The study of difference in awareness level of personal financial planning and its components with reference to private sector employees of India.

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***Abstract*: Financial planning is a very crucial aspect of one's life, be it a business, an individual or a family everyone have certain financial goals and in order to successfully realize these goals creation of a financial plan comes into picture. The financial plan encompasses several components such as: Savings and budget management, Debt management, Insurance planning, Investment planning, Retirement planning and Tax planning.**

The purpose of the study is to explore the awareness on personal financial planning and the components among individuals working in private sector in India. For the study, data is collected with the help of a questionnaire to assess the respondents' financial perspective and awareness, the respondents are categorized into two groups based on their age i.e. Below 30 years of age and Above 30 years of age. The study concludes that the above 30 age group are apparently more aware about various aspects of financial planning compared to the below 30 age group.

***Keywords*: Finance, Personal Financial Planning, Financial Planning Components, Investment, Financial Awareness, Financial Perspective**

I. Introduction

Financial Planning

Many people may wonder "Do I really need a financial plan?" The answer is yes, every individual needs to understand the need to manage his/her finances. Planning does not mean keeping a check on one's savings and expenditure.

Financial Planning is a series of steps taken by an individual to achieve his/her life goals and objectives. A financial plan helps you control your income, investments, expenses, savings such that you are able to manage your finances and achieve your goals.

Personal financial planning is a long term process of wisely managing your finances for future goals while at the same time negotiating the financial barriers that unavoidably arise in every stage of life. The process of financial planning takes in consideration your current financial situation, how much you should save and spend, your protection requirements (health insurance, life insurance etc.), your goals and objectives (Vacation, retirement, child's education, buying a house etc.), your current investments and where to invest to grow your wealth. The six step process of personal financial planning is:

1. Define your financial goals and objectives.
2. Gather information about your finances, your income, expenditure, investments, assets, liabilities etc.
3. Analyze the data and evaluate financial status.
4. Develop a suitable financial plan keeping in mind the financial goals and current situation.
5. Implement the financial plan.
6. Evaluate progress and revise your financial plan according to the situation.

Importance of Financial Planning

- Improving Financial Decision Making
- Helps in Tax Saving
- It Enables Collection of Optimum Funds
- Helps in Investing Funds in Good Investment Avenues
- Ensuring Financial Discipline
- Providing Peace of Mind

Components

- **Savings and budget management (Cash/Money Management)**
  The most critical and initial aspect of personal financial planning is, understanding the inflow and out flow of funds. An individual should never spend more than what he earns to keep going towards the path of achieving his/her financial goals. Saving plays an important role in wealth creation, the saved amount is used for investments and the investments provide returns which increases the wealth of an individual. One should always keep a check on the out-flow of his/her money i.e. expenditure, one should check how much he/she is spending on lifestyle needs, paying bills, entertainment, instalments of debts and other expenses. The spending and saving behaviour of each individual is different and depends on various factors like income, financial needs, expenses etc. Preparing a budget is the very first step of financial awareness and financial planning, a proper budget of how much should he/she save and how much he/she should spend must be created by every individual.
  The equation **'Income – Expenses = Savings'** is wrong. To achieve your financial goals the equation should be **'Income – Savings = Expenses'**

- **Debt Management**
  With the easy accessibility of credit card people tend to spend more than they require. When in need people seek to borrow from banks, financial institutions and various other sources, which when not managed efficiently can increase the strain on one's current income by making is hard to maintain regular payments of debts and bills. Personal debt isn't always bad, but high amount of personal debt and no proper management can lead to bankruptcy. It is important to keep an eye on one's finances and making payments for the debts on time.

- **Insurance planning**
  Another vital component of a financial plan is insurance planning aka risk management. Insurance planning is done to evaluate risks and determining the proper insurance coverage to mitigate those risks. Insurance planning financially protects yourself, your family, your home and assets or business against various unexpected life events. It lowers down the burden in an individual's life at the time of need by assisting financially. There are various types of insurance available in the market like: Health Insurance, Term Life Insurance, Accident Insurance, GMA & GPA (Provided by Employer).

- **Investment planning**
  Investment planning is one of the most important components of financial planning, it takes into consideration one's goals, risk tolerance and timeline to come up with a suitable investment strategy. Investment planning helps the individual in creation and growth of wealth and eventually achieving his/her goals. Investment strategy includes various investment avenues are available to investors and must be compared & analyzed on the basis of risk, time, return etc. before they are opted for. Some of the investment avenues are: Fixed Deposit, Equity Shares, Commodities, Mutual Funds, Bonds, Provident Funds, Real Estate, Gold.

- **Retirement Planning**
  Retirement planning is a life-long process, but it works best when you factor it into your financial planning from the beginning. It is the planning one does to be equipped for the life after the employment (paid work) ends, both financially and non-financially. It includes determining retirement income goals, estimating expenses and sources of income, savings program, managing assets and risks, the future cash flows are estimated to define if the goals will be achieved and finally implementing the retirement plan. In India various pension plans and programs are offered by the government as well as private entities like banks and other financial institutions (SBI, ICICI, HDFC, LIC etc.).

- **Tax planning**
  Tax planning is the process of reducing tax liability and ensuring tax efficiency, through tax planning all the components of the financial plan work together in the most tax efficient way possible. Various retirement plans and investment avenues provide tax benefits and deductions. Section 80C of the income tax act, is widely popular among taxpayers because of the deductions available under this section (Max 1.5 lakhs). The sub-sections under Section 80C – Section 80CCC and Section 80CCD focuses on contributions towards retirement and pension plans.
  Some deductions available under Section 80C are: Public Provident Funds, Employees' Provident Funds, Life Insurance Premium, Repayment towards the principal of Home Loan, National Savings certificate, 5 year bank Fixed Deposits.

II. Literature Review

1. A Study on Awareness of Personal Financial Planning Among Households in Visakhapatnam City

The study's main objective was to assess the awareness of household on personal financial planning and to examine the awareness range, three items were choosen which were, perception levels of he respondents, awareness of personal financial planning and economic & social needs of the respondents. The understanding of the financial needs enables one to know the structure, related literacy at various stages. The study also focused on finding out if there is any difference in household awareness of different gender about the concept of financial planning. The study concludes that financial education and knowledge provided at early stage of life (schools/colleges) can help promote financial planning of households.

2. Financial Literacy and Financial Planning: Evidence from India

This study is about financial literacy and financial planning behavior in India. The researcher evaluated the investment behavior, liability choice, risk tolerance, investment goals and insurance usage of a group of people that participated in an online investment service provided by Yogi Financial Advisory Services by asking them a few questions and based on the data provided by Yogi Financials. The research found out that the young and the old tend to get more correct answers then the middle aged ones, also saw a significant difference in gender as a factor in answering the questions correctly as a higher proportion of male respondents answered each of the questions correctly. The researcher also found out that the aggressiveness of an investor and higher education level respondents got more correct answers than those with lower aggressiveness and education level.

3. Personal financial planning: Thirteenth Edition by (Lawrence Gitman, Michael Johenk & Randall Billingsley)

The book gives efficient insights on avoiding budgeting mistakes, positive aspects of credit and choosing between mutual funds & ETFs. It has also given some useful tips regarding the process of choosing insurance plans and the risk-return characteristics of bonds and stocks. The book also focuses on the online resources available with regard to the different components of personal financial planning. It mentions smartphone applications for retirement plans, online resources for estate planning, how to begin investing online, choosing the right personal finance software etc. along with the offline concepts regarding the same. It also highlights the financial aspects of automobile and housing decisions. The book follows a life-cycle approach and provides the tools, techniques, and understanding that is required for defining and achieving financial goals.

