

An Analysis of Working Individuals' Attitudes Towards Retirement Planning in Mumbai City

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Abstract

This study investigates the relationship between retirement planning behavior and the factors influencing it among working individuals in Mumbai City. The research focuses on understanding the significance of retirement planning and its impact on financial security during an individual's post-retirement life. Data were collected through structured questionnaires administered to 120 respondents, and analyzed using the two-tailed Mann-Whitney two-sample rank-sum test. The findings reveal that demographic variables such as age and gender have little bearing on attitudes toward retirement planning. A significant majority of respondents expressed positive attitudes, with 77.5% agreeing that retirement planning enables them to pursue unfulfilled dreams, and 81.67% stating they look forward to retirement. Additionally, 65.83% reported having no worries about their life after retirement, while 83.3% found retirement planning to make them feel useful. These results highlight the importance of fostering positive attitudes toward retirement planning, emphasizing both financial preparedness and emotional well-being. The study concludes that many pre-retirement planning initiatives should be introduced and managed by businesses and governments to enhance retirement readiness among working professionals.

Keywords: Retirement Planning, Employees, Working Individuals

1. Introduction

Retirement planning is essential for ensuring financial security during an individual's post-retirement life. As life expectancy increases globally and the structure of pension systems evolves, the need for individuals to proactively plan for their retirement becomes more critical. In India, the shift from government-supported pension schemes to private and voluntary savings options has intensified the focus on personal retirement planning. Among the various financial instruments available, government schemes like the Employees' Provident Fund (EPF), Public Provident Fund (PPF), and National Pension Scheme (NPS) play a significant role in shaping retirement savings. However, given the limitations of these schemes, particularly in terms of their ability to sustain a comfortable post-retirement lifestyle, there is a growing need for individuals to diversify their savings and investment strategies (Gupta & Lepeng, 2004).

In urban centers such as Mumbai, where the workforce is diverse and includes individuals from various socio-economic backgrounds, understanding the retirement planning behavior is crucial. Previous studies have shown that individuals often fail to begin saving for retirement at an early stage, with many putting off retirement planning until later in their careers (Antolin, 2010). This research aims to investigate the retirement planning behavior of working professionals in Mumbai City, with a focus on different age cohorts, their preferred retirement objectives, and the investment avenues they favor for meeting their retirement goals. Understanding these factors is vital not only for improving financial literacy but also for ensuring that working professionals can achieve financial independence post-retirement.

Retirement planning behaviors, such as savings rates and investment preferences, are influenced by various demographic factors, including age, income, and education level. It is crucial to explore how these factors shape individuals' retirement goals, such as maintaining a pre-retirement standard of living, securing regular income, or meeting medical expenses post-retirement (Pereira et al., 2016). Furthermore, the study seeks to analyze whether attitudes toward retirement and investment behavior differ across age groups and between private and public sector employees (Antolin, 2010). The findings of this study are expected to provide valuable insights into the retirement preparedness of working professionals in Mumbai, helping both policymakers and individuals to adopt more effective strategies for future financial security.

2. Literature Review

The concept of retirement planning has evolved significantly over the past few decades, with an increasing recognition of its importance for long-term financial security. According to Lusardi and Mitchell (2007), individuals who plan for retirement early generally accumulate more wealth and exhibit better financial literacy compared to those who do not plan. These individuals are also more likely to make informed investment choices, which are critical for ensuring financial independence during retirement. Moreover, the importance of financial literacy in retirement planning has been widely documented in the literature, with studies indicating that those with higher financial literacy are better equipped to manage retirement savings and investment decisions (Boisclair et al., 2015). This underscores the need for improved financial education to help individuals make informed decisions about their retirement savings.

Several studies have used the Theory of Planned Behavior (TPB) to examine the factors influencing retirement planning. TPB suggests that attitudes, subjective norms, and perceived behavioral control shape individuals' intentions and behaviors (Ajzen, 1991). In the context of retirement planning, attitudes toward retirement are significantly correlated with retirement planning behaviors (Croy et al., 2010). For instance, individuals with positive attitudes toward retirement are more likely to start saving early and invest in suitable retirement instruments. Conversely, individuals with negative or indifferent attitudes toward retirement planning tend to delay their savings or invest insufficiently, leading to inadequate financial preparedness for retirement (Croy et al., 2010; Moorthy et al., 2012).

