International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 • Website: www.ijfmr.com • Email: editor@ijfmr.com

Retirement Planning: A Brief Snapshot of the Demographic Factors Influencing the Choice of Investments for Planning Your Retirement

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Abstract:
Establishing a comfortable life in retirement from a personal and financial outlook is a very intricate exercise that calls for careful planning and years of perseverance. Retirement strategy differs from other forms of investment strategies given that it empowers people to have financial independence and, consequently, lead a contented and happy life even when they are not working. From this perspective, it becomes evident that being poorly prepared in terms of finances for retirement might only diminish the value of a retired life.
When it comes to retirement planning, there are a number of factors that can influence one's investment choices. It is important to carefully consider these factors in order to make informed decisions and ensure long-term financial stability. By taking a thoughtful and strategic approach to retirement planning, individuals can best position themselves for a comfortable and secure retirement. The primary intention of this paper is to offer a brief literature review by focusing on several factors which influence the financial strategies and investment plan of people for their post-retirement lives. The current study seeks to look into why some persons are capable of planning for retirement while others are unable to do so. The factors that influenced the decisions regarding retirement planning were found to be age, gender, marital status, education and income. The most significant factor that explained the diversity in retirement savings of people turned out to be the income and education. The retirement planning and financial preparedness of households with greater levels of education and income were revealed to be superior. The study revealed that young people and women trailed behind in their retirement preparation and are less conscious of it.

Keywords: Retirement planning, Financial Knowledge, Investment choice, demographic factors

1. Introduction

Every person aspires to achieve economic sustainability. Economic independence is aided in the early stages of life by earnings from employment while, financial stability in old age is ensured by savings and investments. The usual career span of a person spans around 38 years ranging from 22 to 60 years of age. The income acquired during this phase should be administered sensibly to fulfil present obligations while simultaneously setting aside funds for your retirement. Given ongoing recent developments in healthcare infrastructure together with a rise in average lifespan, financial preparation for retirement is of greater importance than ever.

Incorporating retirement planning as an element of one's wealth management plan is a wise and prudent strategy to ensure future financial stability and security. Whenever someone chooses to discontinue their jobs, they must have a plan for their finances in place since their earnings from employment will cease. So, while adopting an investment strategy, it is important to contemplate how you will support yourself once you retire. It is also essential to compare your current way of life to how you see living in retirement. Building an extensive plan for retirement involves acknowledging and prioritising personal and household interests and demands.

When you embark on your retirement journey, it becomes much more difficult than you had anticipated since your daily expenses and medical costs may increase over time. It is also important to keep in mind the necessity of your psychological well-being and financial security.

2. Objective of the study

The primary intention of this paper is to offer a brief literature review by focusing on several factors which influence the financial strategies and investment plan of people for their post-retirement lives. Studying how different factors influence a person's financial planning for retirement is essential, but what is more important is identifying the factors that have the most influence on those decisions. The current study seeks to look into why some persons are capable of planning for retirement while others are unable to do so. Additionally, it aims to shed light on whether retirement financial preparation promotes confidence about continued financial stability. Policymakers, financial institutions, financial advisers, and employers might follow these research findings to help raise awareness of retirement financial planning.

3. Review of literature

In the course of the professional life of an individual, they go through several phases. The final but inevitable phase of a person's working career is retirement. Planning for retirement is a key aspect of managing your finances for ensuring financial security across your retirement years. Individuals normally desire to uphold their current lifestyle or achieve a reasonable standard of living upon reaching retirement age.

In order to ensure a seamless transition into retirement, it is crucial to prepare and execute a solid retirement plan (Chachad & Singh, 2018). It entails a thoughtful approach to analysing your financial goals, current financial status, and expected future cash flow to develop a comprehensive retirement plan (Singh & Abhilasha, 2023). Financial emergencies can pop up at any point in time, thus it is of the utmost importance to be equipped especially after one retires (Bamboria & Bambani, 2021). This calls for extensive evaluation and planning to ensure that one's future financial requirements are met with diligence and foresight. According to Brown et al. (2002), while selecting strategies to maximize retirement benefits, it is essential to evaluate and categorize various investment products to identify their advantages and any possible risks. They emphasized that making well-informed investment choices is indispensable for boosting retirement income.