4. KPMG Employee pension plan in India, current practices, challenges and prospects

In 2015 KPMG conducted an employer pension plans survey in India, looking for inputs, on the practices followed regarding pension arrangements for employees, from the industry. 45 companies from various sectors like retail, hospitality, private equity, automobile, consumer markets, IT/ITES, energy and natural resources responded. The survey concluded the pension system in India needs to be transparent, reliable, equitable and adequate and for that all the stakeholders i.e. the government, employees and employers have a role to play in the development of a favorable pension environment in India. The government needs greater transparency in regulations, higher tax benefits to enhance the pension coverage in India. With a pension plan/program for the employees, the employer should also provide proper education on various pension plans and their benefits to the employees. The employees need to shape their retirement goals/objectives and go with the pension plan that will help them build such corpus which will help them realize these goals.

5. Financial Literacy and Personal Financial Planning in Klang Valley, Malaysia by (Tan huI boon, Hoe siew yee & Hung woan ting)

The study focuses on financial literacy and how it is an important indicator of financial planning decisions. According to this research, financial planners/ advisors need to pay equal attention to educating their clients on various aspects of finance. It has been highlighted how financial well-being is highly affected by an individual's financial knowledge and it also affects an individual's financial decisions. It has differentiated between the financial planning decisions of individuals on the basis of financial literacy and the observation shows that individual's with high financial literacy tend to engage more in the financial planning decisions process.

III. Research Methodology

3.1 Objectives

- To know the level of awareness on personal financial planning.
- To know the awareness level on Personal Financial Planning components.
- To know the difference in perspective in financial planning and financial goals of the two age groups.
- To know the importance of personal financial planning.

3.2 Scope:

- The geographical scope of the research encompasses the Indian region.
- The respondents of the study are individuals working in private sector in India.
- The study focuses on personal financial planning and it is restricted to only six components of personal financial planning that are Savings and budget management, Debt management, Insurance planning, Investment planning, Retirement planning and Tax planning.

3.3 Research problem:

- Does age serves as a factor in the difference in awareness level on personal financial planning and its components in private sector employees in India.
- Is there a difference in perspective in financial planning of the two age groups.

3.4 Research Hypothesis

H0: Age has no significant impact on the awareness of personal financial planning among private sector employees.
H1: Age has a significant impact on the awareness of personal financial planning among private sector employees.

3.5 Research Design & tool

- Research Design: Exploratory research design is used in this study.
- Research Tool: Survey Questionnaire is used as a tool for data collection in this study.
- Research Type: Qualitative Research.

3.6 Population size & sampling size

- Population elements and size: Private sector employees in India.
- Sample Size- 62
- Sample frame: All the private sector employees working in India are the sample frame and they are divided in two categories based on their age i.e. Below 30 years of age and Above 30 years of age.
- Sampling Element: Individual working in private sector in India.
- Sampling Technique: Non probability – Purposive sampling Techniques is used in this research.

IV. Data Interpretation, Display & Justification

4.1 Data interpretation

1. Age groups of the respondents.

Age Group	Total	%
Below 30	32	52%
Above 30	30	48%
Total	62	100%

Table 4.1 Age Groups

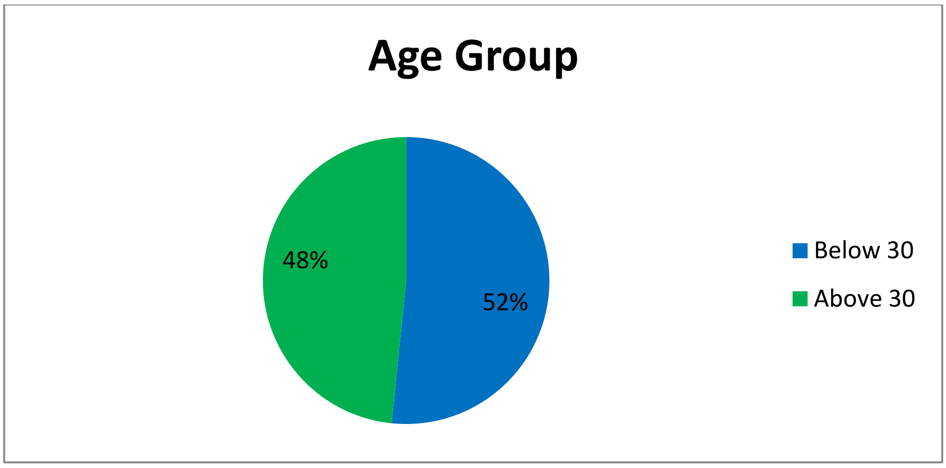


Fig. 4.1 Age Group

The above pie chart and table states that the total number of respondents are 62, who are working in private sector in India, from which below 30 years of age are 32 (52%) and above 30 years of age are 30 (48%).

2. Importance of financial planning goals according to you.

Goals	Below 30		Below 30	
	Frequency	%	Frequency	%
Paying Bills	17	53%	8	27%
Be able to retire early	12	38%	9	30%
Save for retirement	14	44%	19	63%
Have enough for you/family to live well	25	78%	20	67%
Be able to own a house/apartment as you get old	23	72%	16	53%
Be financially independent	32	100%	19	63%
Make sure children go to college	9	28%	17	57%
Have enough for emergency	25	78%	18	60%

