A Study on Factors Affecting Retirement Planning Among Faculty Members Working in Professional Courses of AICTE Approved Institute with GTU

Riddhi Adthakkar [1] Dr. Aabha Singhvi [2]

[1] Research Scholar, Gujarat Technological University

[2] Associate Professor, GIDC Rajju Shroff Rofel Institute of Management Studies, Affiliated to Rajju Shroff Rofel University

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ABSTRACT:

Retirement Planning is very essential in 21st century and its importance has been arising due to change in market, increase in longevity, uncertainty in employment, etc. This study focuses on retirement planning of faculty members working in Gujarat's largest university that is GTU and its affiliated colleges. It investigates variables like Financial Literacy, Future Time Perspective, Financial Risk Tolerance, Saving Attitude on retirement planning. A quantitative approach was adopted and data were collected through questionnaires from a sample of 250 faculty members working in GTU affiliated colleges after scrutinizing only 235 were taken into study. The data collected was analysed using SPSS and it was analysed through reliability test, correlation, multiple regression, Structural Equation Modelling (SEM) and Factor Analysis to test the hypothesized relationship. It wants to check whether which factor has a direct or indirect relationship with retirement planning. The study provides insights to the growing literature and will be helpful to educational institutions, policymaker's and financial advisor to take necessary changes in Indian context among the retirement planning of faculty members.

Keywords: Financial literacy, Future Time Perspective, Retirement Planning, Financial Risk Tolerance, Saving Attitude, GTU

1. Introduction

Retirement Planning aims to prepare individuals life once he stops earning. (Yeung and Zhou, 2017) Retirement Planning will help the individual to face challenges against market economy if planning is done for long term goal that is the life after post retirement. Many literature has been done for retirement planning. Although women have longer life expectancy than men, but they have a lower income (Almenberg and Dreber, 2015), lower financial literacy (Lusardi and Mitchell, 2008; van Rooij et al, 2011a; Almenberg and Dreber, 2015) and lower risk tolerance (Al-Ajmi, 2008; Croson and Gneezy, 2009; Dohmen et al, 2011; Almenberg and Dreber, 2015)

Retirement Planning is a stage that describe the measures that can be performed to get ready for retirement such as obtaining knowledge and guidance on retired living, creating a retirement plan with family or expert and setting aside the necessary funds. Financial Services Authority (20160 states that saving made in bank account/post account, investment made in real

estate, investment done in capital market, insurance and retirement benefits from retirement plans are sources of retirees.

Retirement planning is affected by many factors which vary from person to person. Financial literacy, future time perspective and financial risk tolerance are the major drives related to retirement planning. Financial Literacy has become one of the essential characteristics among the different factors that determine retirement planning. The capacity to comprehend and apply financial knowledge to make wise financial decisions is known as financial literacy. Financially literate people are more likely to plan for retirement, take part in retirement savings and build up more retirement wealth.

Another psychological component is future time perspective, which is predicted to saving, investing, and retirement planning because retirement planning by its very nature entails preparing for a distant future. According to research, those who are focused on the future are more likely to make proactive financial plans and show greater degrees of retirement readiness (Hershey & Mowen, 2000).

The study was undertaken to study the relationship between demographic factors (gender, education, designation), financial literacy, future time perspective, financial risk tolerance and saving attitude towards faculty members working in professional courses of AICTE approved institute with GTU (Gujarat Technological University). In a literature review conducted by Kumar et al. (2018), it was seen that most of the research on retirement planning was done in USA and Australia that is in developed countries. In addition, there are hardly few studies that focus on study of retirement planning of faculty members working in professional courses.

Hershey, 2004, Hershey et al, 2007a; Adam and Rau, 2011 defined future time perspective as individual's drive for planning the long term financial goal. Hershey et al. (2007b) studied the relationship between future time perspective and retirement saving behaviour. The role of future time perspective was mediating on the relation between demographic and retirement saving behaviour. The analysis was undertaken through path analysis. The responses were taken from 265 middle-aged working adults. The result shows the positive relationship between future time perspective and retirement saving behaviour. The result is also supported by psychological variables of individuals.

Hershey and Mowen 2000 studied the factors influencing preparedness of individuals for retirement. Education and marketing sector individuals were guided to save for retirement. 230 individuals of Arkansas Household Research Panel were taken into consideration. The average age found was 62.6 years. It was seen future orientation had direct effect on retirement planning and saving. Thus, individual with strong future orientation had high retirement preparedness.

Joo and Grable's 2005 studied the relationship of individuals in decision making process. 751 American working members of 25 and above were taken into consideration. FRT was measured through three-item scale and logistic regression was used for analysis. There was insignificant relation found between FRT and retirement planning, whereas YUH and DeVaney 1996 and Yuh and Olson 1997 found positive relationship.

