

A Study on Benefits of Financial Planning of an Individual

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Abstract— this research examines the role of financial planning in promoting financial stability and success among individuals. Using a mixed-methods approach, this study finds that financial planning is positively associated with increased savings, wise investment decisions, and reduced debt. The results highlight the significance of financial planning in enhancing financial resilience and achieving long-term financial goals. This study investigates the benefits of financial planning for individuals, examining its impact on investment decisions, savings, and overall well-being.

Keywords— *promoting financial stability, investment decision, financial planning.*

I. INTRODUCTION

Financial planning is an essential aspect of personal finance, enabling individuals to manage their financial resources effectively and achieve their financial objectives. Despite its importance, many individuals neglect financial planning, leading to financial insecurity and stress. This study aims to investigate the benefits of financial planning for individuals, exploring its impact on investment decisions, savings, and overall well-being. Financial planning enables individuals to make informed decisions about their financial resources, mitigate risks, and achieve their long-term goals. However, limited research exists on the benefits of financial planning for individuals. This study addresses this knowledge gap by exploring the impact of financial planning on financial literacy, investment decisions, and overall life satisfaction. By examining the relationship between financial planning and financial outcomes, this research seeks to provide insights into the importance of financial planning for achieving financial stability and success. The

findings of this research will contribute to a deeper understanding of the significance of financial planning in promoting financial well-being.

II. REVIEW OF LITERATURE

1. "Financial Planning and Its Impact on Financial Satisfaction" by J. E. Anderson et al. (2020), this study found a positive correlation between financial planning and financial satisfaction, highlighting the importance of financial planning in achieving financial well-being.
2. "The Effects of Financial Planning on Investment Decisions" by M. A. Jenkins et al. (2019), Researchers discovered that individuals with financial plans made more informed investment decisions, reducing financial risk and increasing returns.
3. "Financial Planning and Retirement Savings" by A. K. Singh et al. (2018), this study showed that individuals with financial plans saved significantly more for retirement, ensuring financial security in their golden years.
4. "The Relationship between Financial Planning and Financial Stress" by S. K. Jha et al. (2017), Findings indicated that financial planning significantly reduced financial stress, improving overall well-being and mental health.
5. "Financial Planning and Budgeting: A Study on Financial Management" by R. K. Sharma et al. (2016), Researchers found that financial planning and budgeting improved financial management skills, leading to better financial outcomes.

6. "The Impact of Financial Planning on Financial Literacy" by J. P. Gupta et al. (2015), this study demonstrated that financial planning enhanced financial literacy, enabling individuals to make informed financial decisions.

7. "Financial Planning and Debt Management" by M. K. Singh et al. (2014), Findings showed that financial planning helped individuals manage debt effectively, improving credit scores and financial stability.

III. RESEARCH OBJECTIVES

1. To determine the effect of financial planning on investment decisions.
2. To examine the benefits of financial planning for individuals with varying income levels.
3. To identify the challenges and barriers to implementing financial planning.
4. To analyze the impact of financial planning on overall well-being and life satisfaction.

IV. RESEARCH METHODOLOGY

A. RESEARCH DESIGN

This research uses Descriptive research design.

The study seeks to describe and evaluate the significance of security management in retail banking. The goal is to understand customer perceptions and the effectiveness of security measures.

B. SAMPLING DESIGN

1. Population: Individuals who have engaged in financial planning in Chennai.
2. Sample Size: A total of 102 individuals. The sample size is appropriate for generalizable insights, given the target population.
3. Sampling Technique:
This study uses Stratified random sampling.

Stratified sampling is a probability sampling technique used to select a representative sample from a population. It involves dividing the population into distinct subgroups or strata, and then randomly selecting samples from each stratum.

4. Source of Data:

There is two type of data that is being adopted for this project. They are primary data and secondary data.

Primary data:

Primary data are those which are collected for the first time and they happen to be original in nature. Primary data are collected through questionnaire.

