"Empirical Study on Fiancial Planning for Salaried Employees and Strategies for Tax"

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Abstract:

This paper intends to give a general overview of tax planning and tax-saving measures for Bengaluru's salaried workforce. Beginning with Bengaluru, where the cost of living is high and the tax burden can be large, the study discusses the value of financial planning for salaried workers.The paper then provides an overview of various tax saving options available to salaried employees in Bengaluru, including Section 80C investments, Housing loan interest deductions, and medical insurance. The study also provides insights into the most tax-efficient investment options for salaried workforce in Bengaluru and methods for maximizing tax benefits. Overall, the paper aims to provide practical and actionable advice for salaried employees in Bengaluru to help them better plan for their financial future and minimize their tax burden.

Keywords: Finance, planning, tax, investment

INTRODUCTION

Financial Planning:

Setting and accomplishing financial goals is the process of financial planning. It is a comprehensive approach to managing one's money that involves analysing current financial status, forecasting future requirements, and building a plan to meet the requirements. Financial planning is essential for achieving financial security and independence. It helps individuals and families to make informed decisions about spending, saving, and investing, and to manage their financial risks. It also helps to ensure that they have enough money to meet their short-term and long-term requirements, as buying a house, building retirement fund, or fulfilling parental duties. Financial planning is an ongoing process that requires regular review and adjustment to adapt to changes in one's personal and financial circumstances. By regularly monitoring and managing their finances, individuals can make the most of their money and achieve financial success.

The need for financial planning is given below:

- Manage cash flow: The first important need is that, it aids an individual or an organization maintain proper and accurate cash flow management that would help them at the time of crisis.
- Manage debts: Having a financial planning helps an individual
well as the organisation to manage debts and fulfil them as and when required or the time elapses.
- Improves the standard of living: Having a long-term financial plan helps individual to maintain proper cash flow management that intern helps them improve living standards.
- Provides the required financial security: Knowing the fund availability and the planning of these finances, will provide better financial security as investments are made through proper planning.
- Right asset allocation: Financial planning also helps a company to allocate funds accurately to asset management which would further help is proper asset allocation.
- Helps in achieving long term goals: Timely financial planning helps the organisation and individuals to achieve long term goals.
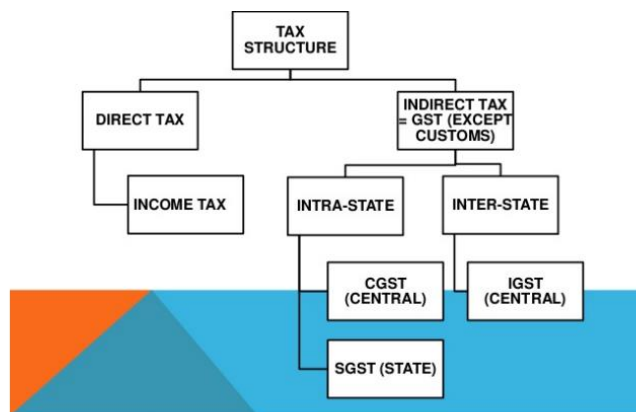
Taxation:

Direct taxes:

Direct tax is a type of tax that is levied on the income or wealth of people, companies, and other entities and is paid directly to the government by the party responsible for collecting it. The purpose of direct taxes, which are normally collected annually, is to provide funding for governmental operations.

Indirect taxes:

Indirect taxes are levied on the purchase of products and services and are often passed on to the final customer. Businesses generally collect indirect taxes and then pay them to the government.

Tax structure in India:

Income tax returns (ITR):

Individuals and businesses submit their income and tax obligations to the government on income tax returns. The Income Tax Act, 1961 and the guidelines established by the Income Tax Department control how income tax returns are filed in India.