Grable,2000; Larson et al., 2016 defined financial risk tolerance as the maximum possible uncertainty that individual may take when making a financial decision. Croy et al. (2010) connected risk tolerance to the tendency to plan; the more risk tolerance a person has, the higher the inclination to plan. In addition, Joo and Grable (2005) linked risk tolerance to savings and investment, individuals with low risk tolerance save less for the retirement and vice-versa.

2. Methodology

The type of research used in this study is descriptive and casual research, as we need to prove cause and effect relationship between variables. SPSS and PLS-SEM were the statistical tools used to find the relationship. The population under study were the faculty members working in professional courses (Engineering,

MBA, MCA, Pharmacy). Primary data was collected through Google form as it is easily accessible. The questionnaire consisted of six section. The first section was demographic information like age, qualification, designation, discipline in which faculty is working, income etc. The second section consists of financial literacy which were having 7 questions. The third section consist of future time perspective which had 10 questions. The fourth section was of future risk tolerance which consist 8 items. The fifth section was of saving attitude, the ability to save for retirement which had 5 questions and the sixth section consist of retirement planning which had 6 questions. All the questions were measured through Likert scale 1=strongly disagree to 5=strongly agree.

Objective of the Study

1. The objective of the study is as follow:
2. To study the level of financial literacy among faculty members and its impact on retirement planning.
3. To assess the role of future time perspective in shaping retirement planning.
4. To analyse the effect of financial risk tolerance on retirement planning.
5. To determine whether saving attitude influence retirement planning or not.

Hypothesis of the Study

1. H1: Financial Literacy has a direct effect on Retirement Planning.
2. H2: Future Time Perspective has a positive relationship with Retirement Planning.
3. H3: Financial Risk Tolerance has a direct relationship with Retirement Planning.
4. H4: Saving Attitude has a positive influence on Retirement Planning.

3. Results

The result of research are as follows:

Reliability Test

Construct	Items	Cronbach's Alpha (α alpha)	Internal Consistency Strength
Financial Literacy	7	0.9043	Excellent
Future Time Perspective	11	0.9454	Excellent
Financial Risk Tolerance	10	0.9382	Excellent
Saving Attitude	6	0.9174	Excellent
Retirement Planning	9	0.9022	Excellent

Correlation Analysis

Variable	Financial Literacy	Future Time Perspective	Financial Risk Tolerance	Saving Attitude	Retirement Planning
Financial Literacy	1.0	0.579	0.345	0.505	0.455
Future Time Perspective	0.579	1.0	0.313	0.636	0.512

Financial Risk Tolerance	0.345	0.313	1.0	0.150	0.395
Saving Attitude	0.505	0.636	0.150	1.0	0.388
Retirement Planning	0.455	0.512	0.395	0.388	1.0

From the above table we can see that correlation among independent variables are positively related to retirement planning. Financial Literacy (r = 0.455), Future Time Perspective (r = 0.512), Financial Risk Tolerance (r = 0.395) and Saving Attitude (r = 0.388). It means that faculty members working in AICTE approved Institute of GTU who are financially literate, future oriented and willing to take calculated financial risk and have saving attitude are effectively planning for retirement planning. Financial Literacy and Future Time Perspective shows the moderate positive correlation, Future Time Perspective shows the strongest relationship and saving attitude is also positive but its strength is comparatively lower than the other variable.

Multiple Regression Analysis

Variable	Beta	t-value	p-value	Result
Financial Literacy	0.181	2.263	0.025	Significant
Future Time Perspective	0.332	3.658	0.004	Significant
Financial Risk Tolerance	0.225	4.085	0.001	Significant
Saving Attitude	0.125	1.358	0.1726	Not Significant

From the above table we can see that regression reveals Financial Literacy, Future Time Perspective and Financial Risk Tolerance significantly influence retirement planning, whereas Saving Attitude does not have statistical significant. From the beta coefficient, Future Time Perspective (β = 0.332) is the strongest predictor of Retirement Planning, followed by Financial Risk Tolerance (β = 0.225) and Financial Literacy (β = 0.181). The means that if we upgrade financial literacy, encourage future time perspective and take calculated risk it significantly improves retirement planning among faculty members. The regression model explains 33.4% variation in Retirement Planning. Saving Attitude does not contribute to Retirement Planning.

Structural Equation Modelling

The SEM was analysed to determine the influence of Financial Literacy, Future Time Perspective, Financial Risk Tolerance and Saving Attitude on Retirement Planning. The path of each was evaluated using the standardized path coefficient that is beta and p-value.

Following is the equation of SEM - RP = β1(FL) + β2(FTP) + β3(FRT) + β4(SA)

Model Fit Indices

Relationship	Estimate	p-value	Result
Financial Literacy	0.103	0.172	Not Significant
Future Time Perspective	0.285	0.003	Significant
Financial Risk Tolerance	0.194	0.000	Significant
Saving Attitude	0.038	0.661	Not Significant

From the above table we can see that financial literacy has a direct but statistically insignificant effect on Retirement Planning. This shows that financial literacy alone may not have strong impact on retirement planning. Future Time Perspective and Financial Risk Tolerance has a significant influence on Retirement Planning. Saving Attitude has an insignificant relationship with retirement Planning, which shows that saving attitude may not directly lead to retirement planning.