Table 4.2 Financial Goals

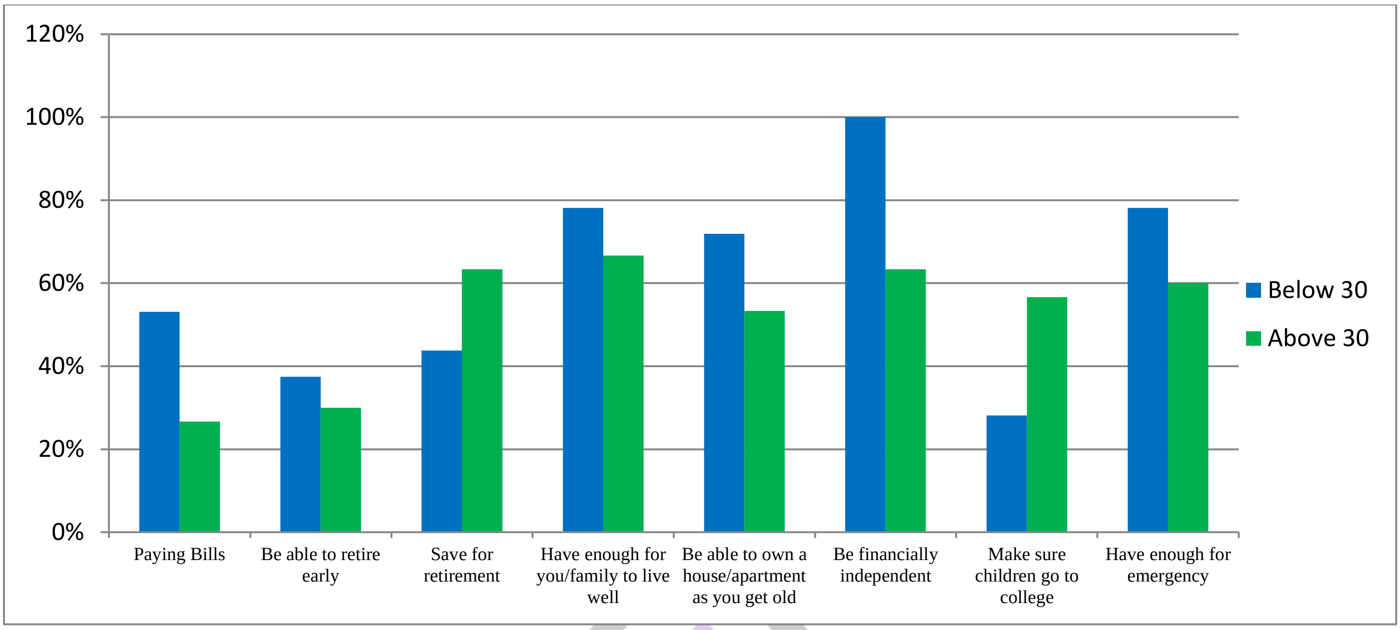


Fig. 4.2 Financial Goals

The first step of financial planning process is setting of financial goals and objectives of the individual and the plan is created such a way that the goals and objective are met. When asked about their financial goals for the respondents of below 30 age group, the top financial goals are 'Be financially independent', 'Have enough for you/family to live well', 'Have enough for emergency', 'Be able to own a house/apartment as you get old' and 'paying bills'. While for the respondents of above 30 age group the top goals are 'Have enough for you/family to live well', 'Save for retirement', 'Be financially independent' and 'Make sure children go to college'

3. From which of the following sources do you get financial information?

Sources	Below 30		Above 30	
	Frequency	%	Frequency	%
Banks or other financial organization	16	50%	21	70%
Newspapers, Magazines or other written materials	20	63%	26	87%
Finance professionals	12	38%	14	47%
Input from spouse, family, friends, co-workers	17	53%	20	67%
Internet	28	88%	19	63%
Seminars	6	19%	7	23%
TV or radio	8	25%	6	20%

Table 4.3 Source of Information

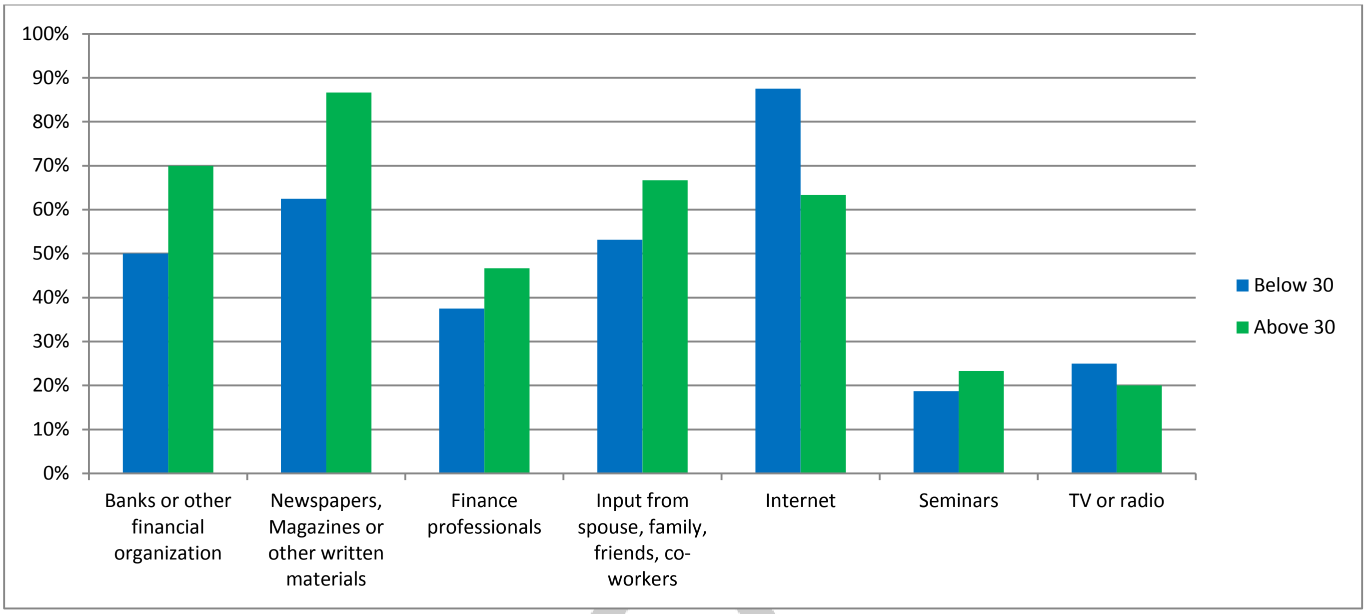


Fig. 4.3 Sources of Information

Knowing your finances is very crucial in today's lifestyle while getting updated with the current financial information has become as important. There are various sources available to fetch financial information, the respondents were asked about their sources of getting financial information and considering the respondents of below 30 age group majority of them use 'Internet' as a source of getting financial information and the least used source is 'TV or Radio' and 'Seminars'. From the respondents of the above 30 age group, majority of them use 'Newspapers, Magazines or other written materials' and 'Banks or other financial organizations' as a source to fetch financial information.

4. Do you prepare a budget?

Do you prepare a budget	Below 30 years		Above 30 years	
Yes	23	72%	30	100%
No	9	28%	0	-

Table 4.4 Budget Creation

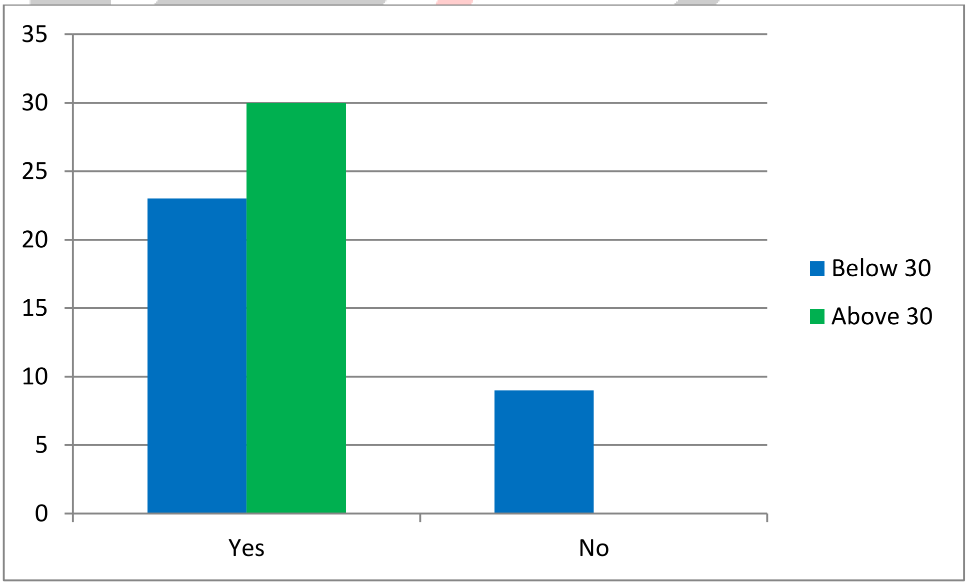


Fig. 4.4 Budget Creation

Preparing a budget is the beginning of financial planning, be it an individual person or a big organization a budget plays a very important role. When asked to the respondents that do they prepare a budget 53 (85%) of the total respondents answered with yes, while 9 (15%) of the total respondents do not prepare a budget.