REVIEW OF LITERATURE:

• The researcher did financial planning for salaried staff and related tax-saving techniques. For three months, the study was conducted in Ghana's North Tongu District of the Volta Region (8th April 2022 to 5th July 2022). The researcher compared salary earners' tax savings and financial preparation. A Google form and a structured questionnaire completed by 250 district employees working in various industries were used to obtain the data. The investigation revealed a correlation between annual savings, age, income, and peoples' sectoral employment designations. Percentage analysis, correlation, one-way ANOVA, T-test, and Chi-square tests have all been used in the analysis. **(Afeti, 2022)**

• Financial planning & management for salaried employee in an organisation along with strategies for tax savings for the benefits of both employee and employer in private sector ABSTRACT Your financial plan should include your present and anticipated income, savings, expenditures, future earnings, insurance coverage, financial objectives, and long-term life objectives. Then, at various stages in your life, you assess your long-term and short-term financial goals and attempt to select suitable saving and investment strategies. With a personal financial plan and careful planning, you can accomplish your goals with minimal financial trouble. More so than wage workers, salaried workers require a solid financial plan. It allows individuals to pursue self-sufficiency while protecting their families and the community as a whole. Tax preparation is an essential component of effective financial planning. Through diligent planning, we have been able to minimise our tax burden. You can achieve this by making long- term investments and utilising all permissible tax benefits, deductions, refunds, and allowances. The goal of the study was to determine how wage- earners manage their finances and pay the least amount of taxation possible. The study's secondary objectives are

to assess how much tax may be saved by adopting the most popular and effective way of tax reduction, as well as the extent to which this strategy is implemented. (**Ray, 2022**)

• Financial planning provides guidance and emphasises the necessity of making financial decisions. Private teachers put in a lot of effort to earn their money so they can avoid paying high taxes. This research is being done to better understand teachers' spending patterns. The most popular investing strategy for tax savings is another goal of this study. Methodology: A structured questionnaire was used to obtain primary data. To accomplish the goals, 87 instructors from primary and secondary schools were chosen at random. The study was conducted in the Nagpur region. Excel and SPSS were used for data analysis. It was determined that teachers are knowledgeable about the tax system.(**Khan, 2021**)

• Planning each person's tax burden is essential. An individual should make income tax plans before March 31 in order to minimise the amount of income tax that must be paid at the conclusion of each fiscal year. This study aims to comprehend income tax brackets and the planning that a person does prior to paying income tax. It is crucial that everyone is aware of the various tax-saving tools available so they can make informed decisions and avoid paying excessive income taxes. A crucial part of financial planning is tax planning. When taxes are effectively planned, individuals can minimise their tax obligations. (**Jain, 2022**)

• Financial planning and forecasting are terms used to describe the estimation of the value of a variable or set of variables at a future period. Any area of business will normally do a financial forecasting exercise to aid in decision-making and planning for future growth. This article tailors all the key areas of attention, including marketing, human resources, expenditures, digitization, and technology inclusion, in order to maximise wealth. It concentrates on insurance segments. The financial planning and predictions of an organisation outline its future goals.(**Dr Govindasamy Perumal, 2019**)

• The project was completed at Srinivasa V & Co for a period of 8 weeks beginning on February 24, 2021, and ending on April 24, 2021, under the direction of Mr. Srinivasa, a chartered accountant by profession and owner of a Srinivasa V & Co. The following issue is the main concern of the project. The goal of determining the cause of the aforementioned issues is to analyse why there is a problem with the number of people paying income tax and why this tax is collected at a lower rate than indirect taxes. If our tax system has any loopholes, what are they and how can they be closed so that tax leakage can be stopped?(**C, 2021**)

• Business and management consulting activities Consultative management actions that involve negotiation and arbitration between management and labour activities related to business and management consulting Management holding company consulting services Public relations consulting services that don't involve political lobbying or paid advertisements services for consulting with regard to business organisation and management information consulting services for business planning consulting services for business project management Activities of management consulting in arbitration and conciliation between labour and management, consulting services, management holding businesses, and Business management data and consulting services business setup, consulting services, and Business planning and consulting services Public relations, project management, and consulting services for corporations.(**Babu, 2018**)

