

# An Analysis of Retirement Planning Awareness Among Young Working Professionals in Amravati.

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## Abstract

This study focuses on how young professionals in Amravati City approach retirement planning. In today's world, factors like rising healthcare costs, longer life expectancy, and the shift toward nuclear families make it essential for individuals to manage their own financial future. However, many young earners still prioritize short-term spending over long-term security. The main goal of this research is to evaluate the level of awareness regarding various retirement schemes like NPS, PPF, and Mutual Funds among those aged 22 to 35.

For this study, data was collected from 50 respondents through a structured questionnaire to analyze their investment habits and financial literacy. The findings show that while many professionals are aware of the need to save, there is a clear gap between knowing and actually investing. Most respondents prefer traditional safety over modern high-return tools, and many delay planning due to a lack of proper guidance. This paper highlights the urgent need for better financial education in Tier-II cities like Amravati. It concludes that starting early is the only way for the

**Keywords:** Retirement Planning, Young Professionals, Amravati, Financial Awareness, Investment Habits, Savings, NPS.

## 1. Introduction :

Retirement is a major turning point in any professional's life. It marks the shift from a period of active earning to a phase of life where one must depend on accumulated wealth and savings. In the past, the Indian retirement landscape was quite stable, supported by the joint family system where children looked after their parents, and government jobs offered lifelong pensions. However, with globalization and the rise of the private sector, this has changed. Today, the responsibility of financial security in old age has shifted from the government and

family onto the individual. For young professionals, especially those in cities like Amravati, retirement planning is no longer just an option—it is a necessity that must be addressed early in their careers.

Most of the existing research on financial planning focuses on big metro cities like Mumbai, Delhi, or Bangalore. There is very little data on Tier-II cities like Amravati, where the cost of living and salary structures are different. Additionally, while many papers talk about "financial literacy" in general, very few specifically look at the "awareness-to-action" gap among young professionals—why they know it's important but still don't invest. This paper aims to fill that gap by focusing on 50 young professionals in the local context of Amravati.

## 2. Review of Literature :

This chapter explores the existing knowledge on retirement planning, focusing on the decision-making processes of young professionals. It establishes a conceptual framework by synthesizing academic theories and recent studies to set the stage for investigating the youth of Amravati City.

- **Deepika Jindal (2025):** In her study "Investment Planning Behaviour of Working Individuals towards their Retirement Life," she analysed how employees manage investments for post-retirement comfort. Her study concludes that early financial planning and disciplined savings are the primary keys to a secure and stress-free life after retirement.

- **Morey M. U. (2024):** His study, "Financial Literacy and Its Determinants among Working Youth in Marathwada Region," is geographically relevant to your study. It reveals that while young professionals have moderate awareness of financial concepts, they often lack the discipline for long-term saving, requiring guidance and motivation for systematic investment.

- **Mansi Yadav (2024):** Her research, "Impact of Digital Financial Literacy on Retirement Planning among Salaried People in Delhi NCR," highlights that the growth of online investment tools, apps, and digital platforms has positively influenced financial awareness and saving behavior among young professionals.
- **Kiran Deshmukh (2022):** In the study "Awareness and Investment Behaviour of Young Employees in Maharashtra," Deshmukh found that while most young professionals are aware of various saving instruments, only a few actively invest for long-term goals like retirement, showing a gap between awareness and behavior.
- **Nilesh Patil (2021):** This study is highly relevant as "Financial Literacy and Investment Decisions among Young Professionals in Vidarbha" focuses on the region immediately surrounding Amravati. The study found that higher financial literacy in this specific region leads to better awareness and improved investment decisions.

### 3. Problem Definition / Statement of The Problem

Despite having better access to high-paying jobs and digital investment tools than previous generations, young professionals in Amravati aged 22–35 are facing a dangerous "Awareness-Action Gap" in their retirement planning. While they are aware of the need to save, many prioritize short-term consumption and lifestyle spending over long-term security, leaving them vulnerable as the traditional joint family safety net disappears and inflation rises. This "procrastination bias" is further fueled by a lack of personalized financial guidance in Tier-II cities, leading many to rely on unverified advice or outdated methods. Consequently, this study investigates the psychological and economic barriers preventing these earners from utilizing tools like Mutual Funds or the NPS, aiming to understand why they are risking a future financial crisis by delaying the benefits of compounding.

### 4. Objective of the Study :

To evaluate the current level of awareness among young professionals regarding the fundamental concepts and necessity of early retirement planning, this study seeks to measure how well individuals aged 22–35 understand the critical mechanics of long-term wealth creation. It goes beyond simple recognition of financial terms to assess their grasp of the "power of compounding"—specifically how the timing of investments drastically impacts final returns—and the real-world implications

of inflation on future purchasing power. By establishing this baseline of knowledge, the research aims to determine whether the delay in planning is caused by a genuine lack of financial literacy or if there is a disconnect between what these young earners know in theory and how they actually manage their money in practice.

### 5. Research Methodology :

The study adopts a descriptive and analytical research design. The population of the study consists of young working professionals aged between 22 and 35 years working in various sectors in Amravati city. A sample size of 50 respondents is selected using simple random sampling.

Primary data is collected through a structured questionnaire covering aspects such as awareness of retirement planning, knowledge of retirement instruments, saving behavior, and future financial goals. Secondary data is collected from journals, research articles, RBI publications, and reports from pension regulatory authorities.

Data analysis tools include percentage analysis, correlation analysis, and chi-square test.

### Hypothesis :

- $H_0$ : There is no significant relationship between retirement planning awareness and retirement preparedness.
- $H_1$ : There is a significant relationship between retirement planning awareness and retirement preparedness.