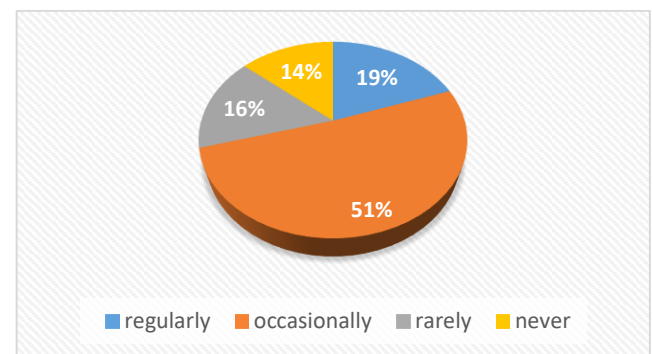
Secondary data:

Secondary data is a data which is already existed data like magazines, journals, books and so on.

V. DATA ANALYSIS AND INTERPRETATION

Figure 1

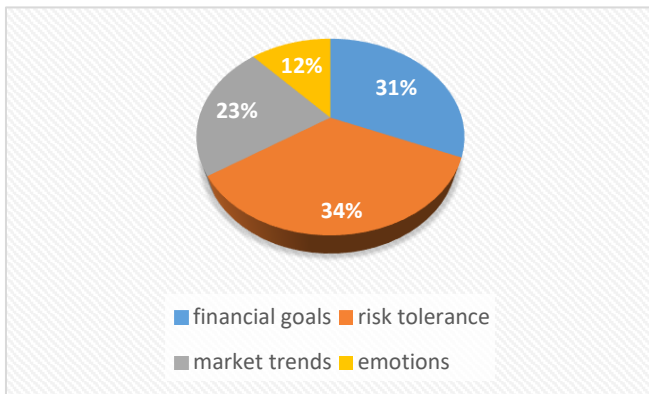
How often do you review your investment portfolio?



Interpretation

Majority (51%) of the respondents are occasionally review their portfolio.

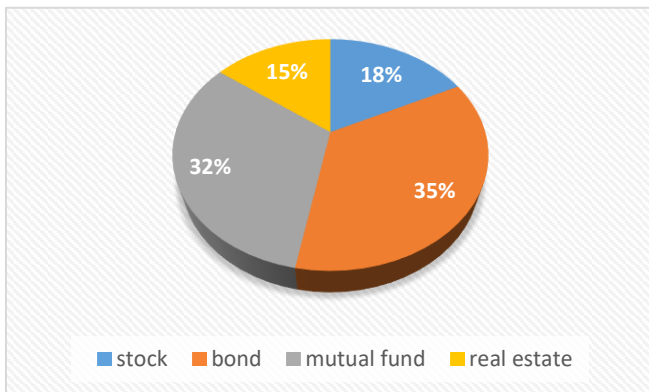
Figure 2
What influences your investment decision?



Interpretation

Majority (34%) of the respondents are accept that their risk tolerance influences their investment decision.

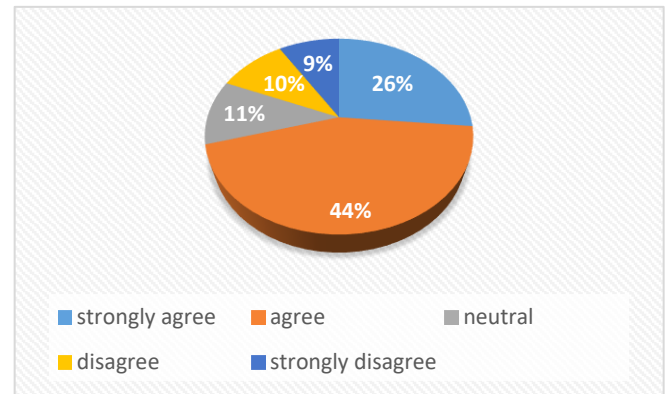
Figure 3
The type of investment they typically make



Interpretation

Majority (35%) of the respondents are invest in Bonds.

