

## Understanding The Role of Psychological Characteristics in Retirement Planning Among Employees Working in Delhi NCR.

<sup>1</sup>Ms. Sanam Sharma

Assistant Professor

Maharaja Agrasen Institute of Management Studies, New Delhi  
sanamsharma.faculty@maims.ac.in

<sup>2</sup>Dr. Manika Garg

Senior Research Analyst

Former Asst. Professor, New Delhi  
Manika16garg@gmail.com

### Abstract

The transition towards retirement needs coping and adapting, both of which provide challenges to psychological health. Notably, the transition into retirement sheds light on the core definition of psychological ageing, which may be summed up as the capacity to adapt not only to internal biological changes but also to changes in the external environment, which can have an impact on psychological health. The ability to adapt not only to internal biological changes but also to changes in the external environment that can have an impact on psychological health is central to the concept of psychological ageing. Since people are becoming more conscious that having financial security in retirement is only one of many crucial factors, there has been a rise in interest in the psychological aspects of retirement. It is highly likely that retirees will struggle with at least some psychological disorders, the severity of which will vary. For instance, a married couple whose ages are widely different but who both work full-time could wonder if they should retire at the same time or wait until one of them reaches a certain milestone age. While one person worked, the other might retire and spend their time relaxing at home by themselves. When faced with such a situation, retirees are prone to have psychological issues, which, in order to achieve their highest possible level of life satisfaction, need to be addressed. The purpose of this study was to investigate how psychological factors influence the retirement planning behaviour of employees in the Delhi National Capital Region. This article examines the challenges that many leaders face when it comes time for them to step down from their positions. It analyses the physical and psychological aspects of ageing and discusses a number of the obstacles that stand in the way of a graceful exit, including financial, social, and psychological factors. In addition to this, it delves into a variety of mental processes that come into play during retirement.

**Keyword:** Psychological Traits, retirement Planning, Investment and Factors

### 1. INTRODUCTION

Retirement from work could be attained but retirement from life could not be. People have new aspirations and objectives for their lives after retirement. An individual may establish the way to achieving such goals without any financial dependence by making plans into the future. A multi-step

process, post-retirement financial planning develops over time. Thinking about retirement goals and how long it will take to achieve them is the first step in post-retirement financial planning. The next step is to consider the retirement account categories that can assist in raising funds for the future. A poor reinvestment of cash raised could cause a large loss of wealth. Therefore, preparing for this stage of life is a person's top priority. The sooner this is understood, the better. The allocation of funds for retirement is referred to as post-retirement financial planning in the financial context. This typically refers to saving money or other assets in order to have a reliable income in retirement. The goal of post-retirement financial planning, however, is to be able to achieve financial independence, making it discretionary rather than necessary to be gainfully working. Planning for retirement may entail more than just setting aside money each month.

Denga (1986) notes that normally there are psychosocial dispositions identified to characterise retired civil servants due to the functional discontinuation of the regular financial source of livelihood and its corresponding decline in social status. These dispositions can be attributed to the functional discontinuation of the regular source of livelihood. These dispositions may be traced to the termination of the regular source of living, which was functionally necessary. These attitudes may be traced back to the fact that retired public workers do not have the same high social standing as they formerly had in today's society. However, the mental and emotional effects of retirement on an individual's psyche and personality cannot be accurately evaluated until the individual has first-hand experience with retired life. This is because retirement can have a profound impact on a person's ability to engage in meaningful activities. Everyone experiences the very real dread of the unknown that comes with retirement, and for those people who did not make any preparations for it, this worry may be tremendously devastating. It is time to "re-negotiate employment and commitments" (Coni, Davidson, and Webster, 1992), and after that, it is time to provide more useful knowledge on the physiological, psychological, and social aspects of ageing. Coni believes that preserving one's psychological health requires a combination of factors, including a suitable quality of living, financial and emotional stability, regular physical exercise, meaningful social connections, and the pursuit of one's own unique interests. Individuals have had five extra years to consider their choices once they reach the age of retirement since the statutory retirement age was increased from 65 to 70 in 1978 (Henretta, Chan, and O'rand, 1992). This gave people the opportunity to retire at a later age. It is possible that aspects of a person's family life, such as their marital status and the number of children they have, will have an impact on the time they decide to retire. Important factors to take into account include not only the ages of the children but also those of the wife.

