



Securing old age: A study on Retirement Planning by men and women of higher income group residing in small cities of Madhya Pradesh

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Abstract: Retirement planning and savings may appear to be a distant goal, but it is an inevitable life event. This study focuses solely on investors' growing worry about retirement planning. The demand for retirement planning is increasing as disposable income and financial sophistication among investors improve. The current research focuses on the behavioral differences in retirement planning by men and women belonging to higher income group category. The sample for this study consisted of 200 respondents belonging to small cities of Madhya Pradesh.

Key Words: Retirement Planning, Household consumption, Tax burden.

1. INTRODUCTION :

Male dominance in Indian society was once thought to be the norm, with men handling all financial affairs. Despite the fact that the number of women working in society is increasing, the responsibility for family finances remains in the hands of men. The majority of women prefer to work part-time employment so that their career and family lives are not disrupted, yet these occupations do not qualify for a retirement plan.

Now day's women are taking the initiative to join hands with their spouse to share the joy of old age by taking the initiative in early retirement planning, thanks to a rise in financial literacy and disposable income. On the one hand, as people aged, their endurance deteriorated, while on the other side, household expenses increased. There are numerous methods available in the market today to mobilize individuals' existing savings in order to maintain luxury when they retire. According to a survey, about 46% of working women have a retirement plan. As even tiny sums can accrue interest and grow over time. A woman retiring at 65 can expect to live another 21 years on average, approximately three years longer than a guy of the same age. Savings can help a lady have enough money to survive into her retirement years.

2. REVIEW OF LITERATURE :

The Organisation for Economic Cooperation and Development (OECD) is (2005a) The importance of financial education is becoming increasingly apparent in respect to all financial products. It focuses on the increased demand for financial education in the area of retirement savings, specifically pensions.

According to Pant Gargi (2013), married women are more aware of retirement planning and have done more for retirement than unmarried women. Females, on the other hand, are moderate risk takers who prefer to invest in less dangerous ventures.

Hennessey M Sean (2004) Retirement planning is something that can be easily neglected since, for many, it is more satisfying to spend now for enjoyment rather than save for a long-term goal, like retirement. Those doing so, however, may end up receiving short-term benefit at the expense of major long-term pain.



Individuals are now saving for retirement in a variety of ways – including public pension provisioning, occupational pensions, and personal retirement saving plans. The level of financial education and type of information required does vary according to the characteristic of the retirement saving product chosen.

3. OBJECTIVES OF THE STUDY :

- To identify the factors influencing men and women of higher income group for retirement planning.

4. RESEARCH METHODOLOGY :

This research work is carried on by using a structured questionnaire to obtain primary data. It was thought to be the most appropriate to collect responses from both male and female participants without intervening and recommending them. Secondary data was gathered from a variety of sources, including reference books, academic publications, and newspapers, to determine the current state of knowledge.

For conducting the research 200 respondents have been taken as sample whose total family income should be more than 150000/- in a month. Present study helps to identify the behavioral difference of male and female for planning retirement. But a gender wise comparison is not possible because the respondents were chosen on the basis of size of contribution in family income. As the response of the spouse having more contribution in family income have been taken as respondents. So more number of male respondents were elected for the study. Also it is monitored that their total earnings i.e active as well as passive should be more than 150000/- in a month.

5. DATA ANALYSIS AND INTERPRETATION :

The objective of this paper is to identify the most important factor that influences men and women for retirement planning. For this some statements have been prepared on the basis of previous studies which are considered by respondents while planning for the retirement.

Since the identified variables shows interdependence so to identify the pattern of information and to reduce the number of variables factor analysis was applied using SPSS. To apply factor analysis KMO and Barlett’s test was used to measure the efficiency of sample as it’s value between 0.6 -0.8 are acceptable and a value of 0.8 is meritorious. Table 1.1 shows the KMO value in this study is 0.718 which shows the adequacy of the sample.

