenues for their retirement purpose. Mullock & Turcotte (2012) found that Canadians have elementary financial knowledge but when more complex financial issues such as estimating investment and inflation risk arises then it becomes difficult for them to understand and frame retirement saving plan. Further, they showed that 1 out of 5 Canadians do not make investment for retirement. They concluded that those who are having superior retirement saving activities are self-confident in their capability to continue their living standards at retirement age. Similarly Lusardi and Mitchell (2007) conducted a study on financial literacy and retirement planning in America. They asserted that financial literacy is a crucial element of retirement planning. They believed that financial literacy is higher among those respondents who are exposed to economic and company based financial education programs. They concluded that it is easy for the financially literate adults to plan for retirement as compare to those who are financially illiterate. Hira *et al.* (2009) found that there are some attributes like age, saving, sources of information etc., play an

important role in determining who will or will not behaviour retirement contributions. They outlined that people who are in the age group of 21-39 years & 40-59 years are early investors and they are having their own personal retirement accounts. Zappala *et al.* (2008); Wang & Shi (2014) found that only two-third of employees desire to retire before 60 years, nearly 30 percent want to retire at 60 years and only 4 percent are interested in retiring after 60 years. Furthermore, older employees favour to retire later and younger employees are more interested in early retirement. Teng (2012); Merton (2014) and Geetikad (2013) found that there are number of reasons for which retirement planning is necessary and those reasons are lack of knowledge, the movement of employees from public to private sectors for employment, longer life expectancy, less number of children per couple, less reliability on family etc. A study on the retirement planning and social security concept in Indian context was conducted by Thakur and Jain (2017). They found that people in India prefer to invest in house properties for their retirement purposes, whereas Pension Fund Annuity, PPF and EPF stands on second place in terms of preference of people. They opined that NPS is the least preferred avenue of investment by the employees in spite of the fact that it is mandatory for them to invest in it. A study on financial sophistication, salience, and the scale of deliberation in UK retirement planning was conducted by Sigler, K. J. (1998). They found that the pension system is positively related with age, income, risk tolerance of employees, spouse's participation in retirement planning. They observed that people who are young, having low income and women believe that retirement planning is not important and they are totally dependent on others for their life after retirement.

Thus, these reviews provide knowledge about the financial aspects of retirement planning, which would be of immense help in examining the impact of economic factors on retirement planning behaviour of salaried employees in Higher Education Department of J&K.

### **Objectives of the Study**

The present study is undertaken with the following objectives:

1. To assess the impact of economic factors on retirement planning behavior of salaried employees.
2. To study the differences in the perception of employees with regard to retirement planning.
3. To provide appropriate solutions for policy makers, researchers and practioners for creating/ designing wakefulness programme for employees with regard to retirement planning.

### Hypothesis Development

Economic factors like inflation fluctuations, interest rates, stock market shifts, cost of living, social security system and investments have influence on the retirement planning behaviour of an employee. Williamson & Shaffer (2001) retirement planning takes into account not only assets and income but also future expenses, liabilities and life expectancy and they also found a strong positive association between personal finances and retirement decisions. Williamson and Shaffer explained that majority of employees believe that the pensions are directly associated with retirement attitude and the same was argued by (Hershey *et al.*, 2010). They posit that being older with more income has significant impact on retirement planning and investment uncertainty negatively affects the retirement planning decisions. Financial planning also depends upon country's economic policies and practices, because every country frames its own fiscal and monetary policies to regulate their economies, so it affects financial planning of its citizens accordingly. Williamson and Shaffer found a strong relationship between personal finances and retirement decisions. Hence, the following hypotheses have been framed:

*H<sub>1</sub>: Economic factors have direct and significant impact on retirement planning behaviour of salaried employees.*

*H<sub>2</sub>: Employees differs significantly in their perception with regard to retirement planning.*

