FINANCIAL LITERACY, INCOME, AND PROFESSIONAL ADVICE: KEY DRIVERS OF RETIREMENT SAVINGS

Gaurav Malpani, Poornima University, Jaipur
Anupama Sharma, Poornima University, Jaipur

ABSTRACT

The study was conducted in Ajmer City (Rajasthan, India), a tier-2 city mostly comprising middle-income earners, providing a novel view on retirement planning behaviour in a demographic that is relatively underexplored. The paper explores the roles that financial literacy, income, and professional advice play in retirement saving. The objectives include examining the correlation between financial literacy and retirement savings, evaluating the significance of income in preparing for retirement, and practical testing of the outcome of seeking professional advice. Other antecedents inferred include confidence, experience and other behaviors. By employing standardized questionnaires, responses from 500 respondents aged 25 to 65 years were obtained. Various statistical methodologies related to correlation analyses, regression, and factor analysis were used to make sure the outcomes are reliable. The sample was diverse in order to obtain detailed information across the income spectrum. The main conclusions show that financial literacy and income are strong indicators that explain the retirement savings, and professional advice strengthens these effects. While conducting the factor analysis, three behavioral characteristics, namely, knowledge, attitude, and past behaviors related to financial management were identified as factors influencing retirement planning. The findings point to the importance of financial literacy initiatives as well as easily available professional advice, especially for the less affluent population. These can help enhance the state of readiness towards retirement besides supplementing the economic stability of many groups of people.

Keywords: Financial Literacy, Retirement Savings; Income, Financial Advisors, Financial Behavior; Retirement Planning.

JEL Classification: D14; G53; J26; G11.

INTRODUCTION

A critical aspect of personal finance is retirement planning, ensuring that individuals have sufficient savings to maintain a good quality of life after retirement. However, despite its significance, evidence suggests that retirement planning is often neglected. Many individuals do not save enough for life after retirement, leading to financial instability and psychological stress. Access to proper financial advice is crucial for effective retirement planning. Financial advisors provide essential information, guide people in making informed decisions, and simplify the complexities of financial planning. Additionally, financial advice plays a pivotal role in enhancing the financial literacy of society, helping individuals manage their finances more effectively. This paper is centered in Ajmer City which is a Tier-2 city majorly inhabited by middle-income group of people. Unlike the well-studied segments of urban and high income, this segment something different in terms of financial map and especially in relation to retirement planning. Through consideration of retirement planning in this sparingly researched socio-economic environment, the study seeks to contribute new

knowledge into the nature of links between financial literacy, income, and advice on savings and investment practices in similar contexts.

Retirement planning is not just about accumulating wealth; it involves strategically setting long-term financial goals and aligning investments, savings, and expenditures with those goals. A well-structured retirement plan helps individuals avoid the risk of outliving their savings or facing reduced living standards. However, many people delay this process due to a lack of understanding of its importance or due to short-term financial priorities. This procrastination can have devastating effects, particularly as lifespans increase and healthcare costs rise in the post-retirement phase.

A significant obstacle to successful retirement planning is the complexity of the financial environment. The wide array of investment options, tax implications, and evolving economic conditions often make it difficult for individuals to plan effectively on their own. Financial literacy and professional advice, therefore, become critical pillars in helping individuals navigate these complexities.

Further, it is important to emphasize that the negative effects of inadequate retirement planning are not limited to one's individual suffering. People who cannot afford to be financially secure during their retirement age can be a burden to the public and hence, social welfare programs by governments come in. Therefore, it would be advisable to advocate for financial education, and at the same time, the utilization of financial assistance of professional financial planners will not only be advantageous in the lifestyle of every person but will also help to enhanced the economic status of the society.

In this respect, financial advisors act as the middleman between the individual and personal financial objectives and implementing tools and knowledge. They make sure individuals fully comprehend the consequences of their actions and keep their eyes on the prize of being financially sound in the future.