4. Discussion

The present study examined the factors affecting retirement planning among faculty members working in AICTE-approved professional institutions affiliated with Gujarat Technological University (GTU). The findings indicate that Financial Literacy, Future Time Perspective, and Financial Risk Tolerance play significant roles in influencing retirement planning behaviour, whereas Saving Attitude does not exhibit a statistically significant direct effect. Correlation analysis revealed positive associations between all independent variables and retirement planning, while multiple regression analysis confirmed that Future Time Perspective emerged as the strongest predictor, followed by Financial Risk Tolerance and Financial Literacy. The SEM results further validated the significant influence of Future Time Perspective and Financial Risk Tolerance, whereas the direct effects of Financial Literacy and Saving Attitude were statistically insignificant. Overall, the regression model explained 33.4% of the variance in retirement planning, indicating that these psychological and financial factors substantially contribute to retirement preparedness among faculty members.

The findings successfully address the study objectives. The first objective, which examined the influence of financial literacy, was partially supported, as financial literacy demonstrated a significant relationship in regression analysis but not in SEM. The second and third objectives were strongly supported, confirming that faculty members with a stronger future orientation and higher financial risk tolerance are more likely to engage in effective retirement planning. However, the fourth objective regarding saving attitude was not supported, suggesting that positive saving behaviour alone may not translate into comprehensive retirement planning unless accompanied by long-term financial awareness and strategic planning. The results are broadly consistent with previous studies. The significant role of Future Time Perspective supports the findings of Hershey and Mowen (2000) and Hershey et al. (2007), who reported that individuals with stronger future orientation demonstrate higher retirement preparedness. Similarly, the positive influence of Financial Risk Tolerance aligns with the findings of Croy et al. (2010), which suggest that individuals willing to accept calculated financial risk are more inclined to plan for retirement. The positive association between Financial Literacy and retirement planning is also consistent with Lusardi and Mitchell (2011), although its insignificant direct effect in SEM indicates that financial knowledge alone may not be sufficient unless supported by behavioural and psychological factors. The insignificant influence of Saving Attitude differs from several previous studies, suggesting that, in the context of GTU faculty members, merely having a favourable attitude toward saving may

not necessarily result in structured retirement planning.

The study contributes to retirement planning literature by extending behavioural finance research to faculty members in Indian higher education institutions, a population that has received relatively limited attention. It demonstrates that psychological variables, particularly future orientation and financial risk tolerance, are stronger determinants of retirement planning than financial knowledge alone. The findings also enrich the understanding of retirement planning behaviour in developing economies and provide empirical evidence supporting behavioural theories of financial decision-making. From a practical perspective, educational institutions should organise regular financial literacy programmes, retirement planning workshops, and counselling sessions to encourage faculty members to prepare for post-retirement financial security. Financial advisors should design retirement products that consider individuals' future orientation and risk preferences rather than focusing solely on financial knowledge. Policymakers, including higher education authorities and government agencies, should promote structured retirement awareness initiatives and strengthen retirement benefit education to improve long-term financial preparedness among academic professionals.

Limitation

1. The study is limited to faculty members working in AICTE approved institute of GTU only rather than other universities.
2. The responses have been collected from 235 faculty members through convenience sampling method which may not represent the diverse population of faculties working across Gujarat
3. The study has focused on only 4 variables that is financial literacy, future time perspective, financial risk tolerance and saving attitude. There may be many other factors which may also be affecting but are not included in the study.
4. The responses given by respondents may be biased and with changes in career and personal life, priority also change.
5. The current market economy also affects the retirement planning, which is not taken into study.

5. Conclusion

The study focused on faculty members working in professional courses of AICTE approved institute of GTU which is the largest university in Gujarat and focuses on variables like financial literacy, future time perspective, financial risk tolerance and saving attitude on retirement planning. All the four variables show positive relation with retirement planning when analysed through correlation. When analyses were done through regression model, 33.4% of the variation was observed. Financial Literacy, Future Time Perspective and Financial Risk Tolerance are the key drivers while saving attitude is not a major factor. The SEM shows future time perspective and financial risk tolerance as the strongest predictor while financial literacy is losing its significance. Thus, H2 and H3 are strongly related, H1 is partly related, and H4 is not related.

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Author Declaration

I Riddhi Adthakkar and Dr. Aabha Singhvi author(s) declare that this manuscript is an original work and has not been published previously, nor is it under consideration for publication elsewhere, either in whole or in part. All sources of information have been appropriately acknowledged and cited. The author(s) further declare that there are no conflicts of interest, whether financial, personal, institutional, or otherwise, that could have influenced the work reported in this manuscript.The author(s) also confirm that all ethical guidelines applicable to this research have been followed, and that the manuscript accurately represents the research conducted.