### Research Methodology

The present study is undertaken to investigate the impact of economic factors on retirement planning behavior of salaried employees. Both the primary and secondary sources have been used to collect the data pertaining to the research problem. The primary data have been collected from Assistant Professors, Associate Professors, Professors and Librarians working in three universities operating in Jammu region i.e., University of Jammu, Cluster University of Jammu and Central University of Jammu. In the beginning pilot study has been conducted in three different sectors namely, higher education sector, banking sector and insurance sector. It has been found that the response rate was very less in banking and insurance sector. Hence, higher education sector operating in Jammu region have been taken as sector for the study. In order to accomplish rationale and objectives of the study, primary data were collected through structured questionnaire. Purposive sampling technique has been used for contacting the employees. Scale items were generated by reviewing wide range of literature regarding retirement planning. The scale items were finalized

after reviewing extant literature and having threadbare discussion with the subject experts. The data were collected with the help of self-developed questionnaire. Total 43 items were there in the questionnaire, out of which 21 items pertain to general information and 22 items relating to economic factors. Five point Likert scale was used in which '5' represents 'strongly agree' and 1 denotes 'strongly disagree'. Suggestions were invited in open ended form. In order to calculate the final sample size, pretesting was done on 60 employees, selecting 20 respondents each from three universities. The final sample size arrived at 386 using following formula (Malhotra, 2009), which is round off to 400.

Formula

$$n = \sigma^2 * z^2 / D^2$$

Questionnaires were distributed to 400 employees and only 311 responded back of which 5 questionnaires were rejected because of incomplete response. So, the final sample size came to 306 respondents showing an effective response rate of 76.50%. Normality of the data was assessed by using two statistical tests i.e. Skewness and Kurtosis with the help of SPSS 20.0 version and the data found normally distributed as the value of Skewness and Kurtosis arrived at (-.301) and (.530), which is as per the acceptable range of  $\pm 1$  for Skewness and  $\pm 3$  for Kurtosis. For reviewing the appropriate literature, secondary data have been used from various journals such as *Journal of Financial Economics*, *Journal of Business Management & Social Sciences Research*, *Psychological Bulletin*, *Journal of Pension Economics & Finance*, *Journal of Economic Behaviour & Organization*, *Journal of Economic literature*, *Educational Gerontology: An International Quarterly*, *Qualitative Market Research: An International Journal*, *Journal of Vocational Behaviour* and *American Psychologist* etc.

Multivariate statistical techniques like Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM), One-way ANOVA and Independent sample t-test were used for data analysis and scale purification.

### **Exploratory Factor Analysis (EFA)**

The technique of factor analysis has been used through SPSS (Version 20.00) with Principal Component Analysis along with Varimax Rotation for summarization of the total data into minimum factors (Field, 2003). The statements with factor loadings less than 0.5 and Eigen values less than 1 were ignored for the subsequent analysis (Malhotra, 2009). Regarding economic factors, the suitability of raw data obtained from the salaried employees is examined through KMO value, Bartlett test of sphericity and p-value=0.000, indicating sufficient common variance and correlation

matrix (Field, 2009). It took four rounds of data processing, resulting into deletion of 6 items because of the factor loading below 0.5. Thus, finally six factors emerged. The process of Principal Component Analysis (PCA) with Varimax Rotation brought the construct to the level of 16 statements out of 22 statements originally kept in the domain of economic factors with variance explained at 67.93 percent and KMO value above 0.773 and a Bartlett value of 1313.077 (Table 1). The factor loading ranges from .528 to 0.871.

**Table 1: Output From Factor Analysis With Regard To Economic Factors\***

<i>Rounds</i>	<i>Variance explained</i>	<i>Items emerged</i>	<i>No of factors extracted</i>	<i>Iterations</i>	<i>No of items deleted</i>	<i>KMO</i>	<i>Bartlett test of sphericity</i>
1	64.353	22	10	18	2	.805	1421.053
2	65.675	20	8	15	2	.795	1390.687
3	66.786	18	7	12	2	.780	1340.765
4	67.936	16	6	10	0	.773	1313.077

\*Source: Data Analysis

A brief description of factors emerged is as under:

### ***Factor 1: Standard of living***

This factor consists of three items namely, 'Similar standard of living is desired after retirement', 'Only pension is not sufficient to maintain standard of living', 'Income level influence retirement planning'. The mean values of this factor varied between 2.62 to 4.12, factor loadings between .660 to .842 and communalities from .678 to .746. This factor pointed out that standard of living has greater influence on retirement planning and only pension is not enough to maintain same standard of living after retirement.