Table 1.1 KMO and Barlett’s test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.718
Bartlett's Test of Sphericity	Approx. Chi-Square	13359.522
	df	210
	Sig.	.000

Further in the study to group these statement on the basis of some common characteristics dimension reduction was done. Table 1.2 explained the total variance between the variables. In that table 3 components were identified whose initial eigen value is more than 1 i.e 14.654, 2.091 and 1.318 respectively.

Table 1.2 Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loading			Rotation Sums of Squared Loading		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.654	69.781	69.781	14.654	69.781	69.781	11.403	54.301	54.301
2	2.091	9.957	79.738	2.091	9.957	79.738	3.485	16.593	70.894
3	1.318	6.274	86.012	1.318	6.274	86.012	3.175	15.118	86.012
4	.896	4.268	90.280						
5	.669	3.186	93.466						
6	.541	2.578	96.045						
7	.402	1.917	97.961						



8	.241	1.148	99.109					
9	.075	.356	99.465					
10	.035	.169	99.633					
11	.023	.109	99.742					
12	.013	.062	99.804					
13	.012	.056	99.861					
14	.009	.042	99.902					
15	.008	.038	99.940					
16	.006	.028	99.968					
17	.004	.017	99.985					
18	.002	.008	99.993					
19	.001	.005	99.998					
20	.000	.002	100.000					
21	3.852E-005	.000	100.000					

To extract the communalities between the variable principle component matrix was used by Varimax with Kaiser Normalization rotation method. Table 1.3 shows the factor loading of all components.

Table 1.3 Rotated Component Matrix

	Component		
	1	2	3
Survival cost post retirement	.833	.026	.436
Expenses rising continuously	.459	.665	.387
Things become costlier day by day	.203	.766	.083
Living standard of family post retirement	.911	-.049	.296
Paying higher tax rates	.789	.478	.222
Reduction in tax liabilities	.830	.161	.228
Income brings me to the tax bracket	.882	.363	.207
High income helps in saving for future	.704	.316	.457
Surplus income helps in future	.629	.369	.606
Compromise with the life style in old age	.699	.205	.384
Wisely planned expenditure helps in old age	.872	.215	.146
Employing more fund for old age	.705	.560	.340
survival cost rising day by day	.831	.127	.419
Wide variety of investment option gives better return	.654	.451	.547
Investment in government security is better than paying higher tax	.955	.108	.123
Wish to enjoy early retirement	.946	.143	.109
It is difficult to work in old age	.940	.211	.016
Early planning helps in joyful retirement	.751	.265	.512
Better to have passive income in old age	.712	.482	.196
purchase of fixed asset	-.114	.902	-.239

To conclude from the above table two main factors were identified on the basis of factor loading scores which influence the higher income group to plan for their retirement. These variables are grouped together on the basis of its similarity that is inflation and larger current income.

Further these variables can be grouped together using compute mean option in SPSS and to check the following hypothesis.



H01: There is no significant difference in the inflation effect on retirement planning by the gender of the respondents.

Table 2.1 Group Statistics

	gender	N	Mean	Std. Deviation	Std. Error Mean
Inflation1	male	127	1.6562	.54746	.04858
	female	73	1.5068	.38932	.04557

Table 2.2 Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Inflation1	Equal variances assumed	41.072	.000	2.050	198	.042	.14932	.07283	.00571	.29293
	Equal variances not assumed			2.242	189.094	.026	.14932	.06661	.01793	.28070

The test statistic (F) for Levene's test is 41.072, and the associated p-value is .000 (indicating a very low p-value). The t-test assumes both equal variances and unequal variances. The results for both cases are provided. Assuming Equal Variances- The t-statistic is 2.050, with 198 degrees of freedom. The associated two-tailed p-value is 0.042 (less than 0.05). The mean difference between the two groups is approximately 0.14932, with a standard error of 0.07283. The 95% confidence interval for the difference in means ranges from 0.00571 to 0.29293.

