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SAVINGS PRACTICES OF SALARIED CLASS PEOPLE FOR POST-RETIREMENT LIFE - A STUDY ON ACADEMICIANS

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Abstract

This research review aims to explore the savings practices of salaried class individuals, focusing specifically on academicians, and their preparations for post-retirement life. The study investigates the various factors influencing savings behaviour, the extent of retirement planning, and the financial instruments commonly used for retirement savings. By analysing existing literature and research studies, this review provides valuable insights into the savings practices of academicians and offers recommendations for improving retirement planning in this demographic.

Keywords: Academicians, Savings, Investment Practices, Post - Retirement Plan, Financial Knowledge

1. Introduction

Retirement planning and savings practices have become paramount in achieving financial security during post-employment years. Among various professional groups, academicians represent a unique subset of the salaried class, characterized by specific employment conditions and long-term financial aspirations. This study focuses on investigating the savings practices of academicians and their preparations for post-retirement life, shedding light on the factors influencing their behaviour and the extent of retirement planning.

2. Objectives

- To assess whether the salaried class people realise the importance of saving for their post-retirement life.
- To offer recommendations of the objective of the study

3. Literature Review

Retirement planning plays a critical role in ensuring financial stability and a comfortable lifestyle during non-working years. However, salaried individuals, including academicians, often face distinct challenges in this regard. Academicians may experience variations in income levels throughout their careers, with early years marked by lower earnings due to factors such as student loan repayment and entry-level positions (Smith et al., 2018). As they progress in their careers, their income levels tend to rise, affording them greater opportunities for retirement savings.

The age and career stage of academicians also impact their savings behaviour. Younger academicians may prioritize immediate financial goals, such as building an emergency fund or purchasing a home, which can influence their retirement savings contributions. In contrast, mid-career and older academicians often display a heightened awareness of the need for retirement planning, as they approach the later stages of their working lives (Hansen & Rudolph, 2017).

Financial knowledge and awareness are crucial determinants of savings practices. Academicians who possess a solid understanding of retirement planning concepts, investment options, and financial instruments tend to exhibit more effective savings behaviours (Choi et al., 2016). The level of financial literacy among academicians plays a vital role in their ability to make informed decisions regarding retirement savings and investment strategies.

The academic profession often offers unique retirement goals and expectations. Many academicians wish to continue engaging in scholarly pursuits, such as research or part-time teaching, during their retirement years. Having clearly defined retirement goals provides a sense of purpose and direction, facilitating effective retirement planning and savings strategies (Parker & Brennan, 2019).

The presence of pension plans and retirement benefits also significantly influences the savings behaviour of academicians. Employer-sponsored retirement plans, such as pension schemes or defined contribution plans, can play a pivotal role in determining the retirement savings rates of academicians. The availability of such benefits encourages individuals to allocate a portion of their income towards retirement savings, thus ensuring a more secure financial future (Blitz & Shefman, 2020).

By exploring the savings practices of academicians and the factors that influence their retirement planning, this study aims to contribute to the existing literature on retirement preparedness. The findings of this research review will provide valuable insights for policymakers, educational institutions, and academicians themselves, facilitating the development of targeted interventions and strategies to enhance retirement planning and savings practices among this specific professional group.

4. Factors Influencing Savings Behaviour

4.1. Income Level

Several studies have shown a positive correlation between income levels and savings behaviour. Higher income academicians tend to save more for their retirement compared to their lower-income counterparts (Smith et al., 2018).

4.2. Age and Career Stage

Research indicates that savings behaviour varies based on an individual's age and career stage. Younger academicians tend to save less due to competing financial priorities such as student loan repayment, while mid-career and older academicians exhibit a higher propensity to save for retirement (Hansen & Rudolph, 2017).

4.3. Financial Knowledge and Awareness

Individuals with a higher level of financial knowledge and awareness tend to have better savings practices. Studies have found that academicians who possess a good understanding of retirement planning and investment concepts tend to save more effectively for retirement (Choi et al., 2016).

5. Retirement Planning and Preparation

5.1. Retirement Goals and Expectations

Academicians often have unique retirement goals, such as engaging in research or pursuing part-time teaching. Research suggests that those who have clearly defined retirement goals tend to save more and engage in long-term retirement planning (Parker & Brennan, 2019).

5.2. Pension and Retirement Benefits

The presence of pension plans or retirement benefits significantly impacts retirement planning and savings behaviour among academicians. Studies have found that individuals with access to employer-sponsored retirement plans tend to have higher retirement savings rates (Blitz & Shefman, 2020).

6. Financial Instruments for Retirement Savings

6.1. Individual Retirement Accounts (IRAs) and 401(k) Plans

IRAs and 401(k) plans are common retirement savings vehicles utilized by academicians. These tax-advantaged accounts provide opportunities for long-term savings and potential employer matching contributions (Moore & Mitchell, 2019).

6.2. Investments in Stocks and Bonds

Some academicians choose to invest a portion of their retirement savings in stocks and bonds to achieve potential long-term growth. However, investment choices can vary depending on risk tolerance and financial literacy (Bodie et al., 2017).

7. Conclusion and Recommendations

This research review highlights the importance of savings practices and retirement planning among academicians. Key factors influencing savings behaviour include income levels, age, financial knowledge, and the presence of pension plans or retirement benefits. To enhance retirement preparedness among academicians, the following recommendations are proposed:

Educational programs

Institutions should offer financial literacy programs and retirement planning workshops tailored to academicians to improve their understanding of retirement savings and investment strategies.

Enhanced employer-sponsored plans

Employers should consider enhancing retirement benefits, such as matching contributions and flexible

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