### ***Factor 2: Knowledge***

This factor consists of four items namely, 'Financial education program helps in decision to save and invest for retirement', 'Knowledge regarding investment avenues has relationship with retirement planning', 'Your institution helps in economic planning regarding retirement', 'Pension at work is positively related to retirement attitude'. The mean values of this factor varied between 1.79 to 4.19, factor loadings between .528 to .808 and communalities from .512 to .786. From this factor it is clear that financial knowledge is very essential for retirement planning.

### ***Factor 3: Saving***

This factor consists of three items namely, 'Saving levels influence retirement planning', 'Higher saving levels limit the scope of more



investment', 'Investment in retirement schemes influences saving levels'. The mean values of this factor varied between 2.66 to 3.63, factor loadings between .665 to .866 and communalities from .665 to .820. It is concluded that savings of employees significantly affects retirement planning.

#### **Factor 4: Expenditure**

This factor consists of two items namely, 'Expenditure impacts retirement' and 'cost of living impacts retirement' with mean values 3.92 and 4.06 respectively. The factor loadings ranges from .670 to .683 and communalities from .543 to .626. This factor underlines that cost of living plays an important role in influencing retirement planning behaviour of salaried employees.

#### **Factor 5: Income levels**

This factor consists of two items namely, 'Income level has influence on retirement planning', 'Present income level supports making investment in favorable retirement plans'. The mean values of this factor ranges from 4.10 to 4.18, factor loadings from .791 to .840 and communalities from .709 to .740. It can be concluded that present income level of employees play an important role in retirement planning.

#### **Factor 6: Financial literacy**

This factor consists of two items namely, 'Financial literacy helps in better planning for retirement' and 'Influence of expenditure on retirement planning'. The mean values ranges for this factor from 3.86 to 4.09, factor loadings from .585 to .629 and communalities from .566 to .686. This factor indicates that financial literacy and household expenditure influences retirement planning.

#### **Reliability**

Scale purification of economic factors lead to evolution of six factors and the cronbach's reliability coefficients for all 16 items underlying six factors ranges from .557 to .935. The alpha reliability coefficients for F4 i.e Expenditure (.935) is above the prescribed limit of .77 obtained by Gordon and Narayanan (1994). With regard to other factors, the alpha reliability ranges from .557 to .837 which is also more then minimum recommended level by Brown *et al.* (2001) and Kakati & Dhar (2002) showing internal consistency.

#### **Validity**

Six factors obtained alpha reliability more then 0.50 and satisfactory KMO value at .773. which indicates significant construct validity of the construct (Hair *et al.*,2009).

### **CFA Models**

In order to assess the fitness, reliability and validity of various constructs of retirement planning behaviour of salaried employees i.e., economic factors, psychological factors, social factors, circumstantial factors, retirement planning and decisions regarding investment avenues, CFA is applied. The various resulting models are as under:

#### **CFA model for Economic factors**

EFA on economic dimension resulted into six factors, i.e., standard of living, knowledge, savings, expenditure, income level and financial literacy. Out of six factors, two factors are dropped due to their low regression weights i.e below 0.5. Second order CFA (Figure 1) has been performed on economic dimension with four factors i.e., standard of living (F1), knowledge (F2), savings (F3) and financial literacy (F6). Indicators of this model have regression weight more than 0.5. The model is found to be as fit (CMIN/DF = 3.10, RMR = .040, GFI = .902, AGFI = .920, CFI = .919, TLI = .901 and RMSEA = .081, Hair *et al.*, 2009, p. 770). The model has been found to be valid and reliable. The alpha value is .812 whereas composite reliability is 0.74 which indicates that all items are reliable. Model has been proved valid, as AVE came out to be 0.54.

