



Retirement Planning Awareness Among Working Professionals in India

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Abstract:

Retirement planning has become a critical component of personal financial management, especially in a rapidly developing economy like India where life expectancy is rising and dependency on formal pension systems is limited. This study examines the level of retirement planning awareness among working professionals across sectors in India. Using a structured questionnaire administered to 150 respondents, the study evaluates their knowledge of retirement products, saving habits, investment preferences, perception of retirement adequacy, and preparedness for post-retirement life. Findings indicate that although most professionals understand the importance of retirement planning, actual preparedness remains low due to inadequate financial literacy, delayed savings behavior, and overreliance on employer benefits. The study suggests enhancing financial education, promoting early savings behavior, increasing access to retirement products, and strengthening policy interventions.

Background of the Study:

Retirement planning has emerged as a critical aspect of personal financial management in modern India. With increasing life expectancy, rising healthcare costs, and a shift towards nuclear family structures, individuals are now more responsible for ensuring their own financial stability during old age. Traditionally, Indian households relied on joint family support and limited state-sponsored pension schemes. However, rapid urbanisation, job mobility, and evolving work cultures have reduced the dependence on familial and employer-backed retirement support, making

personal retirement planning indispensable.

In contemporary India, working professionals across sectors—private, public, and contractual—face numerous financial responsibilities such as lifestyle expenses, loan repayments, educational commitments, and family obligations. These priorities often cause retirement planning to be postponed or neglected. Despite earning stable incomes, many professionals lack awareness about retirement products such as the National Pension System (NPS), Public Provident Fund (PPF), Employees' Provident Fund (EPF), annuity plans, and pension schemes offered by mutual funds and insurance

companies. As a result, a significant portion of the workforce remains underprepared for post-retirement life.

Retirement planning involves estimating future expenses, creating long-term savings, selecting adequate investment avenues, and ensuring financial security beyond one's active earning years. It is not merely saving but a systematic process that includes budgeting, investments, tax planning, and risk management. Early planning can provide the benefits of compounding, enabling individuals to accumulate a substantial retirement corpus. However, studies indicate that most Indian professionals initiate retirement investments relatively late, thus reducing their wealth-building potential.

Need of the Study:

- India lacks universal social security coverage.
- Many professionals start retirement planning late due to short-term financial priorities.
- Financial literacy levels remain low despite higher incomes.
- There is a growing dependency on private retirement solutions such as NPS, EPF, PPF, mutual funds, and pension plans.

Importance of the Study:

This study helps:

- Understand the preparedness of working professionals for retirement.

- Identify gaps in knowledge regarding retirement instruments.
- Assist policymakers, financial advisors, and employers in designing better retirement education programs.
- Promote long-term financial security and reduce old-age financial vulnerability.

Scope of the Study:

- **Population:** Working professionals aged 20–60 years
- **Geographical Scope:** Major urban and semi-urban areas in India
- **Conceptual Scope:** Retirement awareness, saving habits, investment preference, perception of adequacy, and financial literacy

Objectives of the Study:

1. To measure the level of awareness of retirement planning among working professionals in India.
2. To examine their saving and investment habits towards retirement.
3. To assess their knowledge of retirement products such as EPF, PPF, NPS, and pension plans.
4. To analyze the relationship between financial literacy and retirement preparedness.
5. To offer suggestions to enhance retirement planning awareness.

Review of Literature:

- **Lusardi & Mitchell (2014)** highlighted that financial literacy

strongly influences retirement preparedness among individuals.

- **Rani & Reddy (2019)** found that Indian employees often postpone retirement saving due to inadequate knowledge of financial products.
- **SBI Mutual Fund Report (2023)** states that only 28% of Indian millennials actively save for retirement.
- **OECD (2022)** emphasized that countries with low social security penetration require stronger retirement planning awareness.

Research Methodology:

Research Design:

Descriptive research design.

Data Collection:

- **Primary Data:** Structured questionnaire (Likert scale).
- **Secondary Data:** Articles, reports, journals, government publications.

Sample Size & Sampling Method:

- **Sample size:** 150 working professionals
- **Sampling method:** Convenience sampling

Tools Used:

- Percentage analysis
- Mean score analysis
- Correlation (financial literacy vs retirement preparedness)

Data Analysis:

Table 1: Awareness and Preparedness towards Retirement Planning (n = 150)

Sr. No	Statement	SA	A	N	DA	SDA
1	I am aware of retirement planning importance	48	62	22	12	6
2	I save regularly for retirement	32	54	40	18	6
3	I understand EPF, PPF, NPS, etc.	28	46	50	20	6
4	I believe my current savings will be sufficient post-retirement	20	28	52	34	16
5	I prefer long-term investment avenues for retirement	36	58	30	18	8
6	I started investing at an early age	22	34	40	36	18
7	I actively seek financial advice for retirement	18	42	48	26	16
8	Financial literacy influences my retirement planning	40	66	20	16	8

Interpretation of Results:

- Most respondents are aware of the importance of retirement planning,

but actual savings behavior is moderate.

- Knowledge about retirement schemes is average, indicating a need for financial education.
- A large number feel their current savings are insufficient, reflecting poor long-term planning.
- Many professionals started saving late, reducing the potential of wealth accumulation.
- Financial literacy shows a positive relationship with retirement preparedness.
- Government should provide additional tax incentives for retirement savings.
- Financial institutions should simplify retirement products and improve accessibility.
- Encourage the use of digital investment platforms and retirement calculators.

Findings:

1. Awareness levels are high, but preparedness levels are comparatively low.
2. Majority of professionals lack detailed knowledge about NPS, pension funds, and annuity products.
3. Retirement planning is often postponed due to immediate financial commitments.
4. Only a small group actively consults financial advisors.
5. Financial literacy significantly impacts early planning and investment discipline.

Suggestions:

1. Introduce financial literacy programs at workplaces and universities.
2. Promote early investment behavior through awareness campaigns.
3. Employers should conduct workshops on EPF, NPS, and retirement benefits.

Conclusion:

The study concludes that although working professionals in India understand the significance of retirement planning, their level of preparedness is inadequate. Limited financial literacy, delayed savings, and low awareness of retirement instruments are key challenges. Strengthening financial education and promoting early investment can significantly improve retirement security and reduce future financial vulnerability.

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