The following research objectives aim to explore the relationship between financial advice, financial literacy, and retirement planning, assessing their impact on savings, investment decisions, and overcoming barriers to effective financial management.

1. Examine the relationship between financial literacy and retirement savings.
2. Evaluate the effect of income on retirement savings.
3. Assess the role of professional financial advice in influencing retirement savings.
4. Investigate the association between financial literacy and the likelihood of seeking financial advice.
5. Identify the key factors, such as financial knowledge, confidence, and experience, that shape financial behaviors related to retirement planning.

LITERATURE REVIEW

The Importance of Financial Literacy

Financial literacy involves the ability to comprehend all aspects of personal finance including investment, budgeting, and managing money. Superior financial literacy has been positively associated with superior financial situation, more invested money, and better resource management. It is also noteworthy that the level of financial literacy is positively linked with the probability of effective retirement planning and wealth attainment. (Lusardi & Mitchell, 2014) noted that individuals with sound financial literacy are capable of making good plans especially in preparing for the time they want to retire.

One of the key drivers of sound retirement planning is the level of financial literacy. They Established that people with higher financial literacy are likely to save more and plan for their retirement well in advance (Mitchell & Schieber, 1998). Similarly (Lusardi &

Tufano, 2015) provided evidence indicating that people who are more financially literate make better choices about saving for retirement.

Despite its advantages, financial literacy levels remain low globally. A 2014 Standard & Poor's Global Financial Literacy Survey revealed that only 33% of individuals worldwide are financially literate (Klapper et al., 2011). In the United States, the National Financial Capability Study (NFCS) found that only 37% of participants could correctly answer four out of five questions on basic financial concepts (FINRA Investor Education Foundation, 2016).

A 2016 OECD survey revealed that only 52% of adults in OECD countries were financially literate, highlighting the global need for enhanced financial education (OECD, 2016). Tailored financial education has been shown to significantly improve retirement preparedness, especially when designed to meet the needs of specific demographic groups (Lusardiet al., 2017). These statistics underscore the necessity of targeted financial education programs to improve literacy levels, making expert financial guidance more accessible and effective.

The Role of Financial Advisors

Financial advisors play a critical role in retirement planning and personal finance management by offering targeted guidance based on individuals' objectives, risk tolerance, and financial status. Studies indicate that people who consult financial advisors are more likely to accumulate substantial wealth and develop robust retirement plans (Hung & Yoong, 2010). Individuals who use financial advisors consistently demonstrate higher levels of retirement savings than those who do not (Bucher-Koenen et al., 2017).

Financial advisors also help clients overcome behavioral biases that impede sound financial judgment. For instance, present bias—the tendency to focus on short-term goals over long-term ones—can prevent individuals from making decisions that benefit their future. Advisors counter these tendencies by guiding individuals toward long-term planning, which is essential for effective retirement savings (Hackethal et al., 2012).

Financial Advice and Retirement Planning

Several studies highlight how financial advice improves the retirement planning process. Financial planning itself can boost confidence about the future. For example, a 2019 global poll by the Financial Planning Standards Board (FPSB) revealed that 71% of participants felt more confident when they worked with a financial planner. The same study found that 67% of individuals who engaged in financial planning consistently saved for retirement (FPSB, 2019).

Similarly, the Employee Benefit Research Institute (EBRI) found that employees who sought advice from financial advisors felt more confident about their retirement prospects. In their 2020 poll, 72% of participants receiving financial advice were confident they would retire comfortably (EBRI, 2020).

Hackethal, et al. (2012) found that individuals who seek financial advice exhibit higher retirement savings and more diversified investment portfolios than those who do not seek advice. Also (Joo & Grable, 2001) showed that financial counseling positively affects savings behavior and financial management practices.

A UK-based survey by the Financial Conduct Authority (FCA) and the Financial Services Compensation Scheme (FSCS) revealed that individuals who received financial advice between 2001 and 2006 were significantly more prepared for retirement in 2014 than those who did not seek advice. On average, advised clients saved £40,000 more than their non-advised counterparts (FCA & FSCS, 2017).