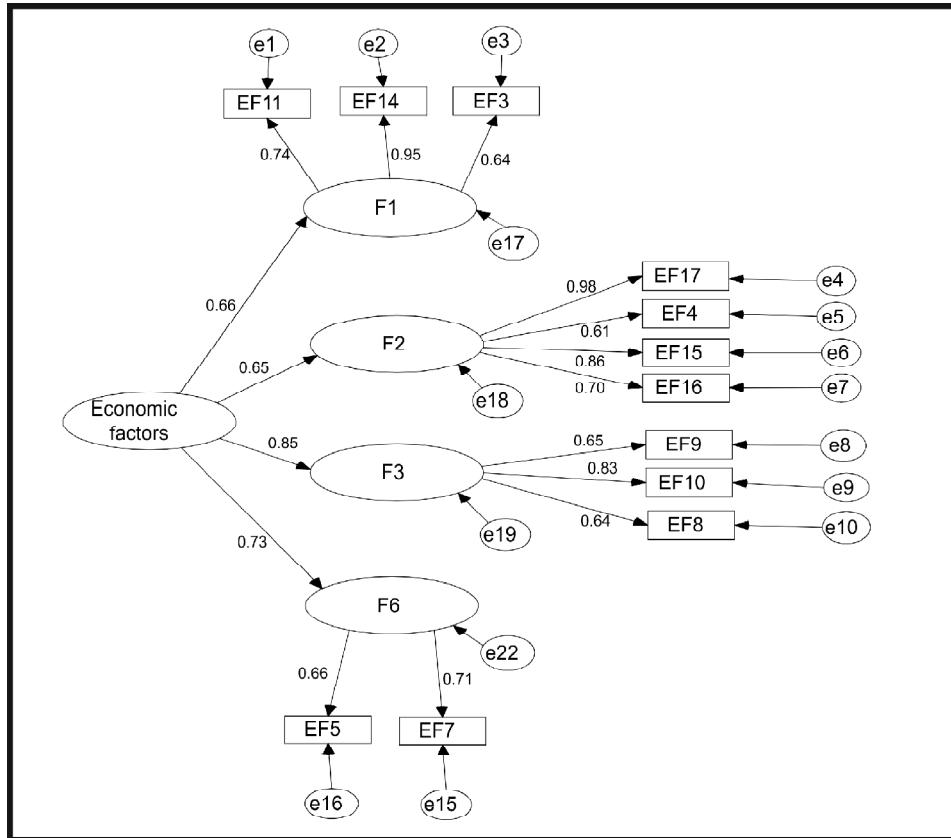
#### **Structural Equation Modeling (SEM)**

The structural equation modeling (SEM) is applied by using AMOS 16.0 for assessing the fitness of model and to test the hypotheses. There are total 17 indicators contained in the final structural model and every indicator is linked with underlying theoretical construct in a reflective way. In summary, the structural model comprises path from economic factors to retirement planning. The research model is tested and assessed by using reliable and validated constructs, so as to identify best fitted model. The SEM model showed a better fitted model (Figure 2) and this model is taken as final model for testing hypotheses (CMIN/DF= 4.909, GFI= .939, AGFI= .901, NFI=.940, TLI= .925, CFI= .918, RMSEA=.082).

#### **Hypotheses Testing**

On the basis of SEM results, the framed hypotheses have been tested and the results are as under:

SEM result indicates that economic factors have direct and significant impact on retirement planning behaviour of salaried employees ( $\beta = .64, p = .000$ ), Figure 2. Hence, hypothesis, "*Economic factors have direct and significant impact on retirement planning behaviour of salaried employees*", stands accepted.