• The study of tax planning and the awareness of tax laws among the salaried class are often the main topics of inquiry. The research is essential to the contemporary economy. Individuals are required to pay taxes as national citizens in order to further the development of the nation. The publications under examination highlight the significance of individual awareness and tax planning strategies.(**Bitto, 2018**)

• To reduce an assessee's tax incidence and burden, tax planning involves strategically utilising a variety of laws and legal exceptions. The goal of this study is to learn more about the investing practises and awareness of the various tax planning options that academics have access to. 385 respondents from private educational institutions in Bengaluru were selected for the study using the stratified sampling method after completing a structured questionnaire that was used to collect the data. The poll discovered that academicians' understanding of different tax-saving programmes is inadequate and that their investment decisions are influenced by personal traits. Additionally, the main way to invest is through bank deposits.(Pallavi V, 2018)

RESEARCH DESIGN AND METHODOLOGY

Objectives of the study:

- To know how much money salaried workers make and how much they save;
- To comprehend the connection between financial planning and employee tax-saving tactics.
- To understand the tax saving strategies adopted by the salaried employees.

Need of the study:

Need for studying financial planning for salaried employees and strategies for tax savings in Bangalore for several reasons:

a.   Growing economy: Bangalore has diverse economy with a significant presence of IT, biotechnology, aerospace, and defence industries. The city has a large number of salaried employees with high disposable incomes, who need financial planning and tax-saving strategies to make the most of their income.

b.   High cost of living: The comparatively high cost of living in Bengaluru can make it challenging for salaried workers to set aside money and establish long-term plans. People who understand financial planning and tax-saving techniques are better able to decide how much money to save and invest.

Scope of the study:

This would include an examination of the types of financial products and services that are commonly used, as well as an assessment of the level of understanding of tax laws and regulations among salaried employees. An exploration of the common challenges faced by salaried employees in Bengaluru when it comes to financial planning and tax-saving. This would include identifying factors that may make it challenging for individuals to save and plan for the future, such as high cost of living, lack of financial literacy, and limited access to financial products and services.200 salaried employees in Bengaluru were considered and the study was conducted for a period of 4 weeks

Study Methodology:

The research is an emphatically, and have studies have both primary and secondary data that have been acquired. 200 salaried workers in Bangalore provided answers to a survey questionnaire that was used to gather the primary data. Journals, articles, magazines, reports, books, and periodicals are used to gather secondary data. Correlation, regression, and ANOVA are analysis procedures that are utilised using SPSS (Statistical Package for Social Services) and Microsoft Excel.

Data collection - Source of data:

I.   Type of data: The researcher has collected data from primary sources for the purpose of analysis in this study. This sort of data was acquired specifically for the subject of the present study and was never published or received from another source.

II.   Sampling method and sample size: The sample size in research is the total number of subjects or other observations. Selecting the appropriate sample size is a crucial component of research design. The sample size is influenced by the size of the population, the level of precision required, and the research question. This study's sample size is 200.

III.   Techniques of data collection:
Questionnaire technique: Questionnaire that took a form of a Google form is used to collect primary data. Using social media apps like Face book, Twitter, WhatsApp, Instagram, and Discord, this Google form is distributed to the respondents. Those respondents who work in Bengaluru, Karnataka serves the basis for this study. The study lasted for about a month where a questionnaire was circulated to 200 respondents.

➢   **Plan of Analysis:**

➢   Reliability statistics, descriptive statistics, regression, correlation, T test, Anova and Chi Square tests are used to analyse and interpret the data through Excel and SPSS tools.

Limitations:

From the 200 responses received almost 54% of the employees have salary less than 5 Lakh, this amount does not fall under the taxable bracket. This makes the study limited to only individuals who have income more than 5 Lakh.

1)   The perception of an individual on the questionnaire rolled out would also differ, which has possibility of affecting the data analysis conducted on this study.

Reliability test:

Reliability is the capacity of research procedures to consistently produce the same results across time.

