



A STUDY ON FINANCIAL PLANNING FOR SALARIED EMPLOYEES AND TAX SAVINGS

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ABSTRACT

This study delves into the intricacies of financial planning tailored specifically for salaried employees within, aiming to optimize tax savings and enhance overall financial well-being. With the dynamic landscape of taxation laws and the evolving needs of employees, effective financial planning has become paramount for individuals and organizations alike. This research employs a mixed-methods approach, combining qualitative interviews with key stakeholders and quantitative analysis of financial data. Through qualitative interviews, the study uncovers the unique financial challenges faced by employees within the organization and explores their perceptions, attitudes, and behaviours towards financial planning and tax management.

INTRODUCTION

In today's fast-paced and competitive corporate landscape, financial planning has emerged as a critical aspect of personal and professional life, particularly for salaried employees. With the ever-changing tax regulations and the increasing complexity of financial instruments, individuals and organizations alike are recognizing the importance of strategic financial planning to optimize tax savings and secure long-term financial stability. In such a dynamic environment, the financial well-being of its employees is not only a matter of individual concern but also crucial for organizational success. The rationale behind conducting this study lies in the recognition of the intricate relationship between financial planning, tax savings, and employee satisfaction. Effective financial planning enables individuals to allocate resources efficiently, manage risks, and pursue their financial goals with confidence. Qualitative interviews with key stakeholders, including HR professionals, financial advisors, and salaried employees, will provide insights into their perceptions, attitudes, and experiences related to financial planning and tax savings. By capturing the nuances of individual financial journeys and organizational dynamics, these interviews will enrich the analysis and inform the development of targeted interventions. By examining data pertaining to income distribution, expenditure patterns, investment portfolios, and tax liabilities, this analysis seeks to identify trends, challenges, and opportunities for enhancing financial well-being and tax efficiency among salaried employees.

REVIEW OF LITERATURE

Bindabel and Hamza, (2021) state that the main objectives of the study was to find out the relationship between savings and investment pattern and orientation towards finance among the working women at the universities of Saudi Arabia. Orientation towards finance, (ORTOFIN) is ones attitude towards effectively managing

Dr.N.Sravathi and L.Anitha, (2021)have analysed the awareness of tax saving schemes among salaried employees. The study identified that majority of the respondents were aware of recognized provident fund because it is deducted directly from the salary.the study suggested that the individuals expecting an increase in the amount of deductions under u/s 80C.

Antu Thomas, (2021) Did a study on awareness levels of salaried individuals about tax planning. He found that salaried individuals do not know are facing E-filing problems. They suggest that e-filing should be popularized. He also felt that different employee suggests that tax rate should be lowered.

GS Sumesh, Awareness and perceptions regarding tax planning options among salaried people (2020). To avail of these benefits, one should have good knowledge and awareness in both the Income Tax act and the annual finance budget of union ministry. Under this circumstance, an attempt is made to measure the level of awareness and perception towards tax planning schemes among salaried employees. For this study, responses are collected from salaried employees in Kottayam taluk and their responses are analyzed and presented by using different statistical tools to make a conclusion.

Kumaraswamy&DivakarVelya M, (2020) “Tax Planning – An Analysis on Housing Loans” Housing loans, for sure, makes it possible to an individual to own a house. A gradual increase over the times in the associated costs of real estate makes a housing loan lasts for decades. As every Government’s priority is to provide shelter to all its citizens; on the other hand, it is reducing housing loan borrowers tax burden through several Income Tax provisions. This paper focuses on these issues in every possible dimension.

Shweta Rokde, “An Analysis on Investment and Saving Pattern of Salaried Employees (2020) men choose higher-risk investment options than women. Their choice made them higher gainers and losers of the outcome of the investment.

Neha Agarwal (2020) state that tax planning is an essential part of our financial planning. The main purpose of the study is to find out regarding the awareness and alternatives of the tax planning.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Descriptive research is a study to designed to depict the participants in an accurate way. More simply but, descriptive research is all about describing people who take part in the study on financial management on salaried employees the design of research can be either qualitative quantitative, or mixed.

SOURCES OF DATA

The research uses both Primary and Secondary data.

Primary Data

Primary data has been collected from 150 respondents using questionnaire (survey method).

Secondary Data

Websites and online journals, published reports & Review of literature from published articles.

SAMPLE SIZE & TECHNIQUE

A convenience sample is one of the main types of non-profitability sampling methods. A convenience sample is made up of people who are easy to reach. The sample size is 150. Sampling technique is the technique used to select the sample size. Convenient sampling technique is used for this research.

OBJECTIVES OF THE STUDY

- To assess employees' comprehension of financial planning and their level of prioritization towards it.
- To examine employees financial goals and their awareness of various tax-saving investment opportunities.
- To study the satisfaction levels regarding tax-saving options among employees who utilize professional financial advisors for tax-saving purposes.

HYPOTHESIS

- H_0 : There is no significant correlation between individuals' confidence in their understanding of financial planning and the extent to which they prioritize financial planning.
- H_1 : There is significant correlation between individuals' confidence in their understanding of financial planning and the extent to which they prioritize financial planning.
- H_{01} : There is no significant relationship between individual's reviewing financial goals and their level of knowledge about different tax-saving investment options.
- H_{11} : There is significant relationship between individual's reviewing financial goals and their level of knowledge about different tax-saving investment options.
- H_{02} : There is no significant difference in the satisfaction levels with tax-saving options between individuals who rely on professional financial advisors for tax-saving and those who do not.
- H_{12} : There is significant difference in the satisfaction levels with tax-saving options between individuals who rely on professional financial advisors for tax-saving and those who do not.