It's possible that the man won't be able to retire just yet if his wife is much younger than he is or if they have children who are still living at home and are less than 21 years of age. According to (Henretta et al. 1992), the reasons for retiring are complex and "distinctive and overlapping." (Evans, Ekerdt, and Bosse 1985) argued that preparing for retirement should be an ongoing process throughout one's life. (Henretta et al. 1992) stated that the motivations for retiring are complicated and "distinctive and overlapping." The anticipation phase of retirement may begin at least 15 years in advance, now that the concept is considered "legitimate." There has been a recent increase in the number of people looking for information regarding retirement. The state of one's health and financial situation will have a significant bearing on the experience of retirement. They are also discussing their financial plans for retirement with their

families, relatives, acquaintances, and coworkers; the greater proximity to retirement has led to an increase in "retirement-oriented activities.

## **REVIEW OF LITERATURE**

The researcher discovered this. Having a retirement savings programme was linked to psychological factors including financial literacy and employer education (Hassan et al., 2016). (Ahmad Ghadwan, Wan, and Mohamed, 2022) studied how culture affects retirement financial planning. During the COVID-19 pandemic, from mid-July 2020 to January 2021, 525 people were sampled non-probably for primary data. Data analysis utilised SEM. (Adhikari, Shukla, Murari, 2021) This study aims to explore how psychological, social, and financial perspectives of post-retirement life, as well as demographic factors, affect retirement planning behaviour (RPB) of persons from varied professional sectors. 400 federal, state, and private sector employees respond to a typical questionnaire. This review has 2 parts. First, databases are searched, then 2000-2019 articles are retrieved and screened. This study covers essential features from earlier papers, such as publishing trends by year and nation, sample kinds, and statistical methodologies. (Sudha Vijayalakshmi, 2021) Retirement financial planning is a complicated and variable process for every working person, although most study focuses on future savings, individual perspective, the role of financial counsellors, and the impact of debt on retirement planning. Empirical investigation used a questionnaire of employed persons. Descriptive statistics, Chi Square Analysis, Kendall's Coefficient of Concordance W, Exploratory Factor Analysis, and Multiple Regression were used to analyse 202 individuals' data. Data was analysed using SPSS 20.0. The study found that external environment affects retirement planning behaviour. (Roco-Gallego-Losada, 2022) examined retirement planning and FL research. Despite FL's importance in retirement planning, no research has quantified its dynamics.

### **Objectives of this study**

- Understanding the factors that influence retirement planning behaviors of individuals.

### **Hypothesis of this study**

H0: There is no significant difference between factors that influence retirement planning behaviors of individuals in Delhi NCR.

H0: There is no significant difference whether or not retiring employees are experiencing psychological issues

## **METHODOLOGY**

This research was conducted with the participation of a total of 150 people who are currently employed in various business industries. This study's sample is restricted to working adults aged 40 and above. No younger participants are included. The regions of the National Capital Territory of Delhi that have been chosen for this study. This poll received a total of just 150 responses from respondents. In this study, a survey methodology was utilised to obtain quantitative data, and the questionnaire was the primary data collection tool. The information that was gathered was utilised in order to provide an explanation for the connection between the various components and retirement planning. The questionnaire was pre-tested on respondents in the Delhi National Capital Region from January to February 2021, before the official

survey was conducted. After making certain that the Cronbach Alpha value of both the independent variables and the dependent variable is greater than 0.7 in range, the results are regarded to be satisfactory. Within the scope of this investigation, there is a total of one dependent variable and a total of twelve independent variables.

**Analysis:**

Psychology focuses on how a person's mindset affects their decision-making and behaviour in a particular situation. Numerous psychological factors, including attitudes towards saving, retirement expectations and adjustments, future time perspective, and life expectancy, are directly related to attitudes towards retirement and post-retirement financial planning. The study of psychological factors is necessary in order to understand why people make the decisions they do. These elements have an impact on a person's subconscious because they are deeply ingrained in their mindset and personality. It is challenging to alter one's attitude, behaviour, or thinking for this reason.

