

FINANCE INDIA  
© Indian Institute of Finance  
Vol. XXXIII No. 3, September 2019  
Pages – 699 – 706

*Abstract of Doctoral Dissertation*

## **Financial Literacy, Retirement Planning & Preparedness : Evidence & Implications for Financial Education – An Empirical Study among the Organised Sector Employees<sup>1</sup>**

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### **I. Motivation for the Study**

"How is it that people are motivated to go to a doctor, but not motivated to go to a financial counselor, if individuals are ultimately responsible for their own financial health?"  
Bowditch (2005)

The quote touches on two central and divergent aspects of individual financial planning behaviour for retirement (a) The lack of motivation to engage in financial planning and seek professional financial advice and (b) the increasing responsibility of the individual for his financial situation in retirement [as state sponsored social security pensions are becoming unsustainable as well as assured (guaranteed) pension from employers in the form defined benefit pension plans are being replaced by defined contribution pension plans world- wide, where there is no such guarantee].

#### *1.1 Changing global scenario with respect to retirement and pension system*

During the past few decades, a major shift has been taking place in the retirement system in the developed economies as well as developing economies because of the far reaching effects of increasing longevity leading to population ageing and demographic shift combined with rising fiscal pressures on the government/private employers. As a result the traditional employer-provided defined benefit (DB) pensions that guaranteed lifelong income after retirement (based on years of service and salary prior to retirement) are being replaced world-over with defined contribution (DC) retirement saving vehicles where there is no guaranteed pension. Furthermore, the state sponsored social security systems available in most of the developed countries like USA, UK, Sweden, Australia etc., to name a

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<sup>1</sup> The Thesis was submitted to Fakir Mohan University, Bangalore, Karnataka in February 2017, for the award of Ph.D. Degree awarded in 2018, under the supervision of Dr. Anil Kumar Swain, Professor, Utkal University, PG Department of Commerce, Vani Vihar, Bhubaneswar, Odisha 751004, INDIA and Dr. Gayadhar Parhi, Professor, Fakir Mohan Autonomous College, Balasore, Odisha 756001, INDIA.

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*Submitted April 2019 ; Accepted July 2019*