Cronbach's alpha:

The reliability or internal consistency of a scale or questionnaire is measured by Cronbach's alpha. It is a statistic with a range of 0 to 1, with values nearer 1 suggesting a higher level of internal consistency and values nearer 0 indicating a lower level of internal consistency.

Cronbach's alpha- Survey questionnaire reliability

Reliability	
Cronbach's Alpha	N of Items
0.738	21

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
What is your annual income?	41.50	48.731	.048	.757
Percentage of monthly salarysaved	41.90	47.526	.209	.736
Percentage of monthly salary is used to repay loans	41.71	46.870	.169	.744
Do you undertake research before considering any investment?	41.97	45.617	.535	.714
Is high return considered a vital factor for your investment decisions?	41.47	48.607	.245	.733
Do you consider tax benefits as a factor to plan your investments?	41.52	49.547	.108	.740
Does beating inflation form part of your investment objective?	41.38	46.919	.377	.724
"Liquidity is a key factor to base my investments"	41.36	46.332	.450	.720
Is past performance a major concern while you plan your investments?	41.41	47.926	.324	.728
Do you make sure to stay compliant by filing your annual tax return every assessment year?	41.47	49.230	.144	.738
"Five years down the line my savings are gonna be much better than today"	41.49	49.517	.084	.743

"Post retirement isn't a huge concern. YOLO is my mantra"	40.86	46.214	.248	.734
Do you have an emergency fund? (That is saving of at least six months after tax income)	41.10	44.863	.421	.718
Do you think the new regime of taxation has more benefits compared to the old regime?	40.98	43.744	.438	.715
Utilization Income tax benefits like Deductions fromsalary/income, home loan etc.	41.15	47.289	.258	.732
Are you aware about the deduction'ssections, 80CCC, 80CCD, 80D, 80E & 80G	41.39	46.157	.252	.734
According to you, is ELSS (Equity linked savings scheme) a tax saving instrument?	41.34	45.999	.338	.725
Do you prefer investing in LIC (Life insurance corporation) for tax saving?	41.14	45.619	.387	.721
Is NSC (National saving certificate) a tax saving instrument according to you?	41.16	45.167	.581	.711
Do you think that home loan, fixed deposit are tax saving instruments?	41.04	43.759	.561	.707
Is NPS (National Pension System) a tax saving instrument according to you?	41.32	47.351	.388	.725

Interpretation:

A Cronbach's alpha value of 0.73 indicates that there is a moderate level of internal consistency or reliability within the scale or questionnaire when evaluating. This means that the items on the scale are moderately related to each other and likely measuring a single underlying construct.

A value of 0.73 is considered acceptable for most research/study purposes.

Descriptive Statistics:

Descriptive Statistics							
	N	Mean		Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error
What is your annual income?	200	1.92	.084	1.185	1.405	1.062	.172
How much of your monthly income do you save?	200	1.56	.066	.933	.871	1.660	.172

How much of your gross monthly income goes toward debt repayment?	200	1.71	.082	1.163	1.353	1.707	.172
Do you undertake research before considering any investment?	200	1.45	.047	.671	.450	1.396	.172
Is high return considered a vital factor for your investment decisions?	200	1.97	.042	.592	.351	.300	.172
Do you consider tax benefits as a factor to plan your investments?	200	1.91	.046	.651	.424	.532	.172
Does beating inflation form part of your investment objective?	200	2.05	.048	.685	.470	.882	.172
"Liquidity is a key factor to base my investments"	200	2.08	.048	.675	.456	.893	.172
Is past performance a major concern while you plan your investments?	200	2.03	.042	.592	.351	.579	.172
Do you make sure to stay compliant by filing your annual tax return every assessment year?	200	1.96	.046	.648	.421	.262	.172
"Post retirement isn't a huge concern. YOLO is my mantra"	200	2.57	.075	1.063	1.131	.119	.172
"Five years down the line my savings are gonna be much better than today"	200	1.93	.052	.740	.548	.863	.172
Do you have an emergency fund? (That is saving of at least six months after tax income)	200	2.32	.066	.928	.862	.462	.172