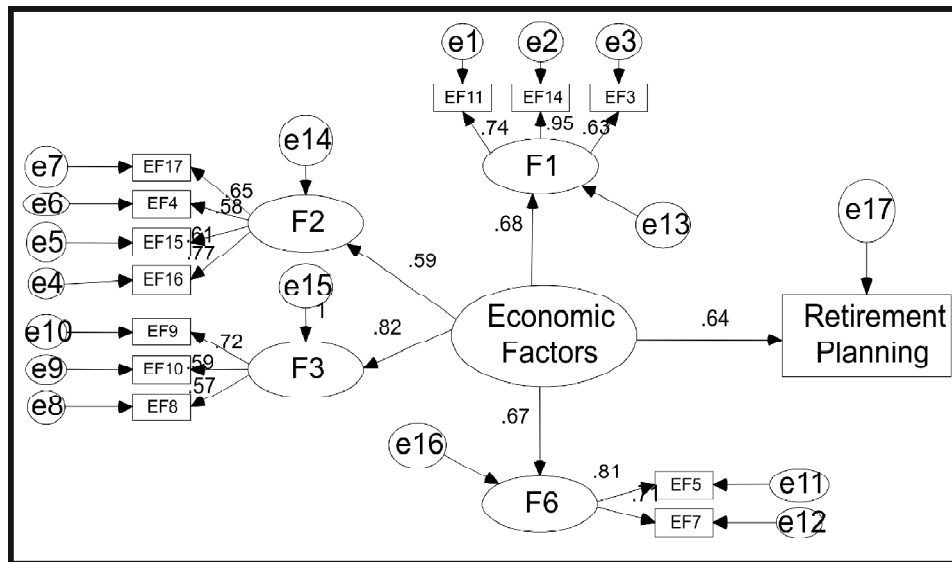
**Figure 1: CFA Model for Economic Dimension\***

\*Source: Data analysis

*Note:* F1= Standard of living, F2= Knowledge, F3=Savings, F6= Financial literacy, EF11= Similar standard of living is desired after retirement, EF14= Only pension is not sufficient to maintain similar standard of living, EF3= Income level influence retirement planning, EF11=Financial education helps in saving and investing for retirement, EF4= Knowledge regarding investment has relationship with retirement planning, EF15= Institute of work helps in planning for retirement, EF16 = Pension positively impacts retirement attitude, EF9= Savings level impacts retirement planning, EF10 = More savings means less scope for investment, EF8 = Investment in retirement schemes influences savings level, EF5= Financial literacy helps in better planning for retirement, EF7= Expenditure influences retirement planning, and e1-e22 are error terms.

### **Output from One-way ANOVA and t-test**

To check the factor-wise significant mean difference among the perception of employees using different demographic variables such as age, occupation, qualification, religion and monthly income, One-way ANOVA



**Figure 2: Structural Equation Modeling (Sem)**

\*Source: Data analysis

*Note:* Economic factors, Retirement planning, F1= Standard of living, F2= Knowledge, F3=Savings, F6= Financial literacy, EF11= Similar standard of living is desired after retirement, EF14= Only pension is not sufficient to maintain similar standard of living, EF3= Income level influence retirement planning, EF11=Financial education helps in saving and investing for retirement, EF4= Knowledge regarding investment has relationship with retirement planning, EF15= Institute of work helps in planning for retirement, EF16 = Pension positively impacts retirement attitude, EF9= Savings level impacts retirement planning, EF10 = More savings means less scope for investment, EF8 = Investment in retirement schemes influences savings level, EF5= Financial literacy helps in better planning for retirement, EF7= Expenditure influences retirement planning, and e1-e17 are error terms.

has been applied. The output from One-way ANOVA depicts that demographic variable wise, variance of groups is not same as the value of p is less than 0.05, indicating significant mean difference exist among the perception of employees regarding retirement planning with regard to occupation (F=.118, Sig=.050), qualification (F=.524, Sig=.042), religion (F=.617, Sig=.000), monthly income (F=.370, Sig=.040) from employees, whereas for age p value is more than 0.05, age (F=.947, Sig=.108), indicating insignificant mean difference exists among the perception of employees regarding economic factors.

### **Output from t-test**

Output from independent sample t-test reveals that significant mean difference exists between male and female respondents with regard to

retirement planning as the value of  $p$  is below 0.05. Regarding economic factors, male respondents are more satisfied because they got highest mean score of 3.69 as compared to female respondents having mean score of 3.64. Further, output from independent sample t-test depicts insignificant mean difference exists between married and unmarried employees with regard to retirement planning as the value of  $p$  is more than 0.05.

So, on the basis of output from One Way ANOVA and independent sample t-test, the hypothesis, "*Employees differ significantly in their perception with regard to retirement planning*", is accepted for gender, occupation, qualification, religion and monthly income and rejected for age, and marital status.