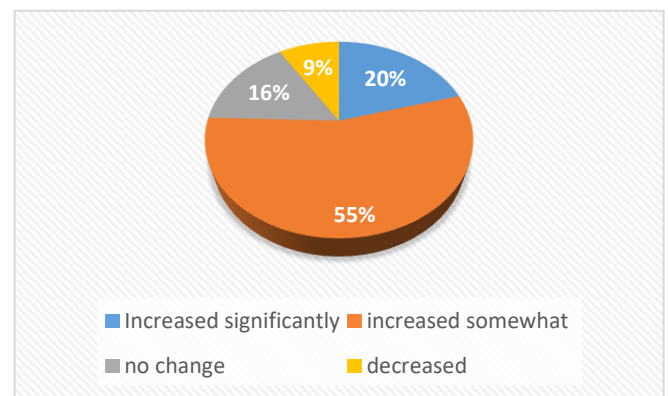
Figure 4
Financial planning help you to make informed investment decision



Interpretation

Majority (44%) of the respondents are agree that financial planning help you to make informed investment decision.

Figure 5
How has financial planning impacted your savings?

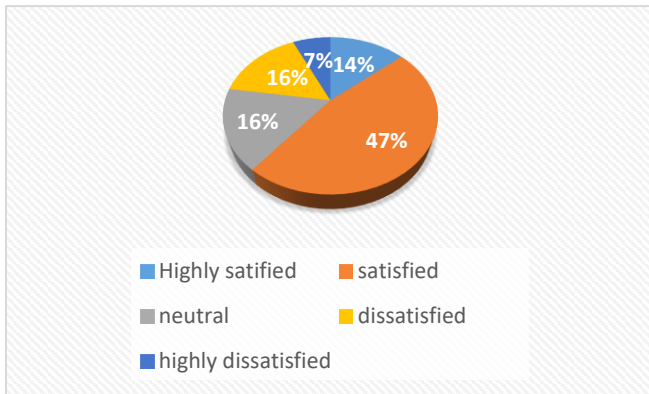


Interpretation

Majority (55%) of the respondents are accept that financial planning somewhat increase their savings.

Figure 6

Satisfaction level of current financial situation

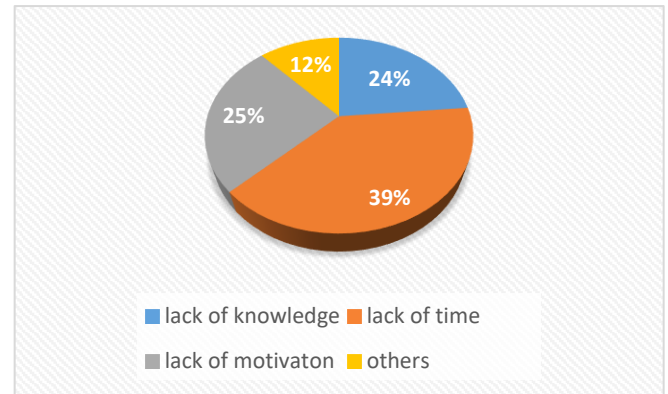


Interpretation

Majority (47%) of the respondents are satisfied with their current financial situation.

Figure 8

What prevent you from creating a financial plan?

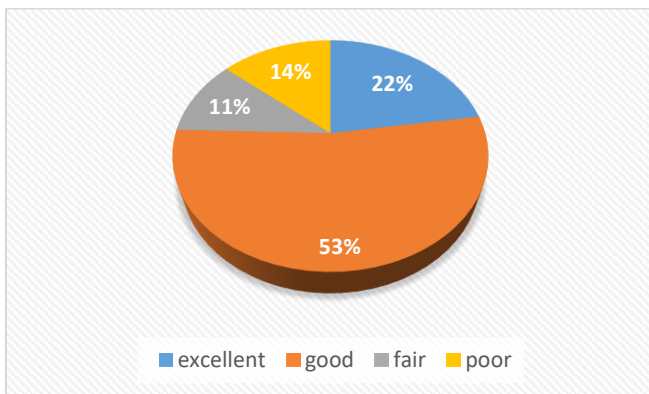


Interpretation

Majority (39%) of the respondents are accept that lack of time prevents from creating a financial plan.