In India, studies have highlighted the role of traditional saving instruments such as EPF and PPF in retirement planning. However, these schemes are often insufficient to meet the retirement needs of individuals due to their limited returns and the rising cost of living. As a result, individuals are increasingly turning to non-traditional investment avenues, such as mutual funds, equity shares, and real estate, to build a more substantial retirement corpus (Thakur et al., 2017). Research by Vinmalar and Joseph (2018) revealed that individuals in India, especially in urban areas like Mumbai, are more inclined to invest in these alternative options to secure their retirement. Furthermore, studies suggest that individuals' investment preferences are often influenced by their income levels and family obligations, with married individuals tending to invest more for retirement than unmarried ones (Su, 2008).

The retirement planning behavior of individuals also varies across age groups. Younger individuals (aged 21-35) are more likely to prioritize maintaining their current lifestyle during retirement, while older individuals (aged 46-60) tend to focus on ensuring a steady income and covering medical expenses post-retirement (Thakur et al., 2017). This shift in priorities is reflective of the changing nature of retirement planning, where long-term financial security is increasingly seen as a necessity rather than a luxury.

Furthermore, the government's introduction of schemes like NPS and Atal Pension Yojana (APY) has contributed to a growing awareness of retirement planning, particularly among individuals in the unorganized sector who do not have access to traditional pension systems. The availability of these schemes has empowered individuals to take charge of their retirement savings, although there is still a significant gap in terms of widespread adoption and participation (Pereira et al., 2016).

Overall, the literature suggests that while there is a growing awareness of retirement planning in India, many individuals still fail to start saving early or invest adequately in retirement instruments. The key to addressing this

issue lies in improving financial literacy, encouraging early retirement planning, and expanding access to diverse investment options that align with individuals' retirement goals and income levels.

3. Significance of the Study

This study helps society, particularly working people, understand the relevance of retirement in life and the elements that may influence their retirement planning behaviour. Because time may play a crucial part in the effectiveness of retirement planning, readers may learn when is the best time to begin planning from this study. The government might use this study to gain a better understanding of the existing situation in order to assist residents in creating a better environment in their retirement years.

4. Objectives of the study

The following are the objectives of this study;

1. To understand the attitude of individual towards regarding retirement planning.

5. Hypothesis

1. **H₀**: There is no significant relationship between Gender and attitude towards Retirement Planning
2. **H₀**: There is no significant relationship between Age and attitude towards Retirement Planning

6. Methodology of Study

The study utilizes primary data collected through a structured questionnaire administered to 120 respondents. The questionnaire includes questions designed to assess the respondents' financial awareness, their preferences regarding retirement planning, and personal demographic details such as age and gender. The focus of the data collection was to gather relevant information that aligns with the study's objectives.

To collect the data, a convenience sampling method was employed, where respondents were approached individually. The survey was distributed to working professionals across various occupations in Mumbai City, ensuring a diverse representation of the working population.

Data analysis was conducted using the Statistical Package for Social Science (SPSS) version 21. Descriptive statistics, including frequency and percentage calculations, were used to summarize the data. For hypothesis testing, the Mann-Whitney two-sample rank-sum test was applied. Additionally, the reliability and validity of the data were assessed using Cronbach's alpha value, ensuring the robustness and accuracy of the findings.

7. Data Analysis and Interpretation

Descriptive Statistics: Frequencies and percentages were calculated for Age and Gender.