### **Findings of the Study**

Based on the above analysis, the major findings of the study are as follow:

- i. The mean score for the item 'Financial literacy does not affect retirement planning' was arrived low (2.55), which leads to the conclusion that financial literacy plays an important role while planning for life after retirement.
- ii. Respondents had responded low (2.62) for the item 'Pension is sufficient for maintaining the same living standard after retirement' which induced that not only the pension, other investment avenues are equally important for life after retirement.
- iii. The working individuals had responded low (2.11) for the item ' Long term investment avenues are better for retirement' which leads to the conclusion that employees prefers both long term and short term investment avenues as per their needs and financial goals.
- iv. Respondents had responded very high (4.01) for the item 'Women employees lack financial planning' which indicates that women employees do not focus on saving for their own needs. They are dependent on their husband and are not financially aware.
- v. The mean score for the item ' Investment in real estate and household properties can be preferred' was arrived very high (4.21), which leads to the conclusion that majority of the employees preferred to invest in real estate and household properties, because they feels that investment in real estate and household properties is safe and always appreciate.
- vi. High mean score (4.09) was arrived for the item ' Household income from other source also affects retirement planning' which

indicates that additional source of income plays an important role in influencing retirement planning decision of an employee.

- vii. Employees have responded low (2.23) for the item 'Your organization helps you in planning for retirement' which indicates that higher education sector in J&K has failed to create financial awareness among its employees.
- viii. Respondents had responded high (3.98) for the item 'Change in tax rates by the govt. significantly affects the retirement planning' which indicates that retirement planning behavior of employees is sensitive to tax changes by govt.
- ix. Respondents had responded high (4.19) for the item 'Knowledge about investment avenues has relationship with retirement planning' which induced that sufficient knowledge about various investment options can significantly affect retirement planning among salaried employees.
- x. The mean score for the item 'Your organization organizes awareness programme for retirement planning' was arrived low (1.79), which leads to the conclusion that higher education department has failed to organise awareness programme for its employees with regard to retirement planning.
- xi. Age-wise analysis depicts that, the respondents in the age group of 40-50 years and above 50 years of age are more concerned about retirement planning, which leads to the conclusion that young age employees feel that they have sufficient time to plan for retirement.
- xii. The findings of the study revealed that Associate professors and Professors are more concerned about their retirement planning compared to Assistant Professors and librarians as they have accorded highest mean score i.e., 3.77 and 3.59 respectively.
- xiii. As far as qualification is concerned, it was found that employees who are M.Phil and Ph.D have accorded highest mean score i.e., 3.75 and 3.55 both, followed by post graduate 3.68 regarding retirement planning.
- xiv. Income-wise analysis revealed that the employees in the income group of Rs. 50,000 -Rs. 75,000 are more worried about their retirement as compared to employees belonging to other income groups.
- xv. The findings of the SEM model revealed that economic factors ( $\beta = .64, p = .000$ ) have direct and significant impact on retirement planning behaviour of salaried employees.

- xvi. Output from independent sample t-test showed insignificant mean difference between the perception of male and female employees as well as married and unmarried employees with regard to retirement planning as the value of p is more than 0.05.
- xvii. It was also observed that employees have shown that they are following good investment policies and they are satisfied with their investment practices. Existing employees are showing interest to increase their investments and they also recommend to their friends to enhance their investment attitude and behaviour.
- xviii. Finally, employees in higher education sector confirmed that property is regarded as the most valuable asset to secure for retirement. Owning a home or land is seen as a major accomplishment for many and with the scarcity of this valuable resource, prices are continuously rising.

### **Suggestions**

In order to have safe and financially secure life after retirement, the following suggestions are offered:

- i. It has been found that financial literacy plays an important role in motivating an employee with regard to planning for retirement. Hence, it is suggested that the employer should provide financial education to working employees through financial educators and professionals to enable them to move forward in planning for their life after retirement during their early life.
- ii. It has also been found that only pension is not sufficient for maintain the same standard of living after retirement; but other investment avenues can meet this purpose. It is suggested that employers should do more in educating their employees on different aspects of other investment avenues. Another important recommendation for employer is the need to educate employees about the importance of having a pension that is adequate to meet their post-retirement needs, especially among those who are in the low-income brackets.
- iii. It has been found that both long term and short term investment avenues are better for life after retirement. It is suggested that employees should choose investment avenues as per their needs and financial goals. They should not invest funds just for the sake of investing, without having any particular end in mind or without matching the investment medium with the goal it is meant to achieve.

