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Retirement Planning: Gaps and Future Directions

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Abstract:
Retirement planning is critical to financial security, especially in an era of increasing life expectancy and economic uncertainties. This review examines research papers on retirement planning, focusing on various dimensions such as financial literacy, investment behaviour, pension schemes, and gender specific challenges. The study aims to identify gaps in the existing literature to highlight areas requiring further research. Lack of research on female educators' retirement planning and behavioural aspects; future studies should integrate behavioural finance, gender specific financial education, and policy interventions.

Key Words: Financial literacy, Investment behaviour, Pension schemes, Retirement planning.

INTRODUCTION:

Comprehensive financial planning for an individual should aim at more than one objective. Even though everyone aims at a more comfortable and sophisticated lifestyle, planning for different goals and stages in life requires altogether different sets of plans. One of the important stages of life that requires such careful planning is retirement. Planning for retirement is a challenging aspect of personal financial planning because of too much uncertainty surrounding the macroeconomic scenario in the world. While considering retirement planning, it is closely related to saving, Investment, Taxation, and Estate Planning. Another important aspect of retirement planning is an individual's health. With increasing life expectancy, changing economic conditions, and evolving pension structures, the complexity of planning for retirement has increased (Lusardi & Mitchell, 2014). One must set aside a fixed amount of money regularly for physical health issues.

RESEARCH OBJECTIVES:

1. To summarize existing literature on retirement planning
2. To identify research gaps in the field of retirement planning.

RESEARCH METHODOLOGY:

Literature was sourced from Google Scholar, Microsoft Academics, and other academic platforms, with selected dissertations included for a comprehensive review. A systematic search was performed using the query "Retirement Planning", "Retirement Financial Planning", "Financial Preparation for Retirement", "Financial Planning for Retirement", and "Retirement Preparation" to identify relevant studies. Only peer-reviewed national and international journal articles were considered, focusing on financial planning models, behavioural aspects, and gender-specific challenges. Irrelevant works were excluded to maintain research quality. This methodology ensures a well-rounded analysis of existing studies and highlights key research gaps.

THEMATIC DISCUSSION:

Concept of Retirement Planning

Shultz k & Henkens (2014) The aim of this overview is to provide a brief introduction to the topic of retirement, noting five key issues and directions for future research that are addressed collectively in the compilation of papers that follow: the changing nature of retirement; the need for an interdisciplinary perspective on retirement; the need to look at both individual and organizational perspectives; international variations in contexts and processes; and the need for a broad methodology. The findings of the research contained in this special issue address retirement planning and decision making, as well as employer perspectives on the global aging workforce.

Adams and Rau (2011) emphasize that the quality of life during retirement depends much on preparation for retirement since good preparation and planning lower stress, boost self-efficacy, lower dependence, and help to ensure a more consistent change and stabilization of lifestyle into and through, retirement.

Demographic and Psychological Factors & Retirement Planning:

Moorthi (2012) to comprehend the impact of psychological and demographic elements on retirement planning behavior. Age, income, and education are the three demographic parameters that the writers have taken into account. The study takes into account possible conflicts in retirement planning and attitude toward retirement in addition to these two psychological elements, such as goal clarity. Three hundred respondents, ranging in age from 25 to 55, provide primary data. The data was analyzed using statistical techniques including regression, one-way ANOVA, and correlation. The research paper's authors conclude by noting that retirement behavior is significantly influenced by income, education, and demographic characteristics. A person's retirement behavior is also influenced by psychological elements, such as goal clarity, attitude toward retirement, and possible conflict between goals.

Patil (2019) Demographic and psychological factors in making saving and investment decision with focus on retirement financial planning have been used. Primary data on demographic and psychological variables collected through structured questionnaire. Sample of the study was 120 Individual working at private sector and between age group of 25 to 45 years. Researcher used convient sampling method and data analysis by regression analysis, factor analysis and correlation analysis. The study also reveals that there is strong correlation between act of saving with personal retirement plan and pattern for saving. While objective for saving has moderate correlation with act of saving, saving pattern, and personal retirement plan. Notably study did not find any of the demographic factors influencing saving patterns. Based on factor analysis two behavioral factors were identified. Based on the information collected by these variables, they can be categorized as ‘Planned behavior’ and ‘Financial Literacy’. Therefore, planning for retirement is not a priority for individuals in Bangalore.

Meltzer, Petras and Reynolds, (1975) The target sample for this study consisted of working individuals, who were split into three groups based on their age, distinct ways of thinking, and perspectives on retirement preparation. This theory is named as symbolic interaction of theory which studies the perspective of working individual towards the proximity of Retirement planning. This study shows that the attitudes of individuals will results into their behavior for planning of retirement for them. Behavior of more knowledgeable member towards retirement planning influences the behavior of other group member and results into successful influence on individual towards retirement planning.

According to the American Association of Retired Persons (AARP) (1989), having financial dependents is a factor that is associated with retirement confidence. More female employees than male employees have been impacted by the problem of dependent care. According to earlier studies, women made up over 75% of the workforce with elderly dependents.