Table 1:

Variable	<i>n</i>	%
Age		
Below 30 Years	82	68.3
Above 30 Years	38	31.7
Gender		

Male	88	73.3
Female	32	26.7

The data presented in Table 1 provides a demographic breakdown of the sample population based on age and gender. Starting with age, the majority of respondents (68.3%) fall into the "Below 30 Years" category, with 82 individuals out of the total sample size. In contrast, only 38 respondents, or 31.7%, are aged "Above 30 Years," indicating a significant skew toward younger participants in this study. In terms of gender distribution, the sample consists predominantly of male respondents, who account for 73.3% (n=88) of the total population. Female respondents make up the remaining 26.7% (n=32), reflecting a notable gender imbalance within the sample. This uneven distribution of gender may have implications for the generalizability of the study findings, particularly if gender is a variable of interest

Table 2: Attitudes towards Retirement Planning

Attitudes towards Retirement Planning							
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Retirement Planning enables me to pursue my unfulfilled dreams	Frequency	1	6	20	52	41	120
	Percent	0.8	5.0	16.7	43.3	34.2	100.0
I look forward to retirement	Frequency	0	4	18	59	39	120
	Percent	0	3.3	15.0	49.2	32.5	100.0
I am no worries about my life after retirement.	Frequency	1	9	31	48	31	120
	Percent	0.8	7.5	25.8	40.0	25.8	100.0
Retirement Planning makes me feel useful	Frequency	0	4	16	54	46	120
	Percent	0	3.3	13.3	45.0	38.3	100.0

The data presented in Table 2 highlights the attitudes of respondents towards retirement planning, as measured on a Likert-type scale ranging from "Strongly Disagree" to "Strongly Agree." Overall, the findings suggest that a significant proportion of respondents hold positive attitudes towards retirement planning. For instance, when asked whether retirement planning enables them to pursue unfulfilled dreams, 43.3% agreed, and 34.2% strongly agreed, indicating that a majority (77.5%) perceive retirement planning as a means to achieve personal aspirations. Similarly, a large percentage of respondents (49.2% agree and 32.5% strongly agree) expressed that they look forward to retirement, reflecting optimism about this life stage. Regarding concerns about life after retirement, the responses were more mixed. While 40.0% agreed and 25.8% strongly agreed that they have no worries about their post-retirement life, a notable 25.8% remained neutral, and 7.5% disagreed, suggesting that some individuals still harbor uncertainties or anxieties about financial security or lifestyle adjustments during retirement. Finally, the statement "Retirement planning makes me feel useful" garnered the most positive responses, with 45.0% agreeing and 38.3% strongly agreeing, highlighting that retirement planning is not only viewed as practical but also as personally fulfilling and meaningful. Collectively, these results underscore the importance of fostering positive attitudes towards retirement planning, as they appear to influence individuals' emotional well-being and readiness for this significant life transition.

Reliability Analysis

A Cronbach alpha coefficient was calculated for the **Attitudes towards Retirement Planning scale**. The Cronbach's alpha coefficient was evaluated using the guidelines suggested by George and Mallery (2018) where $> .9$ excellent, $> .8$ good, $> .7$ acceptable, $> .6$ questionable, $> .5$ poor, and $\leq .5$ unacceptable.

Table 3 presents the results of the reliability analysis.

Table 3

Reliability Table for Attitudes towards Retirement Planning

Scale	No. of Items	α	Lower Bound	Upper Bound
Attitudes towards Retirement Planning	4	.74	.72	.77

Note. The lower and upper bounds of Cronbach's α were calculated using a 95.00% confidence interval.

H0: There is no significant relationship between Gender and attitude towards Retirement Planning

A two-tailed Mann-Whitney two-sample rank-sum test was conducted to examine whether there were significant differences in Attitude towards Retirement Planning between the levels of Gender. The two-tailed Mann-Whitney two-sample rank-sum test is an alternative to the independent samples t -test, but does not share the same assumptions (Conover & Iman, 1981). There were 88 observations in group Male and 32 observations in group Female.

The result of the two-tailed Mann-Whitney U test was not significant based on an alpha value of 0.05, $U = 1341$, $z = -.427$, $p = .671$. The mean rank for group Male was 59.74 and the mean rank for group Female was 62.59.

H0: There is no significant relationship between Age and attitude towards Retirement Planning

A two-tailed Mann-Whitney two-sample rank-sum test was conducted to examine whether there were significant differences in Attitude towards Retirement Planning between the levels of Gender. The two-tailed Mann-Whitney two-sample rank-sum test is an alternative to the independent samples t -test, but does not share the same assumptions (Conover & Iman, 1981). There were 88 observations in group Below 30 Years and 32 observations in group Above 30 Years.