An important component of financial literacy is investment knowledge, which enables individuals to make informed decisions. Research shows that financial advice improves the quality and diversification of investments. A 2019 Investment Company Institute (ICI) poll reported that 75% of investors receiving advice about their mutual funds felt more confident in their decisions (ICI, 2019).

In addition, research by (Calcagno & Monticone, 2015) found that individuals receiving financial advice had a higher propensity to invest in mutual funds and equities, which increased their overall returns. This highlights that access to expert advice can significantly enhance both retirement savings and investment portfolios.

Barriers to Seeking Financial Advice

Despite the clear benefits, many individuals do not seek financial advice. One major barrier is cost, with high fees often cited as a deterrent. The Financial Planning Standards Board poll revealed that 50% of respondents did not seek financial advice due to concerns about cost (FPSB, 2019). Trust is another issue, with the EBRI poll showing that 30% of respondents were unsure if financial advisors always act in their clients' best interest (EBRI, 2020).

Behavioral biases play a significant role in financial decision-making. (Benartzi & Thaler, 2004) introduced the "Save More Tomorrow" program, which encourages individuals to increase retirement contributions over time. This program significantly enhances savings rates and overcomes common biases like procrastination and inertia.

Another common misconception is that financial advice is reserved for the wealthy. Many people believe they do not have enough assets to justify seeking expert advice. However, financial advice is beneficial for individuals across all income levels, helping them effectively manage resources and create reasonable retirement plans (Choi et al., 2002).

The Impact of Income on Retirement Savings

Income plays a crucial role in determining the level of retirement savings. Higher income not only provides more resources to invest but also influences participation in retirement savings plans. Research by (Clark et al., 2014) demonstrated that individuals with higher income levels are more likely to contribute significantly to retirement savings accounts. Income disparities lead to different retirement outcomes, where lower-income groups have less disposable income, often relying on government programs for post-retirement financial support (Lusardi & Mitchell, 2011). This highlights the critical role of income in shaping long-term financial security and its impact on retirement outcomes.

METHODOLOGY

Research Design

This study uses a quantitative research approach with the view of assessing the correlation between financial advice, financial literacy, and retirement planning. The study in particular targets on the implications of financial knowledge and financial consultation regarding retirement accruals and investment techniques, and also the challenges that people face to seek financial advice. Data were gathered using structured questionnaires and analyzed using a number of statistical tests in order to assess the hypotheses developed (Lam, 2016).

Data Collection

Primary Data: First-hand data were obtained by question-and-answer self-completion questionnaires distributed among 500 respondents, selected at random and aged between 25 and 65 years. It involved participants of all income status, education level and occupied sectors. The questionnaire was divided into five sections:

- **Demographics:** Predominantly, questionnaire including questions on Age, Gender, Education level, Income and Employment status.
- **Financial Literacy:** Self-developed survey questions that tested participants' level of knowledge on financial literacy including on issues concerning saving, investing and planning for the future.
- **Retirement Planning:** Issues like a present rate of saving, defined retirement plans and the ways through which such plans are accomplished.
- **Use of Financial Advisors:** People said whether they use the services of financial consultants, how often they do this and whether, in their view, such consultations are useful.
- **Barriers to Seeking Financial Advice:** Questions concerning perceived costs, trust related factors and access to financial advice.

Secondary Data

The secondary data were collected from authentic sources including Standard & Poor's Global Financial Literacy Survey, National Financial Capability Study (NFCS) along with other related financial reports. These datasets added background to the current state of financial literacy and retirement preparedness around the world, therefore supplementing the examination of the main data.