Based on the research conducted by Bamboria and Bambani (2021), there appears to be a gender disparity in regards to retirement planning. Their findings suggest that men tend to exhibit a greater level of mindfulness towards retirement planning in comparison to women. In line with this Ntalianis and Wise (2011) pointed out that young folks and women have a paucity of financial knowledge and struggle to design effectual retirement strategies. Additionally, they observed that it was arduous to get the younger generation to allocate enough to their retirement funds primarily because they perceive retirement as a distant prospect; consequently, retirement often ranks low on their list of priorities. Research has shown that individuals who are married and employed tend to dedicate a greater portion of their income towards retirement investments than those who are single (Vinmalar & Joseph, 2018). This observation implies that marital status and employment status may influence financial planning decisions, particularly when it comes to long-term savings goals.

When it comes to meeting retirement goals, Thakur et al. (2017) emphasised to the significance of committing to a consistent investment strategy that aligns with one's long-term financial objectives. This approach enables individuals to make informed decisions and avoid impulsive actions that can undermine their financial security in the long run.

Retirement contentment is a multifaceted subject that can be determined by a multitude of factors, including but not limited to one's marital status, health, education, reasons for retirement, occupation, and retirement planning; and the interplay of these components can have a substantial influence on an individual's post-retirement well-being (Thakur et al., 2017). The table 1 below gives a glimpse of the factors that influence the retirement planning of individuals.

Table 1: Factors influencing the retirement planning of individuals

Factors	Description	Sources
Age	The drive to build a foundation for financial security across the retirement period is greatly influenced by the age of the individual. Savings for retirement were found to be higher among older respondents than among younger people. Additionally, they appeared more precise regarding their financial plans and retirement objectives.	(Moorthy et al., 2012) (Topa et al., 2018) (Zhu & Chou, 2018) (Ntalianis & Wise, 2011) (Stawski et al., 2007) (Yoong et al., 2012)
Gender	Men are more engaged in retirement planning activities and are more informed of the need to save for their retirement. Furthermore, they devoted more time in retirement planning than women did. Financial readiness for retirement is lower among women.	(Bamboria & Bambani, 2021) (Shreevastava & Brahmbhatt, 2020) (Power & Hira, 2004) (Hershey et al., 2002)
Marital Status	Married individuals count retirement as one of their main objectives when it comes to finances, and there is a considerable influence of marital status on retirement planning.	(Vinmalar & Joseph, 2018) (Chachad & Singh, 2018)
Education	Education was found to be a significant predictor of retirement planning behaviour. The life cycle consumption pattern and the significance of retirement savings are more clearly understood by those with greater levels of education. Additionally, they	(Zhu & Chou, 2018) (Shreevastava & Brahmbhatt, 2020) (Yoong et al., 2012)

	prioritise quality of life after retirement and are motivated to accumulate funds in order to accomplish their retirement objectives. It was observed that households with higher education were better in retirement planning and were having adequate retirement preparedness. They also gave due importance to financial planning and seek advice of financial planners.	
Income	People with a higher income were reported to accumulate more money for retirement and exhibited greater confidence in their financial future than people with lower incomes. The findings demonstrated that greater incomes were associated with higher levels of retirement planning. Half of the variation in savings contributions was accounted for by income.	(Shreevastava & Brahmbhatt, 2020) (Noone et al., 2012) (Stawski et al., 2007)

(Source: Compiled by author from various sources)

4. Discussion and findings

The factors that influenced the decisions regarding retirement planning were found to be age, gender, marital status, education and income. The most significant factor that explained the diversity in retirement savings of people turned out to be the income they earn when they are employed. Accordingly, those with higher earnings saved more for retirement and showed more assurance about their financial future than those with lower incomes. In a similar vein education was identified to be an important predictor of retirement planning. The retirement planning and financial preparedness of households with greater levels of education were revealed to be superior. Many studies have also shown that highly educated people place a high value on financial planning and consult financial advisors.

Older respondents were found to have more reserve funds. The literature revealed that young people and women trailed behind in their retirement preparation and are less conscious of it. It is recommended that they begin at the earliest so that they have ample time to carefully plan for their retirement and for their assets to grow in the long term. For building a strong and profitable investment strategy, it will be beneficial that you obtain expert advice and utilise reliable investment instruments. Individuals can boost their prospects of meeting their retirement objectives and safeguarding the future of their finances by doing so.

5. Conclusion

Retirement is one big reality of life, yet for many people, planning for retirement is still an unexplored concept. Despite the fact that it is mentioned and discussed everywhere, many are still not paying attention to getting ready for retirement. To ensure that at least the status quo in the context of the socioeconomic standards of living could be maintained, it is advised that individuals should save as much money as they can when they are still employed and should have good retirement investment planning. Saving for retirement throughout one's working life necessitates a significant financial commitment. Planning for retirement is crucial to preserve funds for the lean years following retirement. A sustainable lifestyle and financial freedom after retirement are made attainable with careful planning at the correct age. The key to living a dignified retirement is financial freedom.

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