The above table shows that, 30(100%) of the respondents who are above 30 years of age prepare a budget while it was observed that only 23(72%) of the respondents who are below 30 years of age prepare a budget the rest 9 (28%) answered that they do not prepare a budget.

5. What percent of your income do you save? (Approx.)

Savings Percentage	Below 30	Above 30
1-10%	4	0
10-20%	7	4
20-30%	12	6
30-40%	4	11
40-50%	5	9

Table 4.5 Savings Percentage

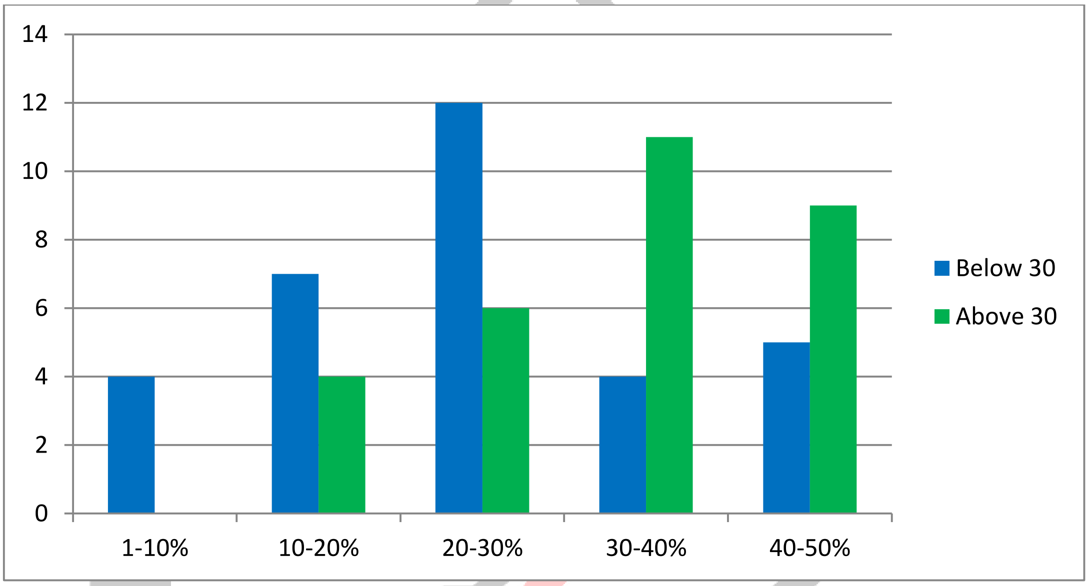


Fig. 4.5 Savings Percentage

The main purpose of budget creation is to have a balance in your savings and expenditure. When asked about what percent do the respondents save from their total income, majority of the respondents falling in the below 30 age group said to be saving between 20-30% and 10-20% while among the respondents of the above 30 age group the mode savings percentage tends to be 30-40% and 40-50%.

6. Approximately what percent of the total annual expenditure goes towards the following?

Expenditure Areas	Below 30 years					Above 30 years				
	0%	10%	20%	30%	40%	0%	10%	20%	30%	40%
Food, Lifestyle & Entertainment	0	0	6	19	7	0	0	8	15	7
Travel and Conveyance	0	6	20	6	0	0	14	8	8	0
Bills & Utilities	0	0	15	11	6	0	0	8	14	8
Instalments of loan repayment	16	6	5	5	0	6	6	8	10	0

Table 4.6 Expenditure

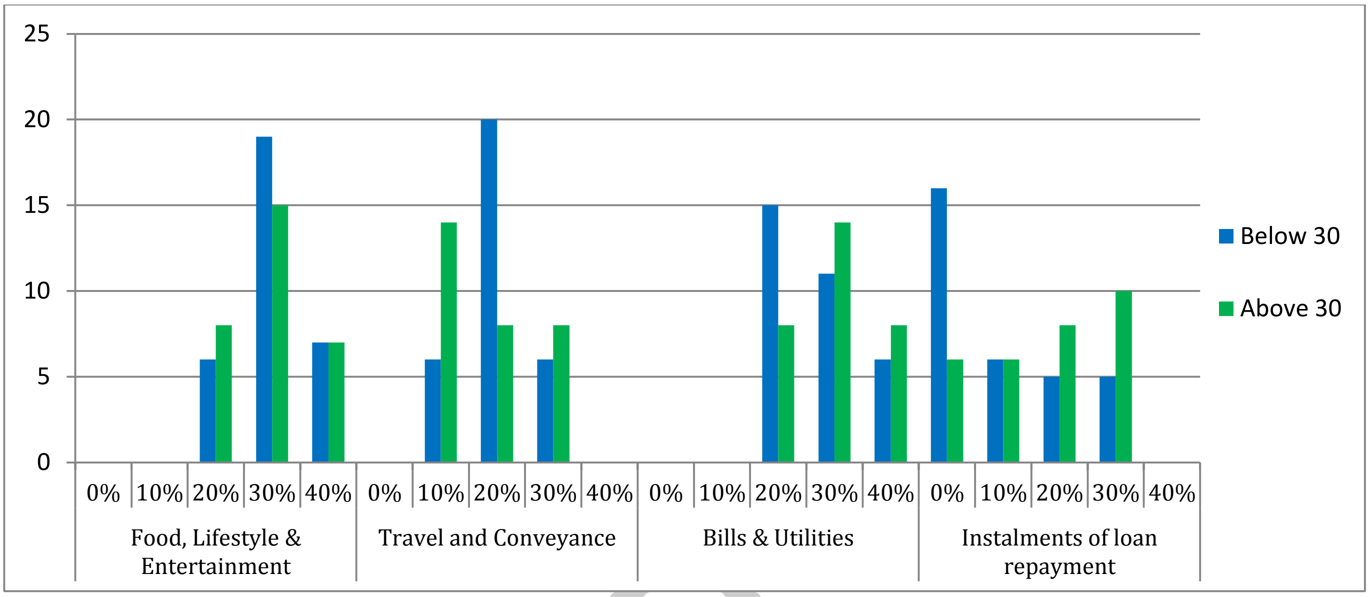


Fig. 4.6 Expenditure

The financial planning process includes a step in which the individual gathers the data of his/her expenditure and analyze it, the respondents were given a list of four expense categories and were asked to select the suitable percentage that they spend (approx.) in each category. The mode percentage expenditure on 'Food, Lifestyle & Entertainment' and 'Bills & Utilities' among the respondents of below 30 as well as above 30 age group stands to be 30%. For 'Travel and Conveyance' the mode percentage expenditure by the respondents of the below 30 age group is 20%, while considering the respondents of above 30 age group it is 30%. Majority of the respondents in the below 30 age group have the mode percentage expenditure of 0% for 'Instalments of loan repayment' meaning they don't have any debt/loan, while for the respondents of the above 30 age group the mode percentage expenditure on 'Instalments of loan repayment' is 30%.