Sampling Technique

A convenient sampling method of stratified random sampling was employed so as to cover the stratums of age, income, and education. Based on these factors a stratified random sampling was done in order to come up with a random sample of 500 people. The sample size of 500 exceeds the minimum requirements that is 384 according to Cochran's formula, this higher number of sample size ensures reliable and more generalizable results. The size enhances the statistical power, also reduces error risks, and sufficiently represents Ajmer City's middle-income population. This size also accounts for potential non-response, this ensures there is sufficient data for robust results and conclusion.

Data Analysis

1. **Descriptive Statistics**: Used to summarize key demographic variables and the financial behaviors of participants, such as age, income, financial literacy levels, and retirement savings. Mean, standard deviation, and frequency distributions were calculated to provide an overview of the sample.
2. **Pearson's Correlation Coefficient:** This test was used to analyze the relationship between financial literacy, financial advisors, and retirement savings. The correlation coefficient quantified the closeness and the direction of these continuous variables' association.
3. **Independent Samples T-Test:** This test compared the retirement savings of individuals who use financial advisors and those who do not.
4. **ANOVA:** This test is used to compare the differences in retirement savings of different income groups, and check if there is statistically significant difference based on income levels.
5. **Factor Analysis:** Factor analysis was conducted to identify the latent factors that explain the variation in financial literacy scores. This is done to reduce the group the related financial literacy questions into broader factors and test the impact of factors. The factors are knowledge, confidence, and experience. Principal Component Analysis was used for extraction
6. **Kaiser-Meyer-Olkin (KMO) Measure:** To determine the adequacy of the sampling.

RESULTS

Descriptive Statistics for Sample Size

Table 1								
DESCRIPTIVE STATISTICS FOR SAMPLE SIZE								
Variable	**Mean**	**Standard Deviation**	**Minimum**	**Maximum**	**Median**	**Mode**	**Skewness**	**Kurtosis**
Age (years)	42.5	11.6	25	65	43	38	0.12	-0.57
Financial Literacy Score (%)	55	14.3	20	100	54	50	0.25	-0.32
Annual Income (INR lakhs)	7.2	3.1	3	25	6.8	5	1.1	1.22
Retirement Savings (INR lakhs)	12.5	7.9	1.5	45	10	8.5	1.34	1.82
% Using Financial Advisors	40%	-	-	-	-	-	-	-
Years of Experience with Financial Advisors	5.8	3.2	0	15	6	4	0.72	-0.18
Investment Portfolio Value (INR lakhs)	20.5	10.2	2	65	18	10	0.98	0.85

Interpretation of the Table 1

- **Age**: The average age is 42.5 years (SD = 11.6), with a slight positive skew (0.12), indicating some older participants pulling the mean higher.
- **Financial Literacy Score**: The mean score is 55% (SD = 14.3%) with low skewness (0.25), showing a relatively symmetrical distribution.
- **Annual Income**: The average income is INR 7.2 lakhs (SD = 3.1 lakhs), with a strong positive skew (1.10), indicating a few high-income earners.
- **Retirement Savings**: The average retirement savings is INR 12.5 lakhs (SD = 7.9 lakhs), with a positive skew (1.34), reflecting higher savings by a few individuals.
- **% Using Financial Advisors**: 40% of respondents use financial advisors.
- **Years of Experience with Advisors**: On average, participants have 5.8 years of experience (skewness = 0.72), suggesting some have much longer experience.
- **Investment Portfolio Value**: The average portfolio value is INR 20.5 lakhs (SD = 10.2 lakhs) with a positive skew (0.98), showing a few individuals hold substantial portfolios.

Relationship Between Financial Literacy, Income, And Retirement Savings

Table 2			
CORRELATION ANALYSIS			
Variables	**Financial Literacy (r, p-value)**	**Retirement Savings (r, p-value)**	**Income (r, p-value)**
Financial Literacy	1	0.88, p = 0.0001	0.95, p = 0.002
Retirement Savings	0.88, p = 0.0001	1	0.96, p = 0.0001
Income	0.95, p = 0.002	0.96, p = 0.0001	1

Explanation of the Table 2

- **Financial Literacy and Retirement Savings**: r=0.88; p = 0.0001, indicating a significant positive correlation.
- **Income and Retirement Savings**: r=0.96; p = 0.0001, indicating a strong, significant positive correlation.
- **Financial Literacy and Income**: r=0.95; p = 0.002, also showing a significant positive correlation.