- iv. It was also found that women employees lack financial planning. Despite the fact that more women through the years have started working, they are not focused on saving for their own needs. They are fully dependent on their husband and are not financially aware. They can get into trouble after their husband passes away. Hence, it is suggested that women should save more to fulfill their needs. So, they should start planning for retirement and stick to a plan right from the beginning of their careers.
- v. It has also been observed that majority of the employees preferred to invest in real estate and household properties, because they feel that investment in real estate and household properties is safe and always appreciate. It is suggested that the value of real estate and house properties does not always appreciate and the employees must accept this reality. These must be treated as best alternative investment opportunities for the purpose of risk diversification only.
- vi. It has been found that the Higher Education Sector in J&K has failed to create financial awareness among its employees. Further, it has been observed that most of the employees have lack of awareness regarding investment portfolios. Moreover, they are not getting complete awareness of all instruments present in the market. Hence, it is suggested that the print and electronic media be strengthened to disseminate information among the employees.
- vii. It was found that change in tax rates by the govt. significantly affects retirement planning behavior of salaried employees. Hence, it is suggested that more tax concessions must be introduced by the Government for increasing the investments in various avenues, especially to the salaried class of employees. The procedural formalities regarding certain investments should also be reduced.
- viii. It has been observed that knowledge about investment avenues has relationship with retirement planning. Further, it has been found that the Higher education Department has failed to organize awareness programme for its employees. It is suggested that awareness of various investment avenues must be made to the employees with their relative merits and demerits. Investor guidelines must be made known to every employee through their organization. Investor knowledge regarding online investments can also be improved by providing employees subsequent SMS/



mail updates. The employer should also organise training programmes for its employees to enable them to make investments in various avenues.

- ix. Age-wise analyses depicts that, the respondents in the age group of 40-50 years and above 50 years of age are more concerned about retirement planning. It has been found that young age employees feels that they have sufficient time to plan for retirement. It is suggested that age is not only a number, it is more than a number and an ever increasing evil. It brings us closer to responsibilities, liabilities (loans, rents, EMIs, insurance premiums, medicines, hospital follow ups, maintenance of healthy life style etc), stress and eventually to death. As a result there should be a fight to earn, earn more, make investments, plan and save for irreversible and unavoidable truth called old age. So, employees should start their retirement planning at the age of 25-30 years for survival after retirement.
- x. It is also suggested that before formulating retirement strategies, every employee should make his/her self analysis. What am I and what do I really want? What makes me satisfied after retirement? What is my fear? How do I feel about unexpected disturbances in my life after retirement? Can I cope up with stress? And so on.

### **Limitations of the Study**

The in-depth analysis of the study is restricted to *three* universities of Jammu division only because of limited resources and time availability. The study is limited to perception of university teachers and librarians only, which in future could be carried further on the perception of college teachers and librarians. Comparative study can also be carried out by investigating responses from the employees working in public and private sector. Though every care has been used to be objective, yet the possibility of subjectivity in some cases cannot be ruled out.

### **Conclusion**

Retirement is one of those foreseeable phases of life, which script the end of our careers that we have built over the years by acquiring skills and constant hard work. It is an imperative veracity for one and all, but it is simple to be unable to find track of a long-term goal. Before you know, you will be facing daily living expenses, grappling with medical costs, and fighting inflation. There are always emergencies in old-age. So, having a sufficient amount of funds to deal with all these is crucial. With a well

judged retirement plan, you can ward off such worries and be sure of being protected even after you retire. If you do not prepare yourself financially, retirement can be quite depressing for you and your family. Retirement is a time when income drops and expenses rise. Thus, every employee who dreams of enjoying financial independence and a blissful retired life must plan for his life after retirement. More significantly for people in private jobs, a proper retirement plan will help them in determining his/her retirement income goals, so that they can design an achievable path to enjoy the benefits after retirement.

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