Chapter 7
A Study on Retirement and Pre-Retirement Planning

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ABSTRACT

This study explores the historical development, available schemes, benefits of retirement and pre-retirement planning in India. Using a sample size of 50 respondents, the research evaluates awareness, participation, and satisfaction levels among individuals regarding retirement schemes, while also identifying barriers such as financial illiteracy, insufficient income, and limited trust in institutional mechanisms. The study leverages descriptive statistics to analyse variables like income, education, and trust in government and private retirement. The research emphasizes the role of family, leadership, and institutional support in promoting retirement planning. Strategies like early education on financial literacy, customized schemes for diverse income groups, and enhanced transparency in government initiatives are recommended. The study concludes that organizations, financial institutions, and policymakers must collaborate to create a more inclusive and accessible retirement planning ecosystem, ensuring financial security and independence for individuals across all demographics.

INTRODUCTION

Retirement marks a significant transition in an individual's life, shifting focus from active employment to financial and personal planning for the non-working

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years. In India, this phase holds particular importance due to the rapidly evolving socio-economic and demographic landscape. With the increasing shift from joint family systems to nuclear families, individuals are becoming more reliant on their financial preparedness to sustain themselves during retirement. Consequently, pre-retirement planning has emerged as a critical area of interest for individuals, financial institutions, and policymakers alike.

India's population is experiencing a dual dynamic of youth predominance and an increasing elderly demographic. According to the National Statistical Office, the elderly population (aged 60 years and above) is expected to nearly double from 104 million in 2011 to over 195 million by 2031. This demographic shift underscores the urgent need for robust retirement planning frameworks to ensure financial security during old age.Traditionally, Indian retirees relied on family support, provident funds, and pensions. However, with the rise of nuclear families and urban migration, these traditional support systems are weakening. The decline of defined benefit pension plans and the growth of the gig economy have further accentuated the need for individuals to take proactive steps in pre-retirement financial planning.

After years of employment, pre-retirement preparation is essential to living a stress-free and financially independent life. Determining long-term financial objectives and risk tolerance is the first step in creating a retirement plan. Next, action must be taken to achieve those objectives. During working years, the procedure can start at any time, but the earlier, the better. Identifying sources of income, calculating expenses, implementing a savings plan, and asset management are all steps in the retirement planning process. Retirement planning guarantees financial stability during retirement, offers tax advantages, and aids in managing growing medical expenses.

STATEMENT OF THE PROBLEM

The concept of retirement planning in India has undergone a significant transformation due to evolving socio-economic, demographic, and cultural dynamics. Historically, retirement was predominantly supported by joint family systems, defined benefit pensions, and government-sponsored schemes. However, with the shift towards nuclear families, increased urbanization, and the growing prevalence of the gig economy, the traditional safety nets are becoming insufficient.

Despite the availability of various retirement planning instruments such as the Public Provident Fund (PPF), Employee Provident Fund (EPF), National Pension System (NPS), and private savings plans, many individuals, particularly those in the unorganized sector, remain underprepared for their retirement years.

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