Do you think the new regime of taxation has more benefits compared to the old regime?	200	2.44	.075	1.054	1.112	.186	.172
Do you make the most of your income tax benefits? Deductions from pay or income, a mortgage, etc.	200	2.27	.059	.837	.701	.702	.172
Are you aware about the deductions under section 80CCC, 80CCD, 80D, 80E & 80G)	200	2.05	.075	1.067	1.138	1.270	.172
According to you, is ELSS (Equity linked savings scheme) a tax saving instrument?	200	2.10	.064	.901	.812	.315	.173
Is NSC (National saving certificate) a tax saving instrument according to you?	200	2.28	.048	.679	.462	.955	.172
Do you think that home loan, fixed deposit are tax saving instruments?	200	2.40	.061	.862	.744	1.121	.172
Is NPS (National Pension System) a tax saving instrument according to you?	200	2.10	.043	.610	.372	1.289	.172
Do you prefer investing in LIC (Life insurance corporation) for tax saving?	200	2.28	.062	.875	.765	1.241	.172

ANALYSIS:

T-TEST: TWO-SAMPLE ASSUMING EQUAL VARIANCES

A statistical test used to evaluate whether there is a significant difference between the means of two groups or populations is the two-sample t-test with equal variances. When it is assumed that the variances of the two groups are equal, this test is applied.

1)   An examination of the Mean Gender Scores on the Attribute of Financial Planning and Tax Saving Techniques of Salaried Employees in Bengaluru.

t-Test: Two-Sample Assuming Equal Variances

	F	M
Mean	264.5	270.1786
Variance	80936.25926	68710.08
Observations	28	28
Pooled Variance	74823.16865	
Hypothesized Mean Difference	0	
df	54	
t Stat	-0.07767568	
P(T<=t) one-tail	0.469186572	
t Critical one-tail	1.673564906	
P(T<=t) two-tail	**0.938373145**	
t Critical two-tail	2.004879288	

Null Hypothesis (H_o): The gender-specific mean scores for the Bengaluru attribute of financial planning and tax-saving strategies used by salaried workforce do not differ.

Alternative Hypothesis (H_1): The gender-specific mean scores for the Bengaluru attribute of financial planning and tax-saving strategies adopted by salaried workforce varies.

Interpretation:

From the aforementioned data, we can determine the gender-specific mean scores for the trait of financial planning and tax-saving techniques used by salaried workers in Bengaluru.
The T-Test: Two-Sample Assuming Equal Variances was employed for this. Ho: is accepted because we obtained a significance value of 0.**938373145**, which is higher than 0.05.
This indicates that there is no difference in the gender-specific mean scores for the trait of financial planning and tax-saving techniques used by Bengaluru's salaried workers.

ANNOVA: SINGLE FACTOR

1)   An analysis to determine the Mean Scores of occupations for the trait of financial planning and tax-saving techniques among Bengaluru's salaried workers.

SUMMARY

Groups	Count	Sum	Average	Variance
Accountant	28	2620	93.57143	11772.92
Developer	28	5568	198.8571	35777.02
Others	28	2541	90.75	19049.75
Tax associate	28	4242	151.5	29577.96

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	224484.2	3	74828.08	3.112078	**0.02935**	2.688691
Within Groups	2596797	108	24044.41			

Total	2821281	111					

HYPOTHESIS:

Null Hypothesis (H_o): There are disparities in the mean scores of the various occupations for the attributes financial planning and tax-saving strategies of salaried employees in Bengaluru.

Alternative Hypothesis(H_1): When it comes to the attribute of financial planning and tax-saving strategies, the average scores of credentials for salaried workers in Bengaluru are the same.

This suggests that the typical assessments of developers, accountants, tax associates, and others regarding the features of financial planning and tax-saving strategies employed by salaried employees in Bengaluru are comparable.

CHI SQUARE TEST

1)   An Analysis to understand the association between two categorical variables that is Gender and Occupation.