The result of the two-tailed Mann-Whitney U test was not significant based on an alpha value of 0.05, $U = 1374$, $z = -1.113$, $p = .266$. The mean rank for group Male was 62.74 and the mean rank for group Female was 55.67.

8. Discussion

The findings of this study provide valuable insights into the attitudes and behaviors of working individuals in Mumbai City towards retirement planning. The data reveals that a significant majority of respondents hold positive attitudes towards retirement planning, as evidenced by their responses to key statements in Table 2. For instance, 77.5% of respondents agreed or strongly agreed that retirement planning enables them to pursue unfulfilled dreams, and 81.67% expressed optimism about looking forward to retirement. These results align with prior research that emphasizes the role of positive attitudes in shaping retirement planning behavior (Croy et al., 2010). The high level of agreement with such statements suggests that many individuals view retirement not merely as an endpoint but as an opportunity for personal fulfillment and growth.

Another notable finding is the mixed response regarding concerns about life after retirement. While 65.83% of respondents reported feeling confident about their post-retirement life, a significant proportion (25.8%) remained neutral, and 7.5% expressed concerns. This indicates that despite the overall positive attitudes, there is still a segment of the population that harbors uncertainties, likely due to financial insecurity or inadequate planning. These findings resonate with earlier studies that highlight the importance of addressing financial literacy gaps to alleviate anxieties about retirement (Lusardi & Mitchell, 2007).

The study also examined whether demographic factors such as age and gender influence attitudes towards retirement planning. Hypothesis testing using the Mann-Whitney U test revealed no statistically significant differences in attitudes based on gender ($p = .671$) or age ($p = .266$). This suggests that retirement planning attitudes are relatively uniform across these demographic variables within the sample. However, the skewed gender distribution (73.3% male and 26.7% female) and the higher representation of younger individuals (68.3% below 30 years) may limit the generalizability of these findings. Future research could address these limitations by ensuring a more balanced representation of gender and age groups.

Interestingly, the statement "Retirement planning makes me feel useful" garnered the most positive responses (83.3% combined agreement), underscoring the emotional and psychological benefits of retirement planning. This aligns with the broader literature that highlights the non-financial dimensions of retirement preparedness, such as self-worth and purpose (Vinmalar & Joseph, 2018). The findings suggest that fostering a sense of utility and fulfillment through retirement planning could be a powerful motivator for individuals to engage in proactive financial behaviors.

9. Conclusion

In conclusion, this study underscores the growing awareness and positive attitudes towards retirement planning among working individuals in Mumbai City. The findings reveal that a majority of respondents view retirement planning as a means to achieve personal aspirations, maintain financial security, and enhance emotional well-being. These results highlight the importance of promoting retirement planning not only as a financial necessity but also as a pathway to personal fulfillment and peace of mind.

However, the study also identifies areas that warrant further attention. For instance, while many respondents expressed confidence about their post-retirement life, a notable proportion remained uncertain, indicating the need for targeted interventions to address financial literacy and planning gaps. Additionally, the lack of significant differences in attitudes based on gender and age suggests that retirement planning initiatives should be inclusive and tailored to diverse demographic groups.

This research contributes to the broader understanding of retirement planning behavior by emphasizing the role of positive attitudes and emotional well-being in shaping individuals' readiness for retirement. Policymakers, employers, and financial educators can leverage these insights to design programs that not only improve financial literacy but also foster a sense of purpose and security among working professionals. Future studies could explore additional factors, such as marital status, income levels, and cultural influences, to provide a more comprehensive understanding of retirement planning behavior.

Ultimately, the study reinforces the critical need for early and informed retirement planning. As life expectancy increases and traditional pension systems evolve, individuals must take proactive steps to ensure financial independence and a fulfilling post-retirement life. By fostering a culture of retirement preparedness, society can empower its workforce to transition smoothly into this important phase of life, ensuring both financial stability and emotional well-being.

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