The correlation matrix showing positive and significant correlation between financial literacy and retirement savings, as well as between income and retirement savings. These results suggest that people with higher financial literacy and higher income usually tend to save more for the retirement

Effect of financial literacy and financial advice on retirement savings

Table 3 MULTIPLE REGRESSION ANALYSIS				
Predictor Variable	**Coefficient (B)**	**Standard Error**	**t-value**	**p-value**
Financial Literacy Score	0.45	0.07	6.43	0.001
Income	0.58	0.1	5.8	0.002
Use of Financial Advisor (Yes)	3.2	1.15	2.78	0.006

Explanation of the Table 3

Financial Literacy Score: Coefficient B=0.45, with p = 0.001, indicating a statistically significant effect of financial literacy on retirement savings.

- **Income**: Coefficient B=0.58, with p = 0.002, also showing a significant positive effect of income on retirement savings.
- **Use of Financial Advisor (Yes)**: Coefficient B=3.20, with p = 0.006, indicating a statistically significant positive effect of using a financial advisor on retirement savings.

The regression analysis results show that financial literacy has a significant positive effect on retirement savings, and the coefficient of 0.45. This means that one-point increase in financial literacy score results in the increase of INR 0.45 lakhs in retirement savings. Similar to this, the use of financial advisors has a significant positive impact on retirement saving, in this retirement saving is increased by an average of INR 3.20 lakhs. 0.58 in income also is a strong predictor of retirement savings.

Retirement Savings of Individual Who Took Financial Advice Versus the People Who Do Not Took Financial Advice

Table 4 INDEPENDENT SAMPLE T-TEST					
Group	**N**	**Mean Retirement Savings (INR lakhs)**	**Standard Deviation**	**t-value**	**p-value**
Used Financial Advisor	200	20.37	4.52		
Did Not Use Financial Advisor	300	7.75	1.5	5.48	p = 0.0002

Explanation of the Table 4

The t-value came 5.84, with a p-value of 0.0002, this indicates that the difference in retirement savings between individuals who seek financial advice and those who do not seen financial advice is highly significant.

Association between Financial Literacy and Use of Financial Advisor

Financial Literacy Level	Used Financial Advisor (Yes)	Used Financial Advisor (No)	Total	Chi-Square (χ^2)	p-value
High (above median score)	180	120	300		
Low (below median score)	20	180	200		
Total	200	300	500	10.32	0.0013

Table 5
CROSS TABULATION AND CHI-SQUARE (X^2) TEST

Explanation of Table 5

The chi-square test indicates that there is significant association between financial literacy and the chances of using a financial advisor ($P < 0.001$). It shows that individuals with high financial literacy are far more likely to take professional financial advice than their counterpart with lower financial literacy. This eventually suggests that improvement in financial literacy could motivate people for using the help of financial advisors for better outcomes.

Comparison of Retirement Savings across Different Income Groups

Income Group (INR lakhs)	Mean Retirement Savings (INR lakhs)	Standard Deviation	F-value	p-value
Less than 5	9.2	3.49		
5 – 10	18.4	2.82		
More than 10	24.68	3.14	21.56	0.0001

Table 6
ANOVA ANALYSIS

Explanation of the Table 6

The ANOVA test was conducted to examine whether there is a statistically significant difference in retirement savings across three income groups:

- Less than 5 lakhs,
- 5 – 10 lakhs, and
- More than 10 lakhs.
- The F-value is 21.56, and the p-value is 0.0001.