7. Which of these products do you currently have?

Insurance	Below 30		Above 30	
	Frequency	%	Frequency	%
Health Insurance	19	59%	25	83%
Term Life Insurance	11	34%	18	60%
Accident Insurance	6	19%	6	20%
GMA & GPA (Provided by Employer)	9	28%	13	43%
No Insurance	8	25%	0	0%

Table 4.7 Insurance

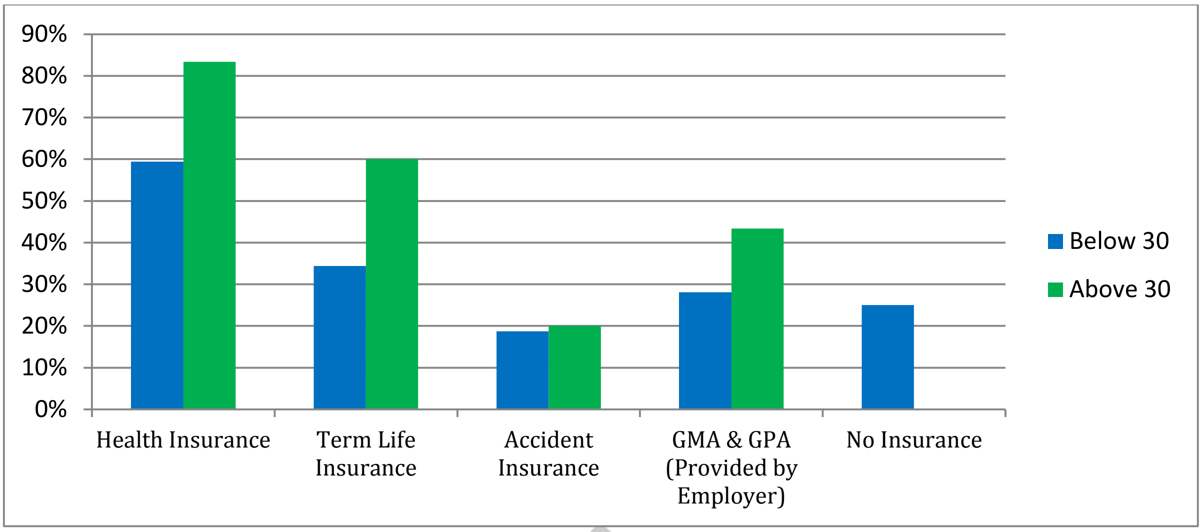


Fig. 4.7 Insurance

The respondents were asked about the insurance coverage(s) that they currently have in order to know their current state of protection planning. Evidently, health insurance is the kind of insurance coverage which most of the respondents have selected. 8(13%) of the respondents don't have any insurance coverage. Considering the respondents of the below 30 age group, health insurance coverage has been selected by majority of them whereas accident insurance is the least selected one. In the above 30 age group also, health insurance and term life insurance has been given a priority by the respondents whereas accident insurance has not been preferred much as only 6 respondents has accident insurance coverage.

8. What percent of the savings goes towards investment? (Approx.)

Investment Percentage	Below 30	Above 30
0%	3	0
1-10%	7	6
11-20%	9	10
21-30%	7	8
31-40%	6	6

Table 4.8 Investment percentage

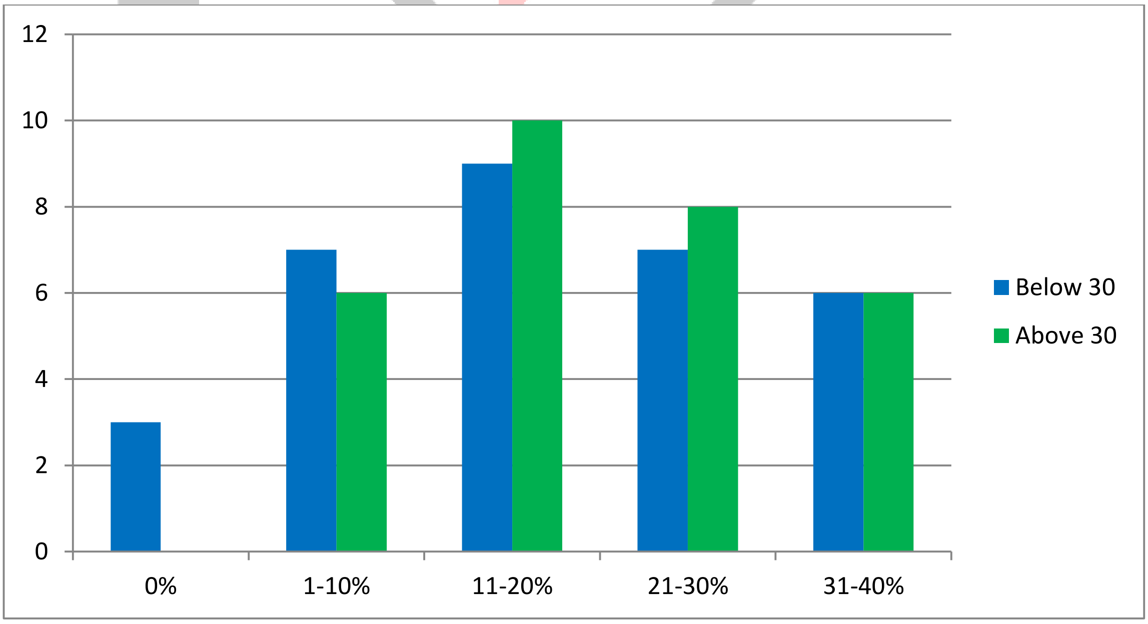


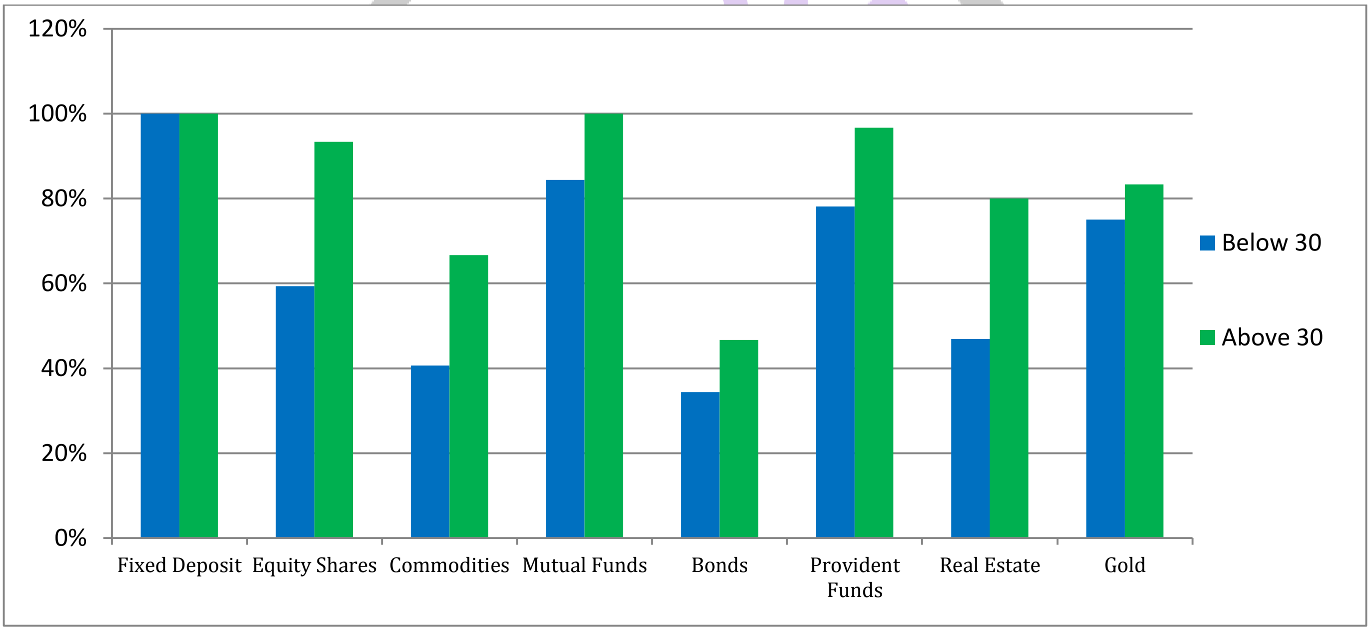
Fig. 4.8 Investment percentage

For all the 62 respondents, the mode investment percentage stands at 20%. As much as 34(55%) of the total respondents invest between 11-30%, 16 from the below 30 age group and 18 from the above 30 age group. It is observed 3 respondents from below 30 age group are not investing and that no respondent, in either of the age groups, are investing more than 40% of their savings.