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	210.984[a]	10	**.000**
Likelihood Ratio	32.196	10	.000
N of Valid Cases	202		

Null Hypothesis (H_o): The relationship between gender and occupation is insignificant.

Alternative Hypothesis(H_1): The relationship between gender and occupation is significant.

Interpretation:

From the above-mentioned research, we may infer the relationship between gender and occupation. For this analysis, we performed chi square analysis and discovered that the significant value was 0.00, which is less than 0.05. As a result, we reject H_o in accordance with the rule. As a result, there is an association between the respondents' occupation and gender.

CORRELATION:

1)   An analysis to find correlation between annual income and percentage of salary used to repay loans by the salaried employees.

Correlation			
		Annual income	Percentage of annual income used to repay loans
Annual income	Pearson Correlation	1	.011
	Sig. (2-tailed)		.438
	N	200	200
Percentage of annual income used to repay loans.	Pearson Correlation	.011	1
	Sig. (2-tailed)	.438	
	N	200	200

Interpretation:

The significance value is 0.438, as shown by the analysis above. Because of this, there is a positive correlation between annual income and the percentage of wages used for debt repayment. This implies that there is a direct relationship between annual income and the percentage of money used to pay off debts, with higher income indicating a higher percentage of income utilised to do so.

2)   An analysis to understand the correlation between percentage of savings and research before investments by salaried employees.

Correlation		Percentage of salary saved	Research before undertaking any investment
Percentage of salary saved	Pearson Correlation	1	-.019
	Sig. (2-tailed)		.786
	N	200	200
Research before undertaking any investment	Pearson Correlation	-.019	1
	Sig. (2-tailed)	.786	
	N	200	200

Interpretation: From the above analysis we can conclude that the relationship is

 -0.019. Hence there is negative correlation between percentage of salary saved by an individual and investment research done by them before any investment.

Therefore, the salary saved by an individual is inversely proportionate to the research they undertake before investment.

3)   Analysis to understand correlation between savings and tax benefit planning of salaried employees.

Correlations		Percentage of salary saved	Tax benefits considered as a factor to plan investments
Percentage of salary saved	Pearson Correlation	1	.083
	Sig. (2-tailed)		.241
	N	200	200
Tax benefits considered as a factor to plan investments	Pearson Correlation	.083	1
	Sig. (2-tailed)	.241	
	N	200	200

Interpretation:

We can infer from the analysis above that the association is 0.083.

As a result, there is an inverse relationship between the proportion of pay saved and the tax advantages plan created for investments by salaried employees.

4)   Analysis to understand correlation between Tax benefit planning and tax filing in an assessment year by the salaried employees.

Correlation		Tax benefits as a factor to plan investments	Filing of annual tax return every assessment year
Tax benefits as a factor to plan investments	Pearson Correlation	1	.110
	Sig. (2-tailed)		.120
	N	200	200
Filing of annual tax return every assessment year	Pearson Correlation	.110	1
	Sig. (2-tailed)	.120	
	N	200	200

Interpretation:

We can infer from the analysis above that the relationship is 0.120. As a result, there is an inverse relationship between the proportion of salary saved and the tax benefits plan made by salaried employees for investments. Analysis to understand the correlation between percentage of savings and liquidity being a key instrument for investments.

Correlation			
		Percentage of monthly salary saved.	Liquidity being the key factor for investment.
Percentage of monthly salary saved.	Pearson's Correlation	1	**.184**[**]
	Sig. (2-tailed)		.009
	N	200	200
Liquidity being the key factor for investment.	Pearson's Correlation	**.184**[**]	1
	Sig. (2-tailed)	.009	
	N	200	200

Interpretation:

We can determine from the table that the connection is 0.09 there. As liquidity is the primary consideration in investing decisions, there is a positive association between the percentage of savings and both.

5) Analysis to understand correlation between salaried employees fully utilising income tax benefits and are also aware of deductions under chapter V1A.