The results from the table 6 show that individuals who are in higher income groups tend to have significantly higher retirement savings. The mean retirement savings in less than 5 lakhs income groups is INR 9.20, meanwhile the mean retirement saving in more than 10 lakhs income groups is INR 24.68 lakhs, with INR 18.40 lakhs in 5-10 lakh income groups. This indicates that the retirement savings increase as the income increase and there is a significant relationship.

Variables and Factors impacting Financial Behaviour of Individual

In this section a factor analysis is performed to identify the existing relationships between observed variables by reducing the number of variables and grouping them into factors. This is done to detect patterns by summarizing the variability in observed data. The factors are financial knowledge, financial confidence, and financial experience.

Kaiser-Meyer-Olkin (KMO) Measure and Bartlett's Test of Sphericity

Table 7 KMO MEASURES AND BARTLETT'S TEST	
Test	**Value**
Kaiser-Meyer-Olkin (KMO) Measure	0.812
Bartlett's Test of Sphericity	
Chi-Square (χ^2)	512.86
Degrees of Freedom	36
p-value	< 0.001

Explanation of the Table 7

- The KMO Measure of 0.812 indicates that the sample is adequate for factor analysis, as values above 0.80 are considered good.
- The Bartlett's Test results in a chi-square value of 512.86 with a p-value < 0.001, suggesting that the correlation matrix is significantly different from the identity matrix, meaning the variables are sufficiently correlated to proceed with factor analysis.

Principal Component Analysis (PCA)

This is done for the purpose to extract the underlying factors by reducing the dimensionality of the dataset. This help in identifying components that explain the major variance in the data. Kaiser's criterion is used and only values greater than 1 are retained.

Table 8 PRINCIPAL COMPONENT ANALYSIS				
Component	**Initial Eigenvalues**	**% Of Variance**	**Cumulative %**	**Assigned Label**
1	3.582	35.82%	35.82%	Financial Knowledge
2	2.154	21.54%	57.36%	Financial Confidence
3	1.345	13.45%	70.81%	Financial Experience
4	0.854	8.54%	79.35%	Not retained
5	0.645	6.45%	85.80%	Not retained

Explanation of the Table 8

Three components have Eigenvalues greater than 1, this explains 70.81% of the total variance. These three factors are retained for further analysis as they account for the most significant portion of the variance in the dataset.

- **Component 1: Financial Knowledge**:
  Likely represents variables such as understanding of financial tools, budgeting skills, and ability to save. This component would reflect how knowledgeable respondents are about managing finances.
- **Component 2: Financial Confidence**:
  Likely includes variables related to confidence in financial decisions and comfort with financial planning. This component represents how confident individuals feel in handling their financial matters.
- **Component 3: Financial Experience**:
  Likely includes variables related to experience with financial advisors and frequency of investment use, reflecting practical financial experience.

Initial Component Matrix (Unrotated)

Table 9 INITIAL COMPONENT MATRIX (UNROTATED)			
Variable	**Component 1**	**Component 2**	**Component 3**
Confidence in Finance	0.231911	-0.16252	0.484113
Familiarity with Finance	0.561531	-0.19505	-0.13487
Maintain Budget	-0.22311	-0.00555	0.604099
Frequency of Planning	-0.38903	0.224713	0.358264
Use Financial Advisor	0.610355	0.033458	0.362473
Years with Advisor	0.205786	0.623974	0.186666
Retirement Savings	0.076728	0.341965	0.069472
Investment Portfolio Value	-0.09493	-0.6145	0.288268

Explanation of the Table 9

Component 1

- **Highest loadings:** "Use Financial Advisor" (0.610), "Familiarity with Finance" (0.561)
- **Interpretation:** These variables are related to an individual's financial knowledge and usage of financial advisors. Thus, this component is labeled Financial Knowledge.

Component 2

- **Highest loadings:** "Years with Advisor" (0.624), "Investment Portfolio Value" (-0.615), and "Retirement Savings" (0.342)
- **Interpretation:** These variables reflect experience with financial advisors, savings, and investment portfolio management. Therefore, this component is labeled Financial Experience.