9. How many of these investment avenues available in the market are you aware of?

Avenues	Below 30		Above 30	
	Frequency	%	Frequency	%
Fixed Deposit	32	100%	30	100%
Equity Shares	19	59%	28	93%
Commodities	13	41%	20	67%
Mutual Funds	27	84%	30	100%
Bonds	11	34%	14	47%
Provident Funds	25	78%	29	97%
Real Estate	15	47%	24	80%
Gold	24	75%	25	83%

Table 4.9 Investment Avenues



4.9 Investment Avenues

Investment is a very important aspect of financial planning, as investments generate returns which help in the growth of an individual's wealth and achievement of his/her financial goals. There are many investments avenues available in the market categorized in different types like- High risk high return, Fixed Interest, Defensive, Growth investments etc. The respondents were asked if they are aware of the various investment avenues available in the market, among the respondents of below 30 age group, the most known investment avenues are 'Fixed Deposit', 'Mutual Funds', 'Provident Funds' and 'Gold', while the least known avenues are 'Bonds', 'Real estate' and 'Commodities'. From the respondents of above 30 age group the most known investment avenues are 'Fixed Deposits', 'Equity Shares', 'Mutual Funds', 'Provident Funds', 'Gold' and 'Real Estate' while the least known avenues are 'Commodities' and 'Bonds'.

10. Which of the following types of debt do you currently owe?

Debt/Loan	Below 30		Above 30	
	Frequency	%	Frequency	%
Car Loan	4	13%	12	40%
Credit Card Loan	5	16%	16	53%
Home Loan	2	6%	12	40%
Mortgage	0	0%	0	0%
College/Student loan	2	6%	2	7%
Any other type of loan	5	16%	0	0%
No Debt	16	50%	6	20%

Table 4.10 Debts

10.1 How would you categorize your current level of debt?

Problem category	Below 30	Above 30
Major Problem	1	1
Minor Problem	4	10
Moderate Problem	7	12
Not at all a Problem	4	1

Table 4.10.1 Debt Category

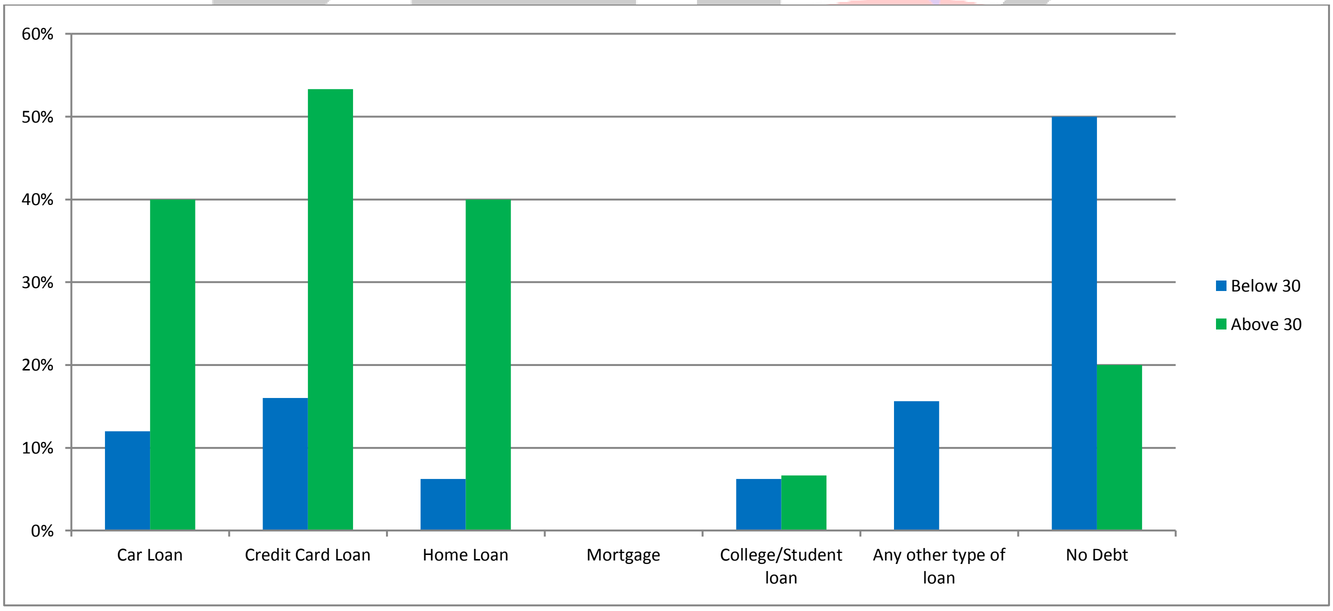


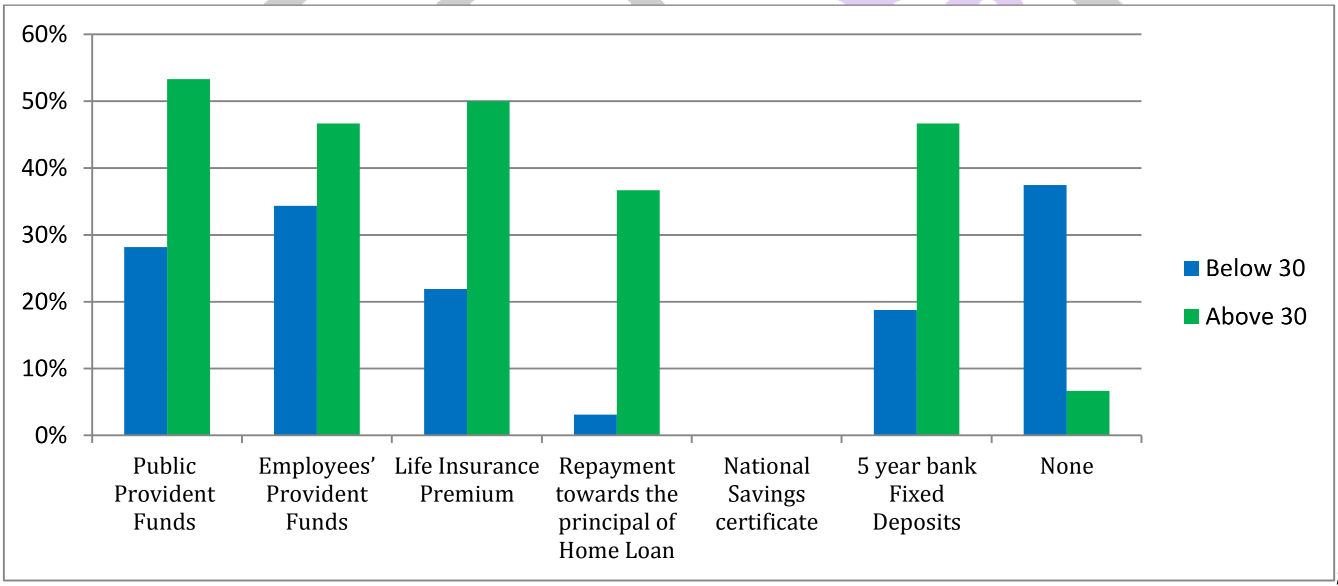
Fig 4.10 Debts

When asked about the current debt situation of the respondents, 16 (50%) of the respondents falling in the below 30 age group said that they do not have any kind of debt/loan, while the rest 16 respondents have opted for debt(s). Form these 16 respondents, 11 consider their debt situation as a minor or moderate problem. Considering the respondents falling in the above 30 age group 6(20%) do not have any loan and the rest 24(80%) respondents have opted for at least 1 type of debt and the most used source of credit by these respondents are Car loan, Credit Card loan and Home loan. From these 24 respondents who have debt, 22 consider their debt situation as minor or moderate problem.