Assuming Unequal Variances: The t-statistic is 2.242, but the degrees of freedom are approximately 189.094 (because the variances are assumed to be unequal). The associated two-tailed p-value is 0.026 (less than 0.05). The mean difference remains approximately 0.14932, with a slightly different standard error of 0.06661. The 95% confidence interval for the difference in means now ranges from 0.01793 to 0.28070.

It can be concluded from the above table that there is a statistically significant difference in the mean inflation perception between the two groups. When equal variances are assumed, the p-value is 0.042, which is less than the typical significance level of 0.05. Therefore, we reject the null hypothesis and conclude that there is a statistically significant difference in mean inflation perception between the two groups.

H02: There is no significant difference in the current disposable income on retirement planning by the gender of the respondents.

Table 2.3 Group Statistics

	gender	N	Mean	Std. Deviation	Std. Error Mean
currentincome1	male	127	1.8082	.90501	.08031
	female	73	1.4561	.59794	.06998



Table 2.4 Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
current income	Equal variances assumed	9.144	.003	2.971	198	.003	.35216	.11853	.11842	.58590
	Equal variances not assumed			3.306	194.121	.001	.35216	.10652	.14207	.56225

The provided information includes the results of an independent samples t-test between two groups. Where both equal variances assumed and equal variances not assumed are considered. The test statistic (F) for Levene's test is 9.144, and the associated p-value is 0.003 (less than 0.05). Assuming Equal Variances: The t-statistic is 2.971, with 198 degrees of freedom. The associated two-tailed p-value is 0.003 (less than 0.05). The mean difference between the two groups is approximately 0.35216, with a standard error of 0.11853. The 95% confidence interval for the difference in means ranges from 0.11842 to 0.58590.

Assuming Unequal Variances: The t-statistic is 3.306, but the degrees of freedom are approximately 194.121. The associated two-tailed p-value is 0.001 (less than 0.05). The mean difference remains approximately 0.35216, with a slightly different standard error of 0.10652. The 95% confidence interval for the difference in means ranges from 0.14207 to 0.56225.

So, it can be concluded that there is a statistically significant difference in the mean current disposable income between the two groups. When equal variances are assumed, the p-value is 0.003, which is less than the typical significance level of 0.05. Therefore, we reject the null hypothesis and conclude that there is a statistically significant difference in mean current disposable income between the two groups. When equal variances are not assumed (unequal variances), the results still show a statistically significant difference with a p-value of 0.001. In both cases, the data suggests that there is a significant difference in how male and female respondents' current disposable income affects their retirement planning, with male respondents having a higher mean current disposable income compared to female respondents.

6. CONCLUSION AND SUGGESTION :

Based on the statistical analysis conducted on the data, it can be concluded that there is a statistically significant difference in how gender affects retirement planning in relation to both inflation perception and current disposable income:

The analysis revealed that male respondents have a higher mean inflation perception compared to female respondents, and this difference is statistically significant. Male respondents perceive a higher level of inflation in the context of retirement planning.

The analysis also showed that male respondents have a higher mean current disposable income compared to female respondents, and this difference is statistically significant. Male respondents report having a higher current disposable income available for retirement planning.

So it is recommended that financial institutions and retirement planning advisors consider gender-specific financial education and guidance. Tailored strategies and information can help address the unique financial challenges and perceptions that different genders may have when planning for retirement.

Also financial institutions should offer customized retirement planning services that take into account the different financial circumstances and perceptions of male and female clients. These services should be designed to address the specific needs and goals of each gender group. For female respondents who perceive lower inflation and have a lower



current disposable income, it is essential to encourage savings and investment strategies that can help them build a more secure retirement planning. And financial literacy programs aimed at women can be beneficial in this regard.

In conclusion, recognizing and addressing the gender-related disparities in retirement planning can lead to more effective financial strategies and improved financial security for individuals of all genders as they prepare for their retirement years.

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