Figure 7

How would you rate your investment Knowledge?

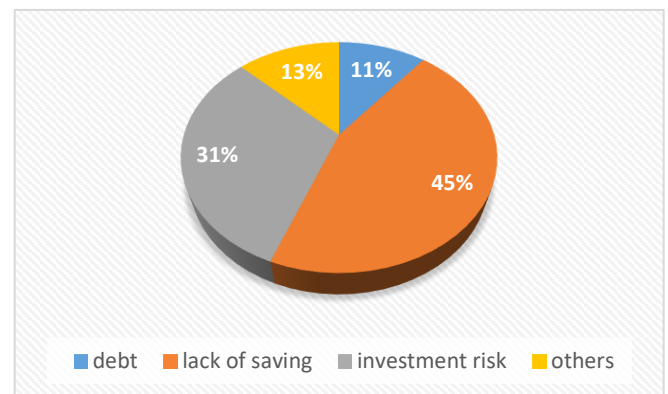


Interpretation

Majority (53%) of the respondents are accept that they good at the investment knowledge.

Figure 9

Obstacle achieving your financial goal

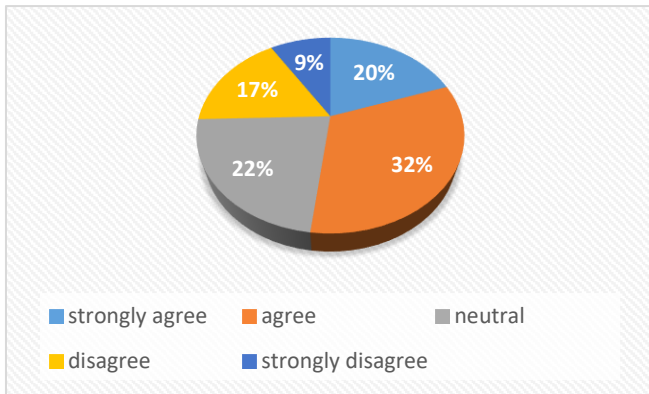


Interpretation

Majority (45%) of the respondents are accept that they have lack of saving to achieving their financial goal.

Figure 10

Financial planning reduce your financial stress

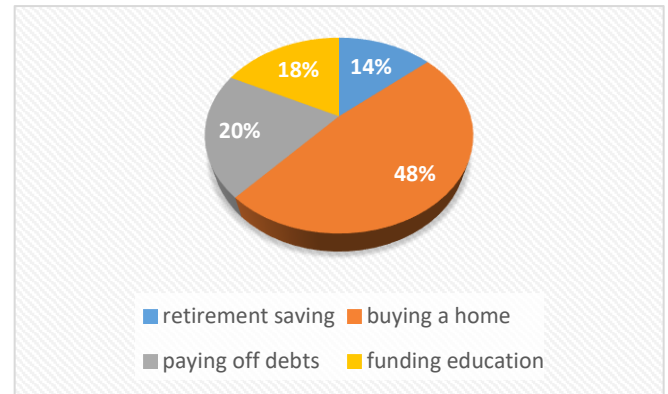


Interpretation

Majority (32%) of the respondents are agree that financial planning reduce their financial stress.

Figure 12

What is your primary goal?

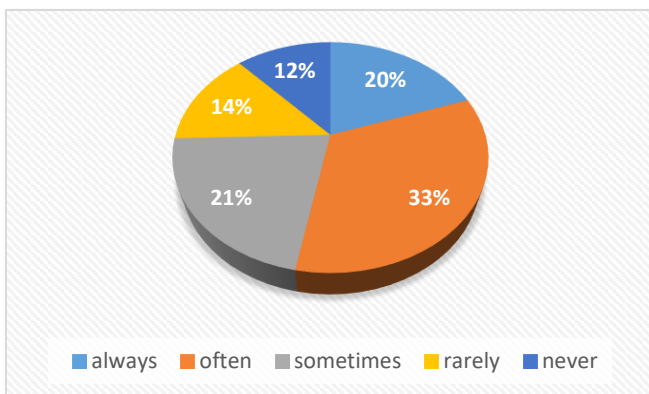


Interpretation

Majority (48%) of the respondents are accept that their primary goal is to buying a home.