DATA ANALYSIS & INTERPRETATION

FACTOR	FREQUENCY	PERCENTAGE
How confident are you in your understanding of financial planning concepts?		
Not confident at all	13	8.7%
Slightly confident	39	26%
Moderately confident	59	39.3%
Very confident	33	22%
Extremely confident	9	4%

To what extent do you prioritize financial planning in your overall financial management?		
Not a priority	12	8%
Low priority	39	26%
Moderate priority	63	42%
High priority	25	16.7%
Very high priority	11	7.3%
How frequently do you review your financial goals and strategies?		
Never	16	10.7%
Rarely	34	22.4%
Occasionally	60	40%
Frequently	27	18%
Always	13	8.7%
How knowledgeable are you about different tax-saving investment options?		
Very little knowledge	20	13.3%
Limited knowledge	40	26.7%
Moderate knowledge	45	30%
Good knowledge	36	24%
Expert knowledge	9	6%
How satisfied are you with the tax-saving options available to salaried employees?		
Very dissatisfied	18	12%
Dissatisfied	29	19.3%
Neutral	51	34%
Satisfied	41	27.3%
Very satisfied	11	7.3%
How much do you rely on professional financial advisors for tax-saving strategies?		
Not at all	16	10.7%
Rarely	44	29.3%
Occasionally	45	30%
Frequently	33	22%

Always	12	8%
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Inference:

Majority of the respondents are moderately confident that they are not confident about financial planning concept. Majority of the respondents are Moderate priority that they are prioritize financial planning. Majority of the respondents are Occasionally reviewing that they are reviewing financial goals and strategies. Majority of the respondents are Moderate knowledge that they have knowledge about different tax-saving investment options. Majority of the respondents are Neutral that they are satisfied about tax-saving options available to salaried employees. Majority of the respondents are Occasionally that they rely on professional financial advisors for tax-saving strategies.

CHI-SQUARE TESTS

On a scale of 1 to 5, how confident are you in your understanding of financial planning concepts? * To what extent do you prioritize financial planning in your overall financial management? Crosstabulation

			To what extent do you prioritize financial planning in your overall financial management?					
			High priority	Low priority	Moderate priority	Not a priority	Very high priority	
On a scale of 1 to 5, how confident are you in your understanding of financial planning concepts?	Extremely confident	Count	1	0	3	0	2	6
		Expected Count	1.0	1.6	2.5	.5	.4	6.0
	Moderately confident	Count	8	13	32	0	6	59
		Expected Count	9.8	15.3	24.8	4.7	4.3	59.0
	Not confident at all	Count	0	2	3	8	0	13
		Expected Count	2.2	3.4	5.5	1.0	1.0	13.0
	Slightly confident	Count	4	16	15	3	1	39
		Expected Count	6.5	10.1	16.4	3.1	2.9	39.0
	Very confident	Count	12	8	10	1	2	33
		Expected Count	5.5	8.6	13.9	2.6	2.4	33.0
	Total	Count	25	39	63	12	11	150
		Expected Count	25.0	39.0	63.0	12.0	11.0	150.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	82.768 ^a	16	.000
Likelihood Ratio	60.843	16	.000
N of Valid Cases	150		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .44.

Inference

From the table it is known that the p value is .019 is greater than 0.05, the null hypothesis is rejected and alternative hypothesis is accepted.

Correlation

Correlations

	How satisfies are you with the tax-saving options available to salaried employee?	How much do you rely on professional financial advisors for tax-saving strategies?
Pearson Correlation	1	.943**
How satisfies are you with the tax-saving options available to salaried employee? Sig. (2-tailed)		.000
N	150	150
Pearson Correlation	.943**	1
How much do you rely on professional financial advisors for tax-saving strategies? Sig. (2-tailed)	.000	
N	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

Inference

From the table it is known that the p value is .019 is greater than 0.05, the null hypothesis is rejected and alternative hypothesis is accepted.

ANOVA**ANOVA**

How_frequently_do_you_review_your_financial_goals_and_strategies?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	210.908	4	52.727	287.512	.000
Within Groups	26.592	145	.183		
Total	237.500	149			

Inference

From the table it is known that the p value is .019 is greater than 0.05, the null hypothesis is rejected and alternative hypothesis is accepted.

CONCLUSION

Tax-saving is only a smart part of a broad category called financial planning. There is more to a financial plan than what meets the eye. For a financial plan to be successful, it should have a proper investment plan that saves taxes.

Irrespective of the plan you choose, few things remain constant. They are:

- Having well-structured short-term and long-term financial goals at every stage of your lives.
- Starting to save as early as you can, so that it gives you a long window to stay invested and reap good returns.
- Cutting down unnecessary expenses and saving for a better future.
- Putting aside at least 10 to 15% of savings every month towards financial or investment plans, to be used at a time when it is needed the most.
- Talking to a professional in case of any queries or ambiguity.

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