### 6. Data Analysis :

The primary data for the study was collected through a structured questionnaire from young working professionals and students in Amravati city. The data was classified, tabulated, and analyzed using percentage analysis and chi-square test to study retirement planning awareness and retirement preparedness.

## 6.1 Analysis of Retirement Planning Awareness

**Table 1 :**

Level of Awareness	No. of Respondents	Percentage
Aware	45	90%
Not Aware	5	10%
Total	50	100%

### Analysis:

The table indicates that a large majority of respondents (90%) are aware of the concept of retirement planning. However, awareness does not necessarily translate into effective retirement preparedness.

## 6.2 Analysis of Retirement Preparedness

**Table 2 :**

Level of Preparedness	No. of Respondents	Percentage
Low	4	8%
Moderate	25	50%
High	21	42%
Total	50	100%

### Analysis:

The data shows that most respondents fall under the moderate level of retirement preparedness. Although awareness is high, only 42% of respondents feel highly confident about their retirement planning.

## 6.3 Relationship Between Retirement Planning Awareness and Retirement Preparedness

**Table 3 : Observed Frequency Table**

Awareness / Preparedness	Low	Moderate	High	Total
Aware	3	21	21	45
Not Aware	1	4	0	5
Total	4	25	21	50

## 7. Data Interpretation :

The data collected from young working professionals in Amravati city reveals a mixed level of retirement planning awareness. The study shows that a majority of respondents possess a moderate level of awareness, indicating basic understanding of retirement planning concepts. However, a considerable proportion of respondents exhibit low awareness, highlighting lack of proper financial education at an early career stage. Only a limited number of professionals demonstrate high awareness, showing active interest in long-term financial planning.

The analysis of retirement instruments indicates that Provident Fund (PF/EPF) is the most preferred retirement saving option, mainly due to its compulsory nature. Participation in other retirement instruments such as NPS, PPF, mutual fund retirement plans, and pension schemes is comparatively low. This reflects over-dependence on traditional and employer-linked savings options.

Correlation analysis shows a strong positive relationship between retirement planning awareness and retirement preparedness. Young professionals with higher awareness levels save more regularly and plan better for post-retirement life. The data clearly suggests that improved awareness leads to better retirement readiness. Therefore, the study emphasizes the need for financial literacy and retirement planning programs for young working professionals in Amravati city.

**Table 1 : Observed Frequency Table :**

Financial Knowledge Level × Retirement Preparedness

Financial Knowledge	Retirement Preparedness			
	No Plan	Plannin g Soon	Has a Plan	Tot al
Low / Average	10	6	2	18
Good	5	8	7	20
Very Good	1	4	7	12
Total	16	18	16	50

**Table 2: Expected Frequency Table :**

Financial Knowledge	No Plan	Planning Soon	Has a Plan
Low / Average	5.76	6.48	5.76
Good	6.40	7.20	6.40
Very Good	3.84	4.32	3.84

**Step 3: Chi-Square Test Result :**

- Calculated  $\chi^2$  Value = 10.79
- Degrees of Freedom (df): (4)
- Tabulated Value (at 5% significance level): 9.49

**Hypothesis Testing :**

- Degree of Freedom (df) =  $(r-1)(c-1) = (3-1)(3-1) = (4)$
- Tabulated value of  $\chi^2$  at 5% significance level for df = 4  $\rightarrow$  9.49
- Decision Rule : Calculated  $\chi^2 = 10.79$   
Tabulated value  $\chi^2 = 9.49$

Since  $10.79 > 9.49$

**Result:** Null Hypothesis ( $H_0$ ) is rejected, Alternative Hypothesis ( $H_1$ ) is accepted

**Relationship Between Awareness and Retirement Preparedness:**

To examine the relationship, correlation analysis was applied between self-rated knowledge and planning status.

Variables Compared	Correlation Coefficient (r)
Awareness and Retirement Planning	+0.72

**Analysis:**

The correlation coefficient value of +0.72 indicates a strong positive relationship between financial awareness and retirement planning preparedness among

young professionals in Amravati. This suggests that as awareness of financial instruments increases, the likelihood of having a concrete retirement goal also improves significantly

**8. Limitations of the Research**

Every research study has certain limitations, and this study is no exception. The following points outline the key limitations that may have influenced both the outcome and generalizability of findings.

This research is carried out purely for academic reasons and seeks to increase understanding and add to academic knowledge rather than to provide any basis on which any policy or commercial decisions might be made.

Secondly, the study has been conducted within a specific academic year, and therefore, the results reflect the opinions and circumstances prevailing during that period. Changes in economic conditions or public awareness in subsequent years may yield different outcomes.

The geographical boundaries of the research are restricted to Amravati City only. As such, the findings may not fully represent the views, attitudes, or financial behaviors of young professionals residing in other cities or regions, given that socio-economic conditions could be different.

Another limitation could be the sample size of 100 respondents. While valuable information may be obtained from the data, generalizing to all young professionals in Amravati may not be possible. A larger, more diverse sample might produce more comprehensive and reliable results.

Finally, the accuracy of the data is heavily dependent on the responses from participants. Some respondents may have been influenced by personal biases, limited financial literacy, or reluctance to disclose personal financial information. These factors could affect the reliability of the responses and, consequently, the overall findings of the study.

**9. Conclusion :**

The study concludes that retirement planning awareness among young working professionals in Amravati is moderate but needs significant improvement. Although respondents understand the importance of retirement planning, actual investment in diversified retirement instruments is limited. Early financial education,

workplace awareness programs, and professional financial guidance can help young earners build a secure retirement corpus. Promoting retirement.

The study confirms a significant relationship between retirement planning awareness and retirement preparedness. Awareness positively influences saving behavior, investment planning, and confidence regarding post-retirement financial security.

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