Correlation			
		Utilization of Income tax benefit. E.g.: Deductions from salary/income, home loan etc.	Awareness about the deductions under Section 80C, 80CCC, 80CCD, 80D, 80E
Utilization of Income tax benefit. E.g.: Deductions from salary/income, home loan etc.	Pearson Correlation	1	**-.050**
	Sig. (2-tailed)		.478
	N	200	200
Awareness about the deductions under Section 80C, 80CCC, 80CCD, 80D, 80E	Pearson Correlation	**-.050**	1
	Sig. (2-tailed)	.478	
	N	200	200

Interpretation:

According to the findings of the analysis above, there is a -0.050 correlation between those who use income tax benefits and those who are aware of chapter V1A deductions. This suggests that consumers are less knowledgeable about using deductions and benefits.

REGRESSION:

Regression is a statistical technique used to examine the relationship between a dependent variable and one or more independent variables, often known as predictor variables or features (also known as the response variable). In order to

forecast the value of the dependent variable based on the values of the independent factors, regression models the relationship between the independent and dependent variables.

1)   An analysis to understand the dependency of percentage of salary saved on post-retirement, various investment planning and emergency fund planning of an individual.

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.210676
R Square	0.044384
Adjusted R Square	0.039558
Standard Error	3.538155
Observations	200

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	115.1243	115.1243	9.196304	**0.002749682**
Residual	198	2478.671	12.51854		
Total	199	2593.795			

	Coefficients	*SE*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	28.91655	0.488269	59.22253	6.6E-128	27.95367531	29.87942718	27.95367531	29.87942718
Percentage of salary saved	-0.8151	0.268783	-3.03254	0.00275	-1.34514271	-0.285051196	-1.34514271	-0.285051196

Hypothesis:

H$_1$: β1 ≠ β2 ≠ β3 ≠ β4 ≠ β5 ≠ β6 ≠β7 ≠ β8≠ β9

H$_o$: β1 = β2 = β3 = β4 = β5 = β6 =β7 = β8= β9

Ho is rejected because the significance value is 0.002749682 which is inside the rejected region. Therefore, Accept alternative hypothesis. Hence dependency of percentage of salary saved on post-retirement planning, various investment planning and the emergency fund of an individual are not equal.

Were,

β1 is percentage of annual income saved by an individual

β2 is percentage of annual income used to repay loans

β3 is post-retirement planning of an individual

β4 is ELSS being an important tax saving investing instrument

β5 is LIC being an important tax saving investing instrument

β6 is NSC being an important tax saving investing instrument

β7 is fixed deposit being an important tax saving investing instrument

β8 is NPS being an important tax saving investing instrument

β9 is Having an emergency fund.

2)   An analysis to understand the dependency of an individual making sure to file annual tax returns every year on awareness and utilization of the deductions available under Sections 80C, 80CCD, 80D, 80E & 80G)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.259111
R square	0.067139
Adjusted R Square	0.062427
Standard Error	1.314725
Total Observations	200

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	24.63145	24.63145	14.25016708	**0.000211482**
Residual	198	342.2435	1.728503		
Total	199	366.875			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	5.383126	0.588033	9.154458	6.8625E-17	4.223514225	6.542738	4.223514	6.542738
File annual tax returns	0.542543	0.143722	3.774939	0.000211482	0.259120104	0.825966	0.25912	0.825966

H_1: β1 ≠ β2 ≠ β3

H_o: β1 = β2 = β3

H_o is accepted because the significance value is 0.000211482 which is inside the acceptable region. Therefore, Accept null hypothesis. Hence dependencyof an individual making sure to file annual tax returns every year on awareness and utilization of the deductions available undersections 80C, 80CCD, 80D, 80E & 80G) are equal.

β1 is individual making sure to file income tax returns.

β2 is individual is aware about the deductions available under chapter V1A

β3 is individual utilisation of deductions available.

ANNOVA: TWO FACTORS WITHOUT REPLICATION

Two-factor ANOVA, is a development of one-way analysis of variance. As opposed to a single variable in a single factor analysis, there are two variables in a two-factor analysis.

 1)   An analysis to understand the dependency of all investment planning of an individual.