11. Which of the following deductions allowed under the income tax act (Sec. 80C) are you currently availing?

Tax Deductions	Below 30		Above 30	
	Frequency	%	Frequency	%
Public Provident Funds	9	28%	16	53%
Employees' Provident Funds	11	34%	14	47%
Life Insurance Premium	7	22%	15	50%
Repayment towards the principal of Home Loan	1	3%	11	37%
National Savings certificate	0	0%	0	0%
5 year bank Fixed Deposits	6	19%	14	47%
None	12	38%	2	7%

Table 4.11 Tax Deductions under sec 80c



9.11

Table 4.11 Tax Deductions under sec 80c

Tax planning is the process of reducing tax liability and ensuring tax efficiency, the whole financial plan is affected if the tax planning is not efficiently done. When asked about the current tax deductions u/s 80c the respondents are availing, a total of 14(39%) respondents are not availing any of these tax benefits, 12 are from below 30 age group and 2 are from above 30 age group. In the respondents of below 30 age group the most availed tax benefits are 'PPF' and 'EPF' while least availed is 'Repayment towards the principal of Home Loan'. From the above 30 age group respondents the most availed benefits stand to be 'PPF', 'Life Insurance Premium'. It was observed that none of the respondents are availing benefits of 'National Savings Certificate'.

12. What percent of your monthly salary do you contribute to the retirement/pension plan(s)?

Retirement contribution Percentage	Below 30	Above 30
0%	14	6
1-10%	18	24
11-20%	0	0

Table 4.12 Retirement Percentage

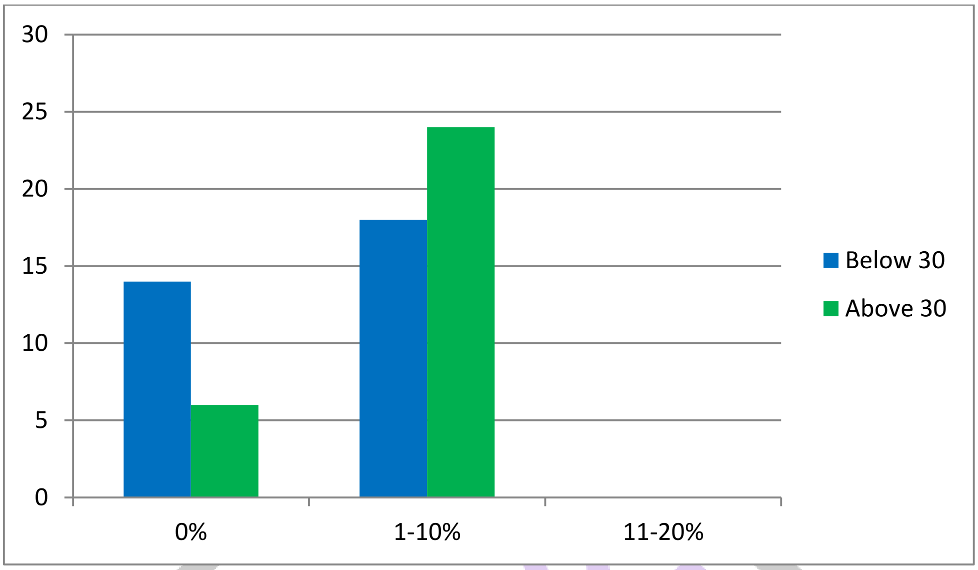


Fig. 4.12 Retirement Percentage

When asked about the percentage of their monthly salary goes towards their retirement, from below 30 age group 14(44%) do not contribute anything towards retirement and 18(56%) provides 1-10% of their monthly salary. From the above 30 age group 6(20%) do not contribute while 24(80%) provide 1-10% of the monthly salary towards retirement.

13. How many of these retirement/pension plan options available in the market are you aware of?

Retirement/Pension plan	Below 30		Above 30	
	Frequency	%	Frequency	%
National Pension Scheme (NPS)	15	47%	30	100%
Pension Plans of different Companies (SBI, LIC, HDFC, ICICI etc.)	16	50%	30	100%
Provident Fund (Public Provident Fund, Employees Provident Fund)	22	69%	30	100%
None	7	22%	0	0

Table 4.13 Retirement Plans

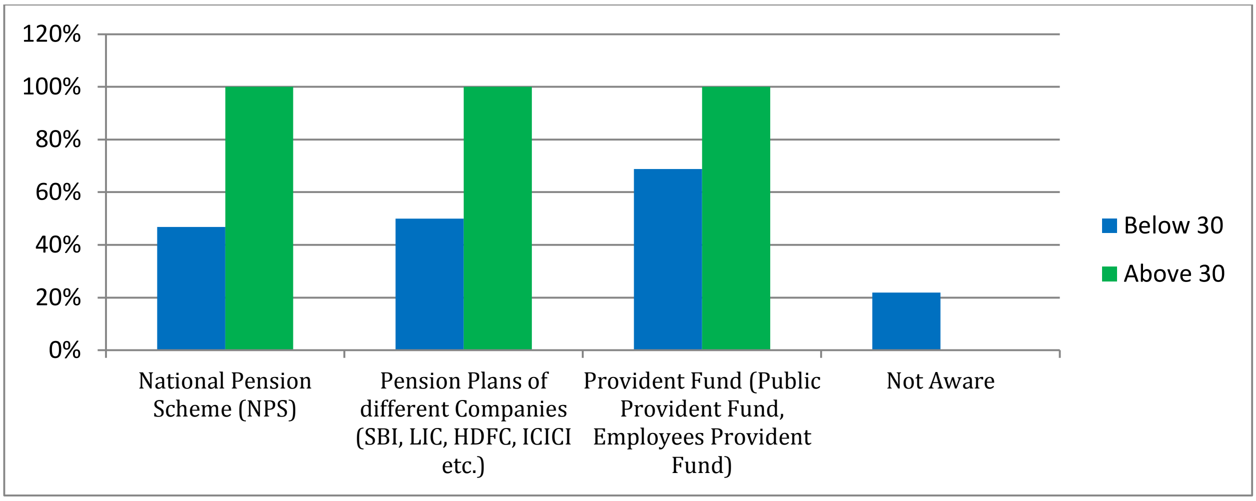


Fig. 4.13 Retirement Plans

There are various retirement/pension plan options available in India, and the government of India also provides various schemes and has made various rules and regulations regarding retirement planning. When asked about the awareness of three options for retirement/pension plan available in India, respondents falling in the below 30 age group were most aware about Provident Funds, and least aware about the National Pension Scheme. While 100% of the above 30 respondents were aware about all the given options of retirement/pension plan.