<b>Table:1 KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.895
Bartlett's Test of Sphericity	Approx. Chi-Square	8115.339
	df	47
	Sig.	.000

This data's Kaiser-Meyer-Olkin (KMO) score of 0.895 indicates that it is suitable for factor analysis. KMO is a measure of sampling adequacy. The approximate chi-square value for the Bartlett's test of sphericity with 47 degrees of freedom and a significance level of 0.000 was 8115.339. This shows that there are significant correlations between the variables, suggesting that the null hypothesis—according to which the correlation matrix is an identity matrix—can be rejected. According to Kaiser (1974), values greater than 0.5 are considered to be acceptable (values below this point should prompt you to either collect more data or reconsider the variables you plan to include). In addition, values between 0.5 and 0.7 are considered mediocre, while values between 0.7 and 0.8 are considered good, between 0.8 and 0.9 are considered excellent, and values above 0.9 are considered superb (for more information, see Hutcheson and Sofroniou, 1999, pp. 224-225). We can be confident that factor analysis is appropriate for the data given because the value, which is 0.892 for the provided data, is in the range of being very high. The KMO and Bartlett's test for sphericity yielded the results listed in the table. The sample may be suitable for factor analysis, according to the KMO measure. The results of the Bartlett's test for sphericity show that the variables significantly correlate.

The original correlation matrix's identity matrix is the null hypothesis that is being tested by Bartlett's measure. We need relationships between the variables for factor analysis to function, and if the R- matrix were an identity matrix, then all correlation coefficients would be zero. Because of this, we need this test to be significant (have a significance value below 0.05). Since the R-matrix is not an identity matrix, according to a significant test, there are relationships between the variables we want to take into account in the analysis. Factor analysis is suitable for these data because Bartlett's test is highly significant ( $p < 0.001$ ).

<b>Table:2 Total Variance Explained</b>						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.420	74.195	74.195	7.320	74.145	74.111
2	.875	8.755	82.351			
3	.633	6.335	89.286			
4	.317	3.156	92.462			
5	.235	2.840	95.282			
6	.191	1.923	97.155			
7	.112	1.111	98.216			
8	.099	.976	99.192			
9	.045	.459	99.650			
10	.037	.350	100.000			

Extraction Method: Principal Component Analysis.

The principal component analysis results are displayed in the table along with the percentage of variance explained by each component. The initial eigenvalues show how much of the data's variance can be ascribed to each component prior to extraction. The amount of variance in the data that can be attributed to each component after extraction is shown by the extraction sums of squared loadings. In this instance, the Bartlett's test of sphericity revealed a significant relationship between the variables with a chi-square value of 8115.339 and a significance level of .000, while the KMO test revealed a good level of sampling adequacy with a value of .795. The first component, which accounts for 74.195% of the total variance in the data, and the second component, which accounts for 8.755% of the variance, are both shown in the table. The first two components together account for 82.351% of the total variance. Each of the remaining factors contributes a lesser amount to variance. With a cumulative percentage of 74.111%, the extracted components explain a total variance of 7.320.

## **CONCLUSION**

Different ages of employed persons have different views on retirement planning. People over 40 who are working and employed have a more positive attitude regarding retirement preparation and aren't worried about their prospects. Starting to plan for retirement at a younger age may safeguard them from not being able to finance it because they have more time. This allows people to plan for their retirement dreams. This study found that education, income, financial literacy, goal clarity, and retirement attitude affect retirement planning behaviour. Previous study shows that persons with more education and money have better retirement planning outcomes. Employees' planning tendencies affect their retirement finances. Low-income seniors have problems sustaining their level of living, the survey found. Most respondents agreed that private sector workers should be eligible for a monthly pension plan. Private sector workers, especially those with lower incomes, believe the government should aid them financially during retirement. A predetermined monthly pension is one option they see. If this plan is adopted, the government must alter the Employees Provident Fund Act to introduce the new system. More research is needed, especially from an economic perspective, because the financial ramifications for enterprises and the government might be enormous.

## **Recommendations for the Future Research**

It is strongly suggested that future research incorporate financial literacy, which relates actual financial knowledge to financial literacy and adds to the process of financially preparing for retirement. It is also advised that future studies incorporate information on the planning of retirement, as this will allow for the real preparation to be linked not only in terms of financial but also in terms of all the perspectives about retirement. The behaviour of working persons within the same field, such as engineers, accountants, and attorneys, regarding their preparations for retirement might be the subject of more investigation in the future. It's possible that this will provide improved findings that can further explain the retirement planning behaviour of professionals. Investigating the responses of working persons in both the commercial sector and the public sector may also be done as part of a comparative research.

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