Is high return considered a vital factor for your investment decisions?	200	806	4.03	0.350854271
Do you consider tax benefits as a factor to plan your investments?	200	818	4.09	0.424020101
Does beating inflation form part of your investment objective?	200	790	3.95	0.469849246
"Liquidity is a key factor to base my investments"	200	784	3.92	0.455879397
Is past performance a major concern while you plan your investments?	200	794	3.97	0.350854271
"Five years down the line my savings are going to be much better than today"	200	813	4.065	0.553542714
Do you think the new regime of taxation has more benefits compared to the old regime?	200	711	3.555	1.102487437

ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Rows	180.96	199	0.909346734	1.949894941	1.16798E-11	**1.187531**
Columns	39.17	6	6.528333333	13.99858125	1.92107E-15	**2.106161**
Error	556.83	1194	0.466356784			
Total	776.96	1399				

H_o: Null Hypothesis

H_1: Alternative Hypothesis

Null Hypothesis (H_o): There is no dependency of all investment planning of an individual.

Alternative Hypothesis(H_1): There is dependency of all investment planning of an individual.

Interpretation:

There is a statistically significant difference in the means of the groups represented by columns, according to the P-value for the source of variation for columns, which is 1.92107E-15, which is less than 0.05.

FINDINGS OF THE STUDY:

1)   People use investments in pension plans, house loan interest, health insurance, and equity linked savings plans primarily because they qualify for section 80 deductions under the income tax act, which lower their tax obligations.

2)   Individuals are not aware of all the deductions that are available under section 80, that would intern help them in saving considerably higher amount of tax.

3)   From this study, I also found that Individuals do research prior to investing in any sources.

4)   Almost 60% of salaried employees earn their income only from "INCOME FROM SALARY", from this we can conclude that there is no diversification of the income earned from an Individual.

5)   In addition to tax-saving investments, salaried employees can also claim tax deductions on expenses such as medical insurance premiums, rent, and home loan interest.

6)   Tax planning is crucial to maximize your take-home salary. Several tax-saving investment options are available, such as Public Provident Fund (PPF), National Savings Certificate (NSC), Equity-Linked Savings Scheme (ELSS), and Unit-Linked Insurance Plan (ULIP), from this study we found that 25% of the employees use these for tax savings.

7)   To achieve financial stability, it's essential to create a budget, track expenses, and save regularly. Experts recommend saving at least 20% of your income each month.

SUGGESTIONS:

•   Maximize contributions to 401(k) or other employer-sponsored retirement plans to take advantage of any employer matching contributions and lower your taxable income.

•   Consider opening and contributing to an individual retirement account (IRA) to further save for retirement and potentially lower your taxable income.

•   To increase your retirement savings and possibly reduce your taxable income, think about starting and funding an individual retirement account (IRA).

•   Keep a record of any work-related expenses that may be tax deductible, such as professional dues, continuing education, and tools or materials utilised for the job.

•   Make use of tax benefits, such as the Child Tax Credit and the Earned Income Tax Credit (EITC) for those with low to moderate incomes.

•   To safeguard your assets and income, review your insurance coverage and take umbrella insurance, disability insurance, and long-term care insurance into consideration.

•   Finally, keep yourself informed of any tax laws and regulations changes that could affect your tax and financial situation.

CONCLUSION:

In conclusion, for salaried employees to maximise their income and guarantee their financial future, financial planning and tax-saving methods are crucial. Some key strategies include maximizing contributions to retirement plans, utilizing tax-advantaged accounts such as FSAs and HSAs, keeping track of job-related expenses, taking advantage of tax credits, and consulting a tax professional. Additionally, establishing a financial plan, tracking costs, and creating a budget can aid in successful money management and the achievement of financial objectives. It's also critical to keep up with any modifications to tax rules and regulations that can have an impact on the financial condition. It is crucial to remember that the aforementioned tactics should be customised to the person's unique financial circumstances and goals and should be taken into consideration in cooperation with a financial counsellor or tax expert.

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