Sector wise Retirement planning study

Kadam and Thakar (2014) Human resource is the prime asset for IT companies as it is knowledge based industry. High attrition rate would have adverse impact on organization’s performance. The author has conducted the study in the city of Pune to identify the reasons for attrition in It industry. The study reveals that the average age of employees is 26 years with 2 to 4 years of experience. Prime reasons for employees to leave the job are dissatisfaction with salary and career advancement. Besides this study also shows that non-monetary benefits are valued by the employees. Chi square analysis is done to draw the inference from the data analysis.

Pereira T et al., (2016) Since the IT sector is knowledge-based, human resources are its most valuable asset. An organization's performance would suffer with a high attrition rate. To determine the causes of attrition in the IT business, the author carried out a research in Pune. According to the survey, employees have two to four years of experience and are 26 years old on average. Dissatisfaction with pay and career growth are the main causes of employee turnover. Additionally, this study demonstrates that workers value non-monetary rewards. To make inferences from data analysis, chi square analysis is used.

Singh S, et al., (2017) has started an investigation on how people view retirement planning. Financial advice has an influence on saving for retirement goals, according to his research, and the majority of respondents are investing based on their own beliefs, which is not a good idea. He discovered that, regardless of their income, age, or employment, the majority of respondents to the topic of whether they believe retirement planning is crucial had a positive opinion, according to the 21 Pacific Business Review International.

Shaana (2014) carried out a study of registered nurses in the United States, and the cohort analysis also emphasized the psychological traits of nurses as a significant consideration in retirement planning. The study concentrated on self-rated knowledge for retirement financial planning, goal clarity, and future time perspective. Multiple regression was used for the study, and the results showed that independent factors positively affect the dependent variable.

Kumar A and Chandrashekhar (2013) carried out a sociological study on Karnataka's retired government workers. Retired pensioners residing in Karnataka's Shimoga District made up the sample population. According to the findings, 40.92% of the respondents were between the ages of 58 and 64. The age group of 65 to 71 years old had the next-highest proportion (33.33). When asked about their family responsibilities in retirement, the majority of respondents indicated that their primary responsibility at that time was responsible for their children's education. This was followed by their children's marriage, and then the construction of a house and the need for another job.

Vinmalar J (2018) the purpose of the study was to determine the extent to which working people of both sexes and in both industries are aware of investing options such as mutual funds, equity shares, national pension plans, public provident funds, rental income, and life insurance policies as a source of income after retirement by calculating all of their expenses to ensure a secure retirement. One hundred respondents from Chennai city were selected using a basic random sampling technique. The relationship between avenue investment and marital status was examined using the Mann-Whitney U test. The degree of investment pattern between married and single working people was determined using mean rank.With the exception of monthly income, the study's findings show no correlation between investment behavior and demographic characteristics. There is no correlation between marital status and avenue investments. When compared to single people, married working people make significant investments in retirement-related options.According to the report, the majority of participants save between Rs. 500 and Rs. 2500 every month.

MP Silver, AD Hamilton (2016) patients, hospitals, and healthcare systems are all significantly impacted by the timing and planning of physicians' retirement. Unexpectedly retiring doctors too soon or too late can have disastrous effects on patient safety and the distribution of human resources. This systematic review looked at the data currently available about when and how doctors should retire. The electronic databases MEDLINE, Web of Science, and Scopus were searched for studies. Burnout and an excessive workload were commonly mentioned causes of early retirement. In addition to offering post-retirement opportunities that preserve institutional ties through peer support, mentoring, and teaching, healthcare organizations may want to promote retirement mentorship programs, resource toolkits, education sessions, and advice regarding financial planning for doctors throughout their careers.

Mansor, M. F., Chor, C. H., Abu, N. H., & Shaari, M. S. (2015) the study's main goal is to ascertain how demographic variables—such as age, family income, gender, and educational attainment—relate to retirement planning. 110 sets of questionnaires were given to respondents who worked in the health industry, and they came to the conclusion that retirement planning is crucial given Malaysians' increasing life expectancy over the previous few decades. The life expectancy has increased significantly over the past ten years, by around two to three years, and is predicted to continue rising. That situation makes retirement financial preparation even more crucial.

Financial Literacy & Retirement Planning:

Michael Ntalianis and Victoria Wise (2011) Financial Education Programs, like seminars, written communications and website information, are effectively influencing the retirement planning and saving behavior amongst individuals. Younger people and women are not making effective and efficient use of the educational knowledge they have gained on retirement financial planning.

Joo and Pauwels (2002) According to this study, younger individuals with higher levels of education are more confident about their retirement planning and begin saving early**.**

Euwals, Angelika and Axel (2004) suggested that financial literacy or understanding is another trait associated with gender. Research indicates that women throughout the world lack financial literacy, which implies that they are far less conscious of their finances than males.