Figure 11

How often do you seek professional financial advice?

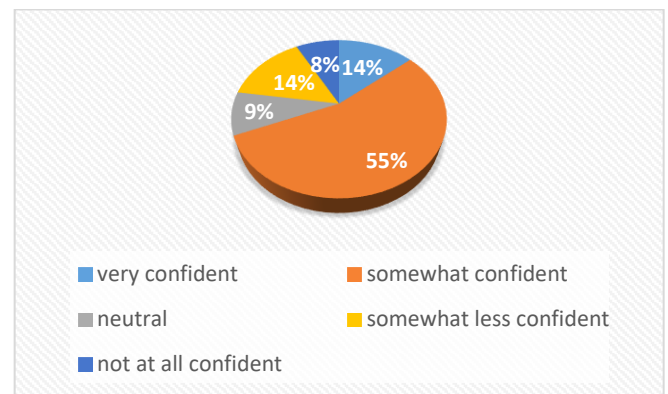


Interpretation

Majority (33%) of the respondents are often seeks their financial advice.

Figure 13

How confident are your ability to manage finance

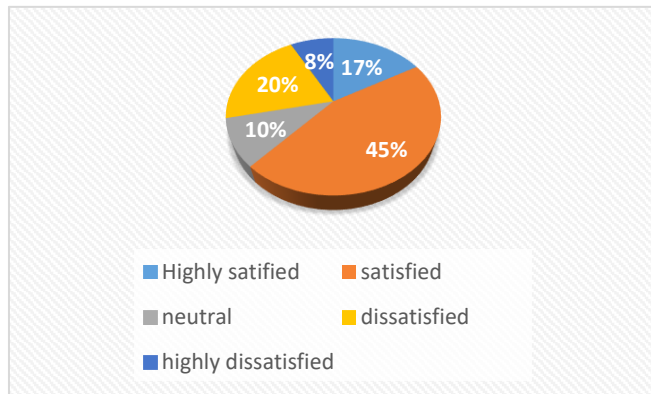


Interpretation

Majority (55%) of the respondents are accept that they somewhat confident about their ability to manage finance.

Figure 14

How satisfied are you with your overall financial planning



Interpretation

Majority (45%) of the respondents are satisfied about their overall financial planning.

FINDINGS

- Majority (44%) of the respondents are agree that financial planning help you to make informed investment decision.
- Majority (55%) of the respondents are accept that financial planning somewhat increase their savings.
- Majority (32%) of the respondents are agree that financial planning reduce their financial stress.
- Majority (45%) of the respondents are satisfied about their overall financial planning.

SUGGESTIONS

- Proper financial plan reduce the financial stress so every individual should have proper financial plan.
- Every individual should often take financial advice from professionals.
- Individual should have proper knowledge about the financial planning to reduce the loss.

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CONCLUSION

A well-structured financial plan equips individuals with the tools to manage their finances effectively, leading to greater financial security. By analyzing income, expenses, assets, and liabilities, individuals can identify areas for improvement and develop strategies to mitigate risks. This proactive approach enables them to prepare for unforeseen circumstances, such as job loss or medical emergencies, thereby reducing financial stress and uncertainty. Moreover, a solid financial plan encourages individuals to build an emergency fund, further enhancing their ability to withstand economic fluctuations.

The benefits of financial planning extend beyond mere numbers; they significantly impact an individual's quality of life. By alleviating financial anxiety and fostering a sense of control over one's financial situation, individuals can focus on their personal and professional pursuits. A comprehensive financial plan encourages healthy financial habits, leading to improved mental well-being and overall life satisfaction. Moreover, individuals who engage in financial planning are often more equipped to make informed decisions that align with their values, such as charitable giving or investing in experiences that enrich their lives.

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