V. Analysis of findings

5.1 Hypothesis Testing

H0: Age has no significant impact on the awareness of personal financial planning among private sector employees.
H1: Age has a significant impact on the awareness of personal financial planning among private sector employees.

For Hypothesis testing, 'Chi Square-Test of Independence' and 'Fishers Exact Test' is used. In SPSS Multiple response sets were created for Financial Goals, Insurance Planning, Investment Avenues, Retirement Plans and Chi Square test was done.
For Budget creation and Savings Fisher's Exact Test is done.

Alpha level of 5%

1. Budget

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	9.870a	1	0.002	0.002	0.001
Likelihood Ratio	13.339	1	0.000	0.002	0.001
Fisher's Exact Test				0.002	0.001

Table 5.1 Fisher's Exact Test on Budget Creation

The Fisher's Exact Test p= 0.002 that is $p<.05$, the null hypothesis is rejected.

2. Savings Percentage

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	11.175a	4	0.025	0.020	
Likelihood Ratio	12.904	4	0.012	0.017	
Fisher's Exact Test	10.706			0.024	

Table 5.2 Fisher's Exact Test on Savings Percentage

The Fisher's Exact Test p= 0.017 that is p<0.05, the null hypothesis is rejected.

3. Financial Goals

Financial Goals	Chi-square	32.419
	df	8
	Sig.	.000*

Table 5.3 Chi-Square Test on Financial Goals

The p value is .000 it means that p<0.001 i.e. p<0.05, the null hypothesis is rejected.

4. Sources of Financial Information.

Financial Information Sources	Chi-square	14.360
	df	7
	Sig.	.045*

Table 5.4 Chi-Square Test on Financial Information

The p value is 0.045 that means p<0.05, the null hypothesis is rejected.

5. Insurance Planning.

Insurance Planning	Chi-square	1.610
	df	4
	Sig.	0.807

Table 5.5 Chi-Square Test on Insurance Planning

The p value is .807 it means that p>0.05, the null hypothesis failed to be rejected.

6. Investment Avenues.

Investment Avenues	Chi-square	32.691
	df	8
	Sig.	.000*

Table 5.6 Chi-Square Test on Investment Avenues

The p value is .000 it means that p<0.001 i.e. p<0.05, the null hypothesis is rejected.

7. Retirement Plans.

Retirement Plans	Chi-square	31.387
	df	3
	Sig.	.000*

Table 5.7 Chi-Square Test on Retirement Plans

The p value is .000 it means that p<0.001 i.e. p<0.05, the null hypothesis is rejected.

8. Contribution of Monthly Salary towards Retirement.

Retirement Percent	Chi-square	3.997
	df	1
	Sig.	.046*

Table 5.8 Chi-Square Test on Retirement Percentage

The p value is 0.046 it means that p<0.05, the null hypothesis is rejected.

Interpretation- Form the above chi square and fisher's exact test results, the P value derived in Budget Creation, Savings Percentage, Financial Goals, Sources of Financial Information, Investment Avenues, Retirement Plans and Retirement Contribution, is less than the significance (alpha) level of 5% (0.05) which indicates that age has a significant impact on the awareness of personal financial planning among private sector employees. While, Insurance Planning is the only component in which P value is greater than the significance level.
Hence, the awareness of various components of Personal Financial Planning is different between the two age groups.

5.2 Findings

Below 30 Age Group

- It was observed that, the financial goals of the respondents are majorly inclined towards financial independency and emergency funds than the savings for future or retirement.
  Instead of financial professionals and financial organizations, Internet is the most used source of financial information.
- The group saves between 10-30% of their income and as much as 28% respondents fail to create a budget indicating that they are not aware about their financial needs.
  Majority respondents spend 30% on food and lifestyle, 20% on travel and 20% on bills & utility, from their total expenditure.50% respondents don't have any loans in their portfolio, the rest have different debt as credit card debt, car loan etc. with majority categorizing their debt as moderate problem for them.

- Health insurance is the most popular insurance instrument among them, as much as 25% don't have any insurance which indicates that awareness level about insurance planning is low.
- Fixed deposits, mutual funds, provident funds are the most known investment avenues while commodities, bonds and real estate are the least aware investment avenues.
- As much as 22% are not aware about any retirement plans available in the market, the most known plan is provident funds with 69% respondents being aware about the plan, while only 50% respondents are aware about NPS and pensions plans provided by different companies. Also only 56% of the total respondents are contributing towards their retirement monthly while the rest are not contributing anything. This shows that the level of awareness towards retirement planning is low. It was also seen that 38% of the respondents are not availing any tax benefits, while majority of the respondents use PPF and EPF as tax deductions available under sec. 80c.

Above 30 Age Group

- The financial goals of the respondents of this age group are distributed accordingly as savings for retirement, children's education as well as financial independency. Majority of the respondents rely on newspapers and written materials as well as financial organizations for their source of financial information it indicates that they need concrete information regarding finance.
- With 100% of the respondents agreed on creating budget for their finances, the majority of the group saves between 30-50% of their income. The expenditure comprises 30% on food & lifestyle, 10% on travel and 30% on bills. Majority of the respondents have a debt in their portfolio and the debt are mostly credit card, car loans and home loan and consider the debt as minor or moderate problem.
- Health and Term life insurance are in the portfolio of majority of the respondents which indicates good awareness of insurance planning in the age group.
- The group is aware about majority of the investment avenues available in the market and bonds are the least known avenue in the group.
- It was observed that the age group are aware about all thee retirement plans that were asked in the research i.e. national pension scheme, provident funds (PPF, EPF), pension plans of various companies. Also 80% of the respondents are contributing towards their retirement plan while the rest are not contributing.

Conclusion

Managing your finances is an ongoing process, with every milestone reached there arise a different goal, yet it is a complex process the individual needs to be aware of the different aspects of financial planning. The private sector employees are exposed to various types of risks like uncertainty or no job security etc. The private sector employee has to manage his/her finances and make decisions on his/her own, like choosing investment options, retirement plans, debt payments etc. It is always recommended that a strategic and goal oriented financial planning should be started from a young age. The objective of the study is to find out the awareness on personal financial planning in individuals of two different age groups working in private sector in India. As per the data collected it was observed that the awareness level of below 30 private sector employees is lower than the above 30 age group, the study concludes that, there is a need to increase awareness in the below 30 age private sector employees regarding personal financial planning, as the importance of creating a budget that leads to save and spend accordingly, getting proper insurance, knowing which investments are suitable for them and investing accordingly (High risk high return, Fixed Interest, Defensive, Growth investments etc.), getting a proper retirement plan and managing their taxes according to their financial plan.

VI. Recommendations

To the individual, it is advisable to start planning your finances from early 20's, as investing from an early age provides the investor different types of benefits, the magic of compounding helps in growth of the investment as well as higher wealth accumulation, it helps in creating the adequate retirement corpus.

To the researcher, it is suggested that more financial planning components to be used in further research to get better understanding of financial planning. More demographic factors can be used like occupation, education background etc. to get a clear view of the respondent for analysis. Tool like behavioral analysis should be used to analyze risk taking capacity of the respondents. It is suggested that the sample size should be increased to get respectable results.

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