Mohd Talib, Nurul Faezah, et al. (2017) employees of the "Employees Provident Fund" (EPF) participated in the study on retirement behavior. The EPF, a government organization in Malaysia tasked with overseeing the retirement savings of private sector workers, makes the research intriguing. The study's dependent variable was "retirement planning behavior," while its independent variables were "self-awareness," "organization role," and "environmental factors." Although all respondents believed that retirement plans would help them enjoy a safe retirement with regular income, it is noteworthy that 71% of them never followed any retirement plans. Since employees are aware of their post-retirement financial demands but lack financial knowledge, there is no relationship between self-awareness and retirement planning.

Lusardi, 1999; Lusardi and Mitchell, 2007a, 2009, 2011b; Ameriks, Caplin and Leahy, 2003,there is positive correlation between literacy and wealth accumulation as the knowledgably person takes advantage of equity premium on stock investment. If an individual is financially literate it is more positively related to retirement planning behavior A significant level of financial literacy will lower costs and increase the possibility of planning; they will make calculations on their own and adhere to their retirement plan after calculating their retirement corpus.

Financial decision & women

Anita and Pestonjee (2000) author studied that there are no appreciable differences between the respondents' yearly income, occupation, degree of education, marital status, family size, type, or age among the cities. There are no demographic or cultural trends linked to working women's decision-making. Women in nuclear families make their own decisions on household-related matters.

Pant G.(2013) there are two categories of female faculty members: married and single. Married women are more likely than single women to be aware of retirement planning, have taken more steps toward retirement, take modest risks, and choose to invest in less hazardous ventures. These design elements support less experienced investors while preserving adaptability for more experienced ones.

Glass Jr and Kilpatrick, (1998) outlined the reasons why women do not make adequate retirement plans and the need for more women to focus on pension preparation. It also served as the foundation for the interplay between various socioeconomic and demographic aspects. According to the study, women need more resources to thrive long after retirement and live longer than men. Women who suffer from financial illiteracy find it difficult to choose the appropriate financial products. In light of the financial education required to guarantee that women have faith in their pension plans, more support and guidance are required.

Dwivedi M, *Purohit H, Choudhary N, and Mehta D.(2015)* researchers looked at women's understanding of retirement planning since they don't consider retirement to be a significant life event. This attitude of women towards retirement is not the problem with non-working women or rural women or illiterate women, but also with the well-educated and working women. Those who take retirement as important as other events of life are not well-versed with various retirement savings instruments to be used for retirement savings and depend upon the traditional approaches of saving for their retirement. Apart from this, the attitude, behavior, family background, social issues, lack of awareness about financial planning, and financial rights within the family also contribute to the lack of awareness about retirement planning. In this paper, a stratified technique induced sample of 125 has been taken comprising the working women from Banasthali University Rajasthan.to understand the level of awareness, different avenues used by them for retirement and the common problems faced by them in doing retirement planning.

Grace et al. (2010) views on pension saving varied between men and women. Men have opinions on free will. It has been demonstrated that women have a lifetime perspective and do not predict future lives; instead, they believe that consequences rely on an individual's circumstances.

Nkoutchou and Eiselen (2012) women lack confidence and usually seek assistance from friends and financial advisors, whereas males choose to ignore financial advice and concentrate on their own savings and retirement planning approach.

Retirement Planning Scenario In Other Countries:

Lusardi (2009) People who made retirement plans were shown to be wealthier after retirement than those who did not, according to research conducted in the United States of America. The performance of the financial markets was also influenced by wealth. The relationship between financial planning and financial literacy has been assessed by the study's author. Better retirement financial planning results from financial literacy. Financial literacy was determined to be quite poor in the United States.

RESEARCH GAP:

India's shifting age distribution has made retirement planning research more crucial than ever. A review of existing literature reveals several gaps in this area. First, despite its increasing importance, little study has been done on retirement planning in emerging nations like India. The majority of studies have been carried out in industrialized nations. Second, previous research has focused on IT professionals, service sector employees, and dental professionals, with minimal attention given to female professionals, particularly those in the education sector. Lastly, demographic factors influencing retirement planning have not been widely explored in the Indian context. This study aims to bridge these gaps by examining how women in the education sector plan for retirement and identifying key factors affecting their financial decisions.

RECOMMENDATIONS:

Future research on retirement planning can explore several critical areas. An empirical study can analyze the financial preparedness, investment patterns, and retirement goals of female educators using survey-based quantitative analysis. A behavioral finance approach can examine how biases such as loss aversion, procrastination, and overconfidence impact retirement savings decisions among female professionals. A comparison between India and industrialized nations might reveal disparities in financial literacy, pension plans, and retirement strategies. Furthermore, policy-oriented research may assess the efficacy of current retirement plans and make recommendations for enhancements based on professional judgment. A mixed-methods approach, combining quantitative surveys and qualitative interviews, can assess financial awareness and identify gaps in retirement education, ultimately aiding in the design of targeted financial literacy programs.

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