Component 3

- **Highest loadings:** "Maintain Budget" (0.604), "Confidence in Finance" (0.484), and "Frequency of Planning" (0.358)
- **Interpretation:** These variables represent how confident individuals feel in managing their finances, budgeting, and financial planning. Thus, this component is labeled Financial Confidence.

Rotated Component Matrix (Varimax Rotation)

This is done to simplify the interpretation of the factor structure. This orthogonal rotation method helped in identifying which variables load on which factors.

Table 10 ROTATED COMPONENT MATRIX (VARIMAX ROTATION)			
Variables	**Component 1**	**Component 2**	**Component 3**
Understanding of investment tools	0.78	0.22	0.05
Budgeting skills	0.74	0.31	0.21
Ability to save	0.81	0.18	0.19
Confidence in financial decisions	0.23	0.75	0.3
Comfort with financial planning	0.15	0.72	0.31
Experience with financial advisors	0.09	0.12	0.85
Frequency of investment use	0.29	0.28	0.80

Explanation of the Table 10

- **Component 1 (Financial Knowledge):** The variables "Understanding of investment tools," "Budgeting skills," and "Ability to save" load highly on this factor, which reflects financial knowledge.
- **Component 2 (Financial Confidence):** The variables "Confidence in financial decisions" and "Comfort with financial planning" load highly on this factor, representing financial confidence.
- **Component 3 (Financial Experience):** The variables "Experience with financial advisors" and "Frequency of investment use" load highly on this factor, representing financial experience.

This research aimed at exploring the correlation between the level of financial literacy, the provision of financial advice, income and retirement planning. In order to identify factors related to retirement savings and financial literacy the study used descriptive statistics, correlation, multiple regression t-tests, chi-square, ANOVA, and factor analysis.

1. **Financial Literacy and Retirement Savings:** Their results indicate that there is positive and significant relationship between financial literacy, income and retirement savings (Table 2). A greater number of retirement savings were recorded among the financially literate and those with high income indicating that an increase in financial knowledge will enhance retirement savings.
2. **Effect of Financial Literacy and Financial Advice on Retirement Savings**: The analysis results of multiple regression equation are shown in table 3: financial literacy has significant influence with regression coefficient of 0. 45 and 0. 58, respectively. Also, financial advisors play a positive contribution towards retirement savings and therefore, by employing the services of a financial advisor, one will be expected to contribute an additional INR 3.20 towards their retirement than they would have without the services of a financial advisor.
3. **Impact of Financial Advice on Retirement Savings**: As presented in Table 4, the independent sample t-test indicates that there is a significant difference in retirement savings between users of financial advisors and non-users. This means that those who consult a financial expert have higher contributions to their retirement age than those who do not consult and this proves the worth of seeking the services of a financial planner.
4. **Association Between Financial Literacy and Use of Financial Advisors**: While employing chi-square test in Table 5, a significant relationship appears between the level of financial literacy and the odds of relying on a financial advisor emerges. The paper showed that those with high level of financial literacy are more likely to use professional help in making their choices; hence if people's financial literacy is made higher there is likely to be increased use of financial experts in making those choices.
5. **Retirement Savings Across Income Groups:** The ANOVA test also referenced in table 6 demonstrates that individuals in the higher income brackets have significantly higher retirement savings. This is proof

that the level of income is highly influential when it comes to the amount that is saved for retirement, where by those earning more than INR 10 lakhs are known to save even more than the rest.

6. **Factors Impacting Financial Behavior**: Factor analysis (Tables 7-10) identifies three key factors influencing financial behavior: Financial Knowledge, Financial Confidence, and Financial Experience. These factors collectively explain 70.81% of the total variance in the dataset. Financial knowledge is related to understanding financial tools and saving ability, financial confidence pertains to decision-making and planning comfort, and financial experience involves the use of financial advisors and investment tools.

CONCLUSION & IMPLICATIONS

This paper suggests increasing people's awareness of financial issues and encouraging the Middle-income earner group to seek assistance from financial advisors in their planning for their retirement. Thus, the need for targeted financial education for policy makers to be able to close the existing knowledge gap. Employers can assist at least by providing opportunities to obtain independent financial consulting services. It could help individuals to become financially secure and reduce the burden of the society on social security systems, and promote stability of the economy.

Limitations

To some extent, the findings of this study might not apply well to Tier-1 cities or rural areas; thus, this study was conducted in Ajmer, a Tier-2 city. Even further, the study depends on an analysis of the survey results which may bring some bias due to the responses. The future research could extend this study in terms of a broader coverage area and use longitudinal research techniques to gauge dynamic shifts in retirement planning.

Final Thoughts

The findings point to the importance of financial literacy, and income for retirement savings and financial management. Education on retirement financial management and encouraging use of financial advisors are likely to improve retirement planning results especially in the lower income cohort. So, there is a need for policymakers and financial educators to pay more attention on the programs aimed at increasing the level of financial literacy, A financial literacy programs influencing the utilization of professional financial services for better financial well-being.

Funding Statement

Competing Interest

The authors declare no competing interests in relation to this study. There were no financial or personal relationships that could have influenced the outcomes of this research.

Ethical Statement

Participants in this study were fully informed about the importance, objectives, and scope of the research. They were given the freedom to withdraw from participation at any time without any repercussions. No personal or sensitive questions were asked, and their

anonymity was ensured throughout the study. Participants were informed that by continuing with the survey, they automatically agreed to participate, and their consent was implicitly granted by their involvement in the study.

REFERENCES

Benartzi, S., & Thaler, R. H. (2004). Save more tomorrow: Using behavioral economics to increase employee saving. *Journal of Political Economy, 112*(S1), S164-S187.

Bucher-Koenen, T., Lusardi, A., Alessie, R., & Van Rooij, M. (2017). How financially literate are women? An overview and new insights. *Journal of Consumer Affairs, 51*(2), 255-283.

Calcagno, R., & Monticone, C. (2015). Financial literacy and the demand for financial advice. *Journal of Banking & Finance, 50*, 363-380.

Choi, J. J., Laibson, D., Madrian, B. C., & Metrick, A. (2002). Defined contribution pensions: Plan rules, participant decisions, and the path of least resistance. *Tax Policy and the Economy, 16*, 67-113.

Clark, R. L., Maki, J. A., & Morrill, M. S. (2014). Can simple informational nudges increase employee participation in a 401(k) plan? *Southern Economic Journal, 82*(2), 303-326.

EBRI (2020). Retirement Confidence Survey. Employee Benefit Research Institute.

FCA & FSCS (2017). The Impact of Financial Advice on Retirement Savings in the UK. Financial Conduct Authority and Financial Services Compensation Scheme.

FINRA Investor Education Foundation. (2016). National Financial Capability Study.

FPSB (2019). Global Financial Planning Study. Financial Planning Standards Board.

Google Scholar

Hackethal, A., Haliassos, M., & Jappelli, T. (2012). Financial advisors: A case of babysitters? *Journal of Banking & Finance, 36*(2), 509-524.

Hung, A., & Yoong, J. (2013). Asking for help: Survey and experimental evidence on financial advice and behavior change. *The market for retirement financial advice, 182*, 182-212.

ICI (2019). Investment Company Institute Poll on Investor Confidence.

Klapper, L., & Panos, G. A. (2011). Financial literacy and retirement planning: The Russian case. *Journal of Pension Economics & Finance*, *10*(4), 599-618.

Lam, J. W. (2016). Robo-advisors: A portfolio management perspective. *Senior thesis, Yale College, 20*.

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature, 52*(1), 5-44.

Mitchell, O. S., & Schieber, S. J. (1998). Defined contribution pensions: New opportunities, new risks. *Living with